

**STANSTED AIRPORT ADVISORY PANEL held at COUNCIL OFFICES
LONDON ROAD SAFFRON WALDEN at 7.00pm on 18 JULY 2013**

Present: Councillors J Cheetham, A Dean, D Jones, K Mackman and J Rose.

Also present:

Councillors J Ketteridge, J Davey, V Ranger and L Wells. Andrew Harrison (Managing Director), Tim Hawkins (Corporate Affairs Director) and Chris Wiggan (Head of Public Affairs and Sustainable Development) – Stansted Airport Limited, (Part of the Manchester Airports Group).

Officers in attendance:

R Dobson (Democratic Services Officer), J Pine (Planning Policy/DM Liaison Officer) and A Taylor (Assistant Director Planning and Building Control).

PRESENTATION BY ANDREW HARRISON

Mr Harrison gave a presentation on Stansted Airport following its purchase by Manchester Airports Group (MAG). He referred to a business update regarding the terminal transformation project at the Airport, and also spoke about MAG's response to the Davies Commission, due to be published the next day.

Members asked questions on the following issues:

Q: Is your statutory entity Stansted Airport Ltd, following MAG's takeover in March 2013?

A: Yes. BAA transferred the entirety of Stansted Airport Ltd (STAL) and MAG bought the shares. Over time STAL will be integrated into MAG's new group.

Q: Are you the biggest airport group, and will you grow bigger, as BAA did?

A: We are the biggest British-owned airport group. BAA operated a London system (Heathrow, Gatwick and Stansted) covering the full range of types of airport, such as low cost operator/business/holiday. Its control over this range was the reason it was broken up by the Competition Commission (CC). We are distinct from other airports, and we are pro-competition. There is no overlap in the catchment areas of Manchester and Stansted, and the CC would not have allowed us to buy Stansted if it had had any concerns.

Q: Will you consider expansion of the business terminal?

A: Yes, we are talking to businesses there such as Harrods and Inflight, which describe their businesses as now booming. They run their businesses independently but this demonstrates Stansted offers a wide range of different opportunities.

Q: We visited Inflight, the owners of which commented that whilst Gatwick has lowered its landing fees, Stansted has increased them.

A: That was announced in February at a time when BAA said it would raise landing fees. We were going through the 5 year CAA review and also the Davies Commission. BAA agreed a price rise with the CAA. We have been discussing this with the airlines to understand what they want and how much growth at the airport they need.

Q: So you are saying you could negotiate with Government a sliding scale. Do you consider that you could support business by reduced landing fees?

A: We are not subject to scales set by Government, but may have price caps imposed. Gatwick and Heathrow both have significant market power, so they can play with prices if they are not being regulated. Stansted has struggled to price to the market. We have to price keenly. We have to balance needs. We have a world class low cost offer in terms of network carriers and a major FedEx hub, but we are currently missing the international scheduled carriers. This is an area I'm looking at. We work hard with the carriers to convince enough businesses to come here. Our focus is to get the business community to say to airlines that if there were flights to Stansted they would use them.

Q: Regarding Air Passenger Duty (APD), we are losing a lot to Europe – what will you do about that? By having higher APD is it true to say MAG is losing a fair bit of business?

A: We have the highest APD now. We have been lobbying with Government but from the Chancellor's perspective this income represents a £3bn contribution to the Treasury. We have made some proposals – when airlines are starting out we give them lower rates. The Government could do the same with APD. The Government makes twice as much at Manchester Airport from APD as we do from landing fees.

Q: You spoke about a transformation project for the terminal. Are you hoping to accomplish this in stages so there is less disruption?

A: Yes.

Q: An area which needs improvement is border control, as in a recent experience, of 24 immigration desks, only four were manned. There were long queues causing significant delays for travellers.

A: I agree, and although I am not the Managing Director for border control, I am monitoring queuing. I have discussed border control services at Stansted with Sir Charles Montgomery the Director General of Border Force, regarding what I see as incorrect prioritisation of Heathrow and Gatwick over Stansted. Border Force is being made aware of the performance figures which we send every month regarding

queue length, and a 10 day audit is being done in August. We are committed to investing in a modelling exercise to improve the experience at border control. It is then a matter for Border Force, although the current age of austerity may also have an impact.

Q: There have on occasion been problems with the biometric machines not working.

A: More machines will be obtained and installed.

Q: Regarding your response to the Davies Commission, are you going to be saying Stansted could reach its existing capacity without a new runway, as a short term solution?

A: Yes, we will say better rail and road access to Stansted is needed to best utilise its spare capacity. We do not support the concept of airport rail services by-passing all the local stops. There needs to be a range of stopping and express services, partly to enable our workforce to get to the Airport.

Q: We are concerned about the London Mayor's airport and rail policies and the impact that they may have on local services on the West Anglia Main Line. Unless we get additional tracking there is no prospect of any significant local improvements to services to and from London taking place – this needs to be our common goal.

A: We have also registered concerns, as has the MP.

Q: What will be your response to the Davies Commission?

A: We will say that Stansted is not yet working at capacity. We handle less than 20mppa but could attain 40-45mppa off a single runway with a further planning permission. That discussion relates to the next 50 years. The terms of reference of the Davies Commission include looking at long term options to maintain the UK's position as Europe's most important aviation hub. There are many possible options for Stansted. You could have four runways in Stansted, but we are not pushing any options, and are simply focusing on what we have already. We don't want the Davies Commission to get diverted from its terms of reference. We will therefore state what the implications for Stansted would be and give the facts on which a decision might be based, so we will respond on a factual/technical basis.

Q: So you are not pushing for a second runway?

A: That is right. We are looking at the long term, the next 50 years. It is a difficult decision for the Commission, which needs to be based on technical evidence. We have to look at demand and transport capacity in the long term. The worst environment for business is uncertainty. Regional airports have the equivalent of three runways of spare capacity, but the problem is connectivity and whether airlines will go

there. We will therefore stress the factual pros and cons, and won't be pushing for an option ourselves.

Q: How is the selling of Airport owned houses going?

A: It is difficult to say given the uncertainty elsewhere regarding Davies Commission.

Q: We had promises from the previous owners that some airport-owned houses would go on the market. We are concerned because around the Airport we lost the heart of our village. We are hoping you still have a selling programme for Takeley. Also, some properties let out by the Airport are not being maintained, which is of concern to owners of neighbouring properties.

A: We have just signed off £250,000 for investment in maintenance and have had a survey done on all those properties. The challenge is the uncertainty. Please forward any specific instances of problems with property to Chris Wiggan.

Q: We are slightly concerned regarding the second runway that you are saying if there are opportunities there you would take them.

A: I would ask that you don't read that into my comments. We would only countenance pushing a second runway if there were a clear business case that would work for our shareholders. Such a proposal would involve an immense cost.

Q: If ultimately the Government says it wants four runways, is it up to you as owners to decide to implement that proposal?

A: Whilst the Government may support expansion it will be up to the private sector to finance and build the on-airport infrastructure. Our response is not prescriptive, and unless you can fill the second runway the investment is a lot of money for shareholders to pay. This is not a decision to be taken lightly. I'd prefer not to be too distracted by this discussion, as I'd like to concentrate on improving the Airport to meet the needs of this part of the country.

Q: The servicing of what you have already is your priority?

A: Yes. All our responses to the Davies Commission were prepared in the four months since we acquired the airport, having looked at some of the proposals being considered by BAA. Technically Stansted can be expanded, but there are extensive impacts. The question is can the Government contemplate closure of Heathrow? If it can't then these proposals come off the table. As the operator we don't want expansion unless there is demand.

Q: What will you do about driving up to the terminal and the fact that you can't drive up the ramps? The current situation causes annoyance.

A: We will talk about this situation at the Stansted Airport Consultative Committee, and I intend to keep it under review. We have extricated the Airport from the contract for towing cars away from outside the terminal. There is a challenge regarding the access ramp because of what happened last year in Glasgow, so the inner lane would be closed to the public in any event. I'm told that in busy periods the ramp gets backed up as far as the Cooper's End roundabout.

Q: Contrary to the advice you have received, the roads up to the roundabout are never blocked. Previously, drivers could go into the short-stay car park which was free for 15 minutes but is now £2. It is also impossible to walk from the terminal to Takeley due to the lack of a footpath.

A: I take the point and we are looking into the issue. I can only take on face value the information that queues go back to the roundabout at busy times. If I can find a way to give back access to the terminal building and not cause congestion I will. Also, I am very keen to guide people to the free parking area in the mid-stay car park rather than to the paid drop off area.

Q: There were proposals a while ago to designate part of the terminal forecourt area a plaza – have you any plans?

A: Under the canopy we now have pavement cafes. We will look into other proposals.

Q: Another problem before MAG bought the Airport was pedestrian access, as the footpath to Takeley runs out on the road. Many of your staff live in Takeley, and also many of the car hire places are accessible on foot but the footpath runs out.

A: Yes I am aware of that problem. I am interested in obtaining feedback on the fly parking policy, which we are also going to push.

Q: Fly parking on the pedestrian footpath approaching the Airport is rife. There is also parking occurring in unadopted roads in Stansted, which causes nuisance.

A: We will help where possible but I am not aware of the specifics at present. One of the reasons why fly parking occurs is that parking is so expensive. We've launched a meet and greet valet service, and also "Jet Park", as our own challenger long-stay brand, to encourage people to park in our cheapest car parks. It should be noted that 50% of people coming to the Airport use public transport, which is one of the highest mode shares in Europe.

Q: Could you use 'pay per click' so that your adverts are first on the online adverts?

A: We are trialling an unlimited online advert. We have focused some TV campaigns in locations such as Cambridge regarding using car

parking such as Jet Park, to ensure that it is always cheaper to park than get a taxi from Cambridge.

Q: From the business perspective either City of London or Luton are competitors - what initiatives would you promote? Also Indonesia flight traffic – are you aiming to bring in more Indonesian or Chinese flight traffic?

A: We need to ensure Stansted is seen as a major London gateway. We are engaging with the London Stansted Cambridge Consortium, London First, and the Chamber of Commerce; and we are clear that North London and also East of England is part of our catchment. I have been impressed by the fact that £1 in every £16 spent on research and development in England is in the East of England, which has a strong scientific business sector. These are important areas and part of our aim is not just to represent Stansted but also the region we serve.

Regarding bringing in business from China and Indonesia, the latter more so as Indonesia is an emerging market rather than an emerged one.

The US is an important market, as is the Middle East. Russia is quite difficult as we have only limited number of flights.

Q: Will you be helping the businesses on Northside? There are opportunities to grow that market.

A: The carriers don't operate from over there, it is a niche market.

Q: I was interested to hear your views on the research and development and medical businesses in the Cambridge corridor. We are proposing to allocate some of the Northside land in our emerging local plan for such businesses.

A: We have started to do some work on opportunities for Stansted as more companies fill up this corridor. We remain focused on this intelligence-based market, and if we can get the concept right we can engage the local communities too.

The Chairman thanked Andrew Harrison, Tim Hawkins and Chris Wiggan for providing members with an interesting presentation and in particular the opportunity to ask questions about the Airport. She said that the Panel would like to invite them to return in December to speak further about transport, following the publication of the Davies Commission's interim report.

SAP1

APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillor Artus and from R Harborough (Director of Public Services).

Councillor Cheetham declared her non pecuniary interest as a member of NWEHPA.

Councillor Dean declared his non pecuniary interest as a member of SSE.

SAP2 MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 6 June 2013 were received and signed by the Chairman as a correct record subject to an amendment at SAP30, fourth paragraph, to state 'there were proposals in Network Rail's Business Plan to improve the rail network between Angel Road and the soon to be opened Lea Bridge Station'.

SAP3 MATTERS ARISING

(i) Minute SAP33 – any other business – LAMPS Scheme

The Planning Policy/DM Liaison Officer said he would next week be attending the NATS (National Air Traffic Services) workshop on initial designs for the LAMP (London Airspace Management Project) scheme.

SAP4 CROSS RAIL 2, CONSULTATION BY TRANSPORT FOR LONDON AND NETWORK RAIL

The Panel considered a report on the current on-line consultation by TfL and Network Rail on options for Crossrail 2 (CR2) and its implications for Stansted Airport. The consultation would close on 3 August and the Council's response would be ratified by the Leader, in view of the cancellation of the Cabinet meeting on 1 August. The report included a summary of the options. It was recommended at this stage that the Panel advise the Leader to strongly support the principle of Crossrail 2 and to strongly support the regional option, subject to the terms set out in the report.

The report analysed the options, explaining that the regional option had more flexibility because of physical linkage to the West Anglia Main Line. It set out the current situation on proposed third tracking in the London area and what was happening at the Airport.

RECOMMENDED to the Leader that:

- (i) the Council strongly supports the principle of CR2; and
- (ii) the Council strongly supports the regional option, subject to CR2 having benefits for all rail users, not just airport passengers, and subject to four-tracking of the West Anglia Main Line being a pre-requisite for any Lea Valley branch of CR2.

SAP5

AIRPORTS COMMISSION

The Planning Policy/DM Liaison Officer said the Commission would release all the responses it had had to its four discussion papers on its website. A discussion paper on aviation noise had been released by the Commission and a summary of this paper had already been circulated to Members. It was noted that the discussion paper did not form part of the Commission's assessment as to whether new aviation capacity was needed.

The Planning Policy/DM Liaison Officer said the Council would need to respond to this paper, especially with regard to the concept of "noise efficiency", the use of other metrics than the 57Leq contour and night flight restrictions. Members agreed that it was essential that the suggested methodology and assumptions behind the noise efficiency metric be questioned. It was important to broaden the debate so as to acknowledge the low ambient noise levels around Stansted. It was also necessary to press home the point that averaging metrics such as the 57Leq contour did not accurately represent what was heard on the ground.

The Planning Policy/DM Liaison Officer said he would circulate a draft response to the discussion paper.

The Planning Policy/DM Liaison Officer then gave an update on responses to the Davies Commission. He said the deadline for submissions on long-term capacity options was tomorrow and these would be posted on the Commission's website.

He gave a summary of the submissions put forward by the London Mayor and by Heathrow Airport Limited. He said the Commission had held two public evidence sessions, one of which he had attended. That session was based on airport operational models, transcripts of which should be available next week.

The Commission would hold a briefing session for Councils on 7 October at which it would explain how it would take its work forward into Phase 2, which would be more detailed examination of the selected long-term capacity options.

It was agreed that a press statement should be issued stating that the Council's policy would be to object to a second runway.

SAP6

DATE OF NEXT MEETING

The next meeting would be on Tuesday 29 October at 7pm.

The meeting ended at 9.10pm.