

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

9 OCTOBER 2014

REPORT OF REGENERATION AND TRANSPORT SELECT COMMITTEE

CABINET DECISION

REGENERATION AND TRANSPORT – Lead Cabinet Member – Councillor Smith

SCRUTINY REVIEW OF THE FUTURE OF DURHAM TEES VALLEY AIRPORT

1. Summary

The Regeneration and Transport Select Committee examined how the proposals within the Master plan for Durham Tees Valley Airport would ensure a viable airport going forward and how future investment would seek to develop the airport related businesses.

Reassurance was sought that all reasonable endeavours had been made to retain a fully serviced airport, including following up all previous interest, discussions with airlines and development opportunities with other airports.

2. Recommendations

The Committee recommend that:

1. Peel continue to grow and encourage leisure and holiday flights at the earliest opportunity.
2. Peel further cultivate these services to retain and build upon to ensure a successful business flights base.
3. Peel increase their marketing promotion with/of KLM and Eastern Airways.
4. the Council and Tees Valley Unlimited support any work and lobbying (including to the Airports Commission and Transport Select Committee) that has the potential to result in the reinstatement of a London (flight) link.
5. the Council and Tees Valley Unlimited support any work and lobbying (including to the Airports Commission and Transport Select Committee) to:
 - Introduce differential APD for regional airports such as DTVA
 - Secure route support funding and mandate those airports increasing capacity in London and the South East, to ring-fence a certain proportion of flights to regional airports e.g. DTVA
 - Reduce landing charges at Heathrow for domestic flights.
6. support is sought from appropriate local MPs and MEPs in lobbying for changes covered in the proposals above.

7. all funding secured from any and all Housing & Neighbourhood Development on the airport site(s), is subject to reinvestment under transparent arrangements to deliver the aspirations of the Peel Master Plan and ensure secondary income for the airport.
8. the Councils work closely with TVU and DTVA to find solutions to sub-regional and local public transport connectivity to DTVA and that any initiatives assisting with this be supported.
9. Peel's marketing promotion of their "Aero Centre" proposals (to develop specialist clusters e.g. logistic operations and complementary activities at DTVA) be supported.

3. Reasons for the Recommendations/Decision(s)

1. The aim of the review was to provide appropriate challenge relating to Durham Tees Valley Airport (DTVA) plans, and to consider the implications of the outcome of the public consultation undertaken on the recent Master Plan proposals.

4. Members' Interests

Members (including co-opted Members with voting rights) should consider whether they have a personal interest in the item as defined in the Council's code of conduct (**paragraph 8**) and, if so, declare the existence and nature of that interest in accordance with paragraph 9 of the code.

Where a Member regards him/herself as having a personal interest in the item, he/she must then consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest (**paragraphs 10 and 11 of the code of conduct**).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting considering the business is being held -

- in a case where the Member is attending a meeting (including a meeting of a select committee) but only for the purpose of making representations, answering questions or giving evidence, provided the public are also allowed to attend the meeting for the same purpose whether under statutory right or otherwise, immediately after making representations, answering questions or giving evidence as the case may be;
- in any other case, whenever it becomes apparent that the business is being considered at the meeting;

and must not exercise executive functions in relation to the matter and not seek improperly to influence the decision about the matter (**paragraph 12 of the Code**).

Further to the above, it should be noted that any Member attending a meeting of Cabinet, Select Committee etc; whether or not they are a Member of the Cabinet or Select Committee concerned, must declare any personal interest which they have in the business being considered at the meeting (unless the interest arises solely from the Member's membership of, or position of control or management on any other body to which the Member was appointed or nominated by the Council, or on any other body exercising functions of a public nature, when the interest only needs to be declared if and when the Member speaks on the matter), and if their interest is prejudicial, they must also leave the meeting room, subject to and in accordance with the provisions referred to above.

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SUMMARY

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Reassurance was sought that all reasonable endeavours had been made to retain a fully serviced airport, including following up all previous interest, discussions with airlines and development opportunities with other airports.

RECOMMENDATIONS

The Committee recommend that:

1. Peel continue to grow and encourage leisure and holiday flights at the earliest opportunity.
2. Peel further cultivate these services to retain and build upon to ensure a successful business flights base.
3. Peel increase their marketing promotion with/of KLM and Eastern Airways.
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6. support is sought from appropriate local MPs and MEPs in lobbying for changes covered in the proposals above.
7. all funding secured from any and all Housing & Neighbourhood Development on the airport site(s), is subject to reinvestment under transparent arrangements to deliver the aspirations of the Peel Master Plan and ensure secondary income for the airport.

8. the Councils work closely with TVU and DTVA to find solutions to sub-regional and local public transport connectivity to DTVA and that any initiatives assisting with this be supported.
9. Peel's marketing promotion of their "Aero Centre" proposals (to develop specialist clusters e.g. logistic operations and complementary activities at DTVA) be supported.

DETAIL

1. Ongoing losses prompted the production and consultation of a Master Plan proposing to put Durham Tees Valley Airport (DTVA) on a sustainable financial footing and to secure its long term future as an operating airport.
2. This review has provided appropriate challenge relating to DTVA plans from the perspective of Stockton Borough Council's scrutiny process and to consider the implications of the outcome of the public consultation undertaken on the recent Master Plan proposals.
3. DTVA is projected to suffer losses in terminal passenger forecasts produced by DfT, between 2020 and 2050 with the UK Aviation Forecast suggesting 100,000 passengers will use the airport each year before reverting back to current levels of approximately 200,000.
4. Whilst passenger numbers may be low the Committee was reassured by the actions being taken by DTVA Ltd to bolster where possible the flight opportunities from the airport considering the effects of the recession.
5. The Committee questioned the inability to have flights to London Heathrow either as a hub or for travel to the capital having had flights until they were lost in 2009. Amsterdam (Schiphol) provides the international hub to worldwide destinations for DTVA. With the need for business connectivity needing to be realised and promoted the Master Plan for DTVA is predicated on the continued use by local businesses of their nearest airport and the importance of services from DTVA to Schiphol and Aberdeen.
6. The Committee, however, believe that air connectivity between the Tees Valley and a London airport as an international hub is vital for local/regional economic growth with business users of DTVA crucial for the Tees Valley economy. DTVA provision of business flights also assist to deliver considerable benefits for the UK as a whole.
7. Over the past several years the capacity constraints in London and the South East, Air Passenger Duty (APD), and airport charging mechanisms have all combined to have the effect of squeezing out domestic routes. The Committee is supportive of the Master Plan which makes reference to applying differential Air Passenger Duty (APD) and ring fenced slots for regional flights at London airports as APD can be considered damaging for smaller regional airports and particularly for handling domestic services when it is charged on both legs of the journey.
8. The Master Plan makes the claim that investment in re-positioning and growing the Airport would not be possible without capital raised from enabling housing development on land owned by DTVA Ltd. This would pay for nine new hangars, office space and industrial units to expand the existing Northside Employment Park and provide 968 new jobs. The Committee, as a result, is keen for all funding secured from any and all Housing & Neighbourhood Development on the airport site(s), is subject to reinvestment under transparent arrangements to deliver the aspirations of the Peel Master Plan and ensure secondary income for the airport.
9. The Tees Valley Local Enterprise Partnership secured £5m from the Government's Local Growth Fund for development of an employment park and logistics and processing areas

on the Southside of the airport site which could deliver 2,889 new jobs. The Committee recognise the importance of a successful Southside development to underpin a viable airport and encourage the Council and TVU to work with DTVA to ensure its success and support any lobbying efforts to provide additional funding to enable Southside at DTVA to be brought forward as quickly as possible.

10. A concern of the Committee was the way in which passengers could travel to and from DTVA using public transport with the loss of the current rail halt and limited bus services. The Tees Valley Rail Line is to be upgraded to accommodate rail freight which will support the development of logistic businesses on the airport site but creating the full length of siding requires the removal of the current rail halt.
11. The Committee recognises the importance of sub-regional and local public transport connectivity to DTVA which will provide for development of a logistics network through port centric logistics spreading out to satellite distribution sites. This could create a new hub for multimodal freight transport, reduce HGV usage on the road network, and the potential to create a logistics and aerospace cluster of regional significance. The Committee therefore support the Peel Group's proposal to develop specialist clusters e.g. logistic operations and complementary activities at DTVA
12. The Committee ultimately support Peel's drive to diversify and seek business activities that provide secondary income as outlined in the Master Plan, recognising that operational costs cannot simply be recouped from air traffic.
13. The Committee positively support the aims of the Master Plan albeit with the following qualifications:
 - Consideration to be given to the potential risks and how this will be managed should the take up of a business (Hangars) interest be slower than planned
 - Any planning permission for the proposed housing element (enabling development) should not lead to any incremental permission for further housing.

FINANCIAL IMPLICATIONS

14. None

LEGAL IMPLICATIONS

15. None

RISK ASSESSMENT

16. This review is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

17. Economic Regeneration and Transport: A strong local economy with better jobs and improved employability
18. Economic Regeneration and Transport: Improved transport networks

EQUALITIES IMPACT ASSESSMENT

19. This report has not been subject to an Equalities Impact Assessment.

CONSULTATION INCLUDING WARD/COUNCILLORS

20. None

Name of Contact Officer: Graham Birtle
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Education related? No

Background Papers None

Ward(s) and Ward Councillors: N/A

Property N/A