

GATCOM STEERING GROUP

Minutes of the Steering Group meeting held on 9th April, 2009.

Present: Dr. J. Godfrey (Chairman)

Mr. Acraman (substitute), Mr. Barclay, Mr. Blake, Mr. Hobbs (substitute), Mrs. Kitchen, Ms. Knox, Mr. Maltby, Dr. Olliver and Mr. Taylor.

Also present:

Mr. McCallum – Communications Director, BAA Gatwick

Ms. Hunter - Strategy and Finance Director, BAA Gatwick

Ms. Trevor – Head of Strategy and Planning, BAA Gatwick

Mr. Denton – Head of Corporate Responsibility and Environment Strategy, BAA Gatwick

Mr. Norman – Head of Noise and Air Quality, BAA Ltd.

Mrs. Almond – Public Affairs Manager, BAA Gatwick

Mr. Evans – Department for Transport

Mr. Smith – Deputy Honorary Secretary

Mrs. Howell – Technical Adviser

Mrs. Street – Assistant Secretary

Apologies for absence were received from: Mr. Whittington.

MINUTES OF THE MEETING HELD ON 8TH JANUARY, 2009

52. Resolved – That the minutes of the Steering Group held on 8th January, 2009 be approved and that they be signed by the Chairman.

Gatwick Station and South Terminal Forecourt

53. Reference was made to minute no. 45 and members enquired whether Network Rail had yet published its Delivery Plan for 2009. It was agreed that the Secretariat would circulate the details of the Plan to members insofar as it related to Gatwick.

54. Reference was also made to the works that had commenced on the Upper Forecourt of the South Terminal and BAA Gatwick was asked whether these works were compatible with Network Rail's proposed improvements for the railway station. BAA Gatwick explained that the aim of the works was to create an improved waiting space and traffic flows into and out of the terminal. The short-term and long-term plans for the South Terminal forecourt, including the enabling works for the refurbishment of the inter-terminal transit, would be explained in more detail in the presentation by Network Rail and BAA Gatwick to be given at GATCOM at its next meeting.

UNCONFIRMED MINUTES OF GATCOM – 29TH JANUARY, 2009

55. The Steering Group noted the unconfirmed minutes of the meeting of GATCOM held on 29th January, 2009 (copy attached to the signed minutes).

SALE OF GATWICK

56. Mr. McCallum updated the Group on the progress of the sale of Gatwick which was being led by BAA. He explained that the BAA Gatwick team was involved in the process and the management of the separation plans. The timetable for the sale was still on track and BAA was working with the Competition Commission and the Monitoring Trustee, Grant Thornton. The Monitoring Trustee would be reporting back to the Competition Commission periodically throughout the sale process. The sale had entered

the second round of bidding and bids were required to be submitted by 27th April. This part of the process continued to be confidential.

57. He highlighted the challenge of managing the separation issues and explained that around 80–90% of the areas identified were now completion ready. The remaining areas to be resolved, such as IT, human resources and procurement, were the most challenging. Transitional service agreements lasting between 6 – 12 months would be needed and this would also give the new owner confidence that the various systems in place at Gatwick would continue operate following the sale. A number of key appointments were being made at Gatwick to take on de-centralised functions and, in particular, an IT team was being significantly enhanced to work on the IT separation plans. At the appropriate time, that team would discuss the implications and transitional plans with a wide range of business partners at Gatwick prior to any agreement being entered into with the new owner.

58. Members enquired whether the transitional arrangements would include the work of the Flight Evaluation Unit and the NATMAG team. Members emphasised the importance of ensuring continuity in dealing with noise issues at Gatwick, particularly from a community perspective, and there was a need to enhance the current corporate arrangements. Mr. Norman advised that there would be transitional arrangements put in place for the technical support staff over a period of around 6 months and it was likely that arrangements for the IT support would be subject to a transition agreement for a longer period.

59. The Steering Group also enquired whether the bidders were aware of the consultative arrangements in place at Gatwick with the local communities and passengers. Mr. McCallum confirmed that this featured in discussions with the bidders. Mr. Evans also reassured members that it was a statutory requirement for airports to provide consultative arrangements with various interests and that there was currently no intention to change the guidance for airport consultative committees or the designation of Gatwick for noise purposes.

60. The Steering Group thanked BAA Gatwick for the continuing to keep GATCOM informed of the progress being made. A further update would be given in the Managing Director's commentary to GATCOM.

COMPETITION COMMISSION – BAA AIRPORTS MARKET INVESTIGATION DECISION ON REMEDIES

61. The Steering Group noted that the Competition Commission had announced its decision and remedies following its investigation into the BAA Airports Market Inquiry (copy of summary attached to the signed minutes). Mr. McCallum advised that BAA was still considering the implications of the decision and remedies and had 2 months from the announcement of the decision in which to lodge an appeal.

62. Some members again expressed concern about the narrow remit of the Commission and were disappointed that the Commission's inquiry had focussed mainly on the issue of runway capacity which was a matter for the Government to manage through the wider aviation and other national policies. Mr. Evans advised that the Government had made it clear in its response to the Commission that it did not agree with some of the Commission's conclusions particularly as the issue of runway capacity needed to take into account a wide range of other considerations and Government policies. Ms. Knox also added that the Commission had addressed a number of issues affecting competition between airports, particularly the light touch approach to airports regulation, which is now being addressed. Members felt that the Government, and the Shadow Minister for Transport, should be made aware of GATCOM's concerns about the Commission's conclusions regarding the provision of new capacity.

DfT CONSULTATION – REFORMING THE FRAMEWORK FOR THE ECONOMIC REGULATION OF UK AIRPORTS

63. The Steering Group considered a report by the Secretariat giving details of the DfT's consultation on the proposals to reform the regulation of UK airports (copy attached to the signed minutes). Mrs. Street explained that the proposed reforms were wide ranging and covered a number of aspects in relation to the way in airports were regulated. It was hoped that GATCOM could reach a common view in relation to the principle reforms such as the proposed duties of the CAA, the proposed licence based regime and the proposals to enhance passenger representation in the process. The Steering Group gave detailed consideration to the comments set out in the report and made further comments as follows.

64. The Steering Group recognised that the system of regulation had not been reviewed for a number of years and that there was a need to modernise it. There was overall support for the proposals to put the consumer at the heart of the regulatory regime and the proposed primary duty of the CAA. Members particularly welcomed the secondary duty requiring the regulator to have regard to the effect on the environment and on local communities in the provision of airport services – an issue that GATCOM had been pressing for over a number of years. There were however concerns that the proposed secondary duties of the CAA did not now take specific account of the needs of airlines and it was suggested that this be raised in the response to the DfT.

65. As regards the proposal to introduce a licence based regime, members agreed with the principle of such a system but stressed that the tier system needed to be flexible to take account of local circumstances and that the conditions imposed at each airport needed to be bespoke and must not be a "one size fits all". It was highlighted that Tier 1 airports were to be price controlled rather than price monitored as proposed under Tier 2 airports and this distinction was considered important. Members also felt that the provision of an appeals mechanism was essential and whilst favouring Option 1, more clarity needed to be given on what constituted a material interest and which specified groups could appeal decisions on the issue and conditions of licences. The Steering Group stressed the importance of local airport consultative committees being identified as one of the specified groups that could lodge an appeal.

66. Members considered the DfT's suggestion of extending the service quality requirements (SQR) system to areas of the airport's operation run by other parties other than the airport operator. While the general principle was to be supported as there were benefits to incentivise other agencies to improve service standards, it was difficult to see how other parties/agencies could be held to account for poor performance.

67. Consideration was given to the proposals to enhance passenger representation and the initial comments that had been submitted by the Chairman and Vice-Chairman of the Passenger Advisory Group (PAG). The Steering Group was concerned that the proposals would have implications for the work and operation of the PAG and the way it engaged with BAA Gatwick. Members were particularly concerned about the proposal to give Passenger Focus, additional responsibilities to represent the interests of passengers nationally on both airline (currently handled by the Air Transport Users Council (AUC)) and airport issues. It was felt that the current work and activity of the AUC and its current engagement with airport consultative committees first needed exploring before decisions were made about transferring responsibilities and powers to a relatively new organisation which had not, to date, been proactive in engaging with GATCOM about important rail issues affecting air passengers.

68. Mr. Hobbs, Vice-Chairman of PAG, highlighted that if Passenger Focus was to take on the proposed role it would need to have exposure to airports as well as airlines. This had significant implications for the way that the overview will work, not least because

there was a degree of confidentiality in the way that the PAG currently worked with BAA Gatwick. That would become a more significant issue in the future when Gatwick was an independent business and it was possible that the airport management would be less keen to discuss the detail of the way the airport was being run if they knew that the same organisation would be talking to their competitors at Stansted and Heathrow. Mrs. Street advised that the PAG was to consider this aspect of the DfT's proposals at its meeting the following week and its comments would be incorporated into the draft form of response for consideration at GATCOM.

69. Resolved – That:

- (1) The comments of the Steering be incorporated in the draft form of response for GATCOM's consideration;
- (2) The Chairman, and the Chairman of PAG have further discussions with BAA Gatwick, the CAA and the DfT on the proposals to enhance passenger representation; and
- (3) It be recommended to GATCOM that the final response be agreed by the Chairman, Vice-Chairman and the Chairman and Vice-Chairman of the PAG after consultation with the Steering Group members.

DEFRA – GUIDANCE TO AIRPORT OPERATORS ON THE PRODUCTION OF NOISE ACTION PLANS

70. The Steering Group received a paper by the Secretariat giving details of the recently published guidance by Defra on the requirements placed on airport operators to produce noise action plans (NAPs) (copy attached to the signed minutes). Members noted that airport operators were required to involve airport consultative committees in the preparation of the NAP prior to public consultation. Mr. Denton outlined the proposed engagement plan for the production of the NAP for Gatwick and offered a pre-consultation stakeholder event for members of GATCOM. [N.B. The date of the GATCOM event has subsequently been rearranged to take place on Thursday 30th April at 12 noon prior to the GATCOM meeting]

71. Members emphasised the need to make the production of the NAP and the public consultation a meaningful exercise and it was important that local parish councils were encouraged to participate in the process. Mr. Denton advised that the detailed arrangements for the wider public consultation were being developed and this was a matter that could be discussed further at the pre-consultation stakeholder event.

72. Mrs. Howell enquired whether the DfT or the CAA intended to produce an overarching lay description of the END noise mapping process and the differences between the various noise contours produced. She highlighted that such a document would help to avoid complications and confusion arising from different airports producing differing explanations about the process and the interpretation of the different noise maps/contours that were available. Mr. Evans advised that ANMAC was looking at the issue of communication but that work would not be progressed in time for the current round of the noise map action planning process. Mr. Norman advised however that the Gatwick NAP would contain information in layman's terms about the differences in the noise contours and the END noise mapping process.

INTERIM AIRPORT MASTER PLAN AND NEW LEGAL AGREEMENT - MONITORING OF COMMITMENTS AND OBLIGATIONS

73. The Steering Group considered a paper by the Technical Adviser outlining the new monitoring regime for the BAA Gatwick's commitments and obligations as set out in the new legal agreement (copy attached to the signed minutes). Mrs. Howell explained that GATCOM would no longer have a role in the selection of items for external audit and suggestions had therefore been put forward to ensure GATCOM could engage with

Gatwick Airport Limited, West Sussex County Council and Crawley Borough Council in future regarding the delivery of the commitments and obligations under the new reporting and monitoring regime.

74. The Steering Group welcomed the future engagement in the monitoring process and felt that a six monthly report of progress using the action plan "in year" table with a covering report of key points and exceptions would provide an effective means of monitoring for the Steering Group. This would enable the Steering Group to regularly review progress and would enable the Steering Group to report key messages to GATCOM either through the minutes or, in the event of concern, through a report for GATCOM's consideration. The Steering Group also welcomed the Technical Adviser's intention to continue to produce an annual report to GATCOM during the Autumn cycle of meetings on the outcome of the external verification and audit process.

DATE OF THE NEXT MEETING

75. The Steering Group noted that the next meeting would take place on Thursday, 2nd July 2009 at 10.00 a.m.

Chairman