

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

19 MAY 2016

**REPORT OF SENIOR
MANAGEMENT TEAM**

CABINET DECISION/KEY DECISION

Regeneration and Transport – Lead Cabinet Member – Councillor Nigel Cooke

DURHAM TEES VALLEY AIRPORT (“DTVA”) – Delivering the Masterplan.

1. Summary

This report updates Cabinet on progress in relation to the delivery of the DTVA/Peel Master Plan, and highlights developments regarding the required package of support sought by DTVA/Peel in that respect.

2. Recommendations

It is recommended that Cabinet:-

1. Receives and notes the progress report, and
2. Reviews the decision taken at Cabinet’s meeting on the 10 September 2015 in relation to the further proposal from DTVA/Peel, in light of the new information referred to in this report.

3. Reasons for the Recommendation(s)/Decision(s)

To ensure that Members are kept apprised of developments regarding the implementation of the Master Plan for DTVA/Peel, and to enable Cabinet to consider the further proposal from DTVA/Peel in light of the developments that have occurred since September 2015.

4. Members’ Interests

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in **paragraphs 9 and 11** of the Council’s code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the Council he/she must then, **in accordance with paragraph 18** of the code, 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 and the business:-

- affects the members financial position or the financial position of a person or body described in **paragraph 17** of the code, or

- relates to the determining of any approval, consent, licence, permission or registration in relation to the member or any person or body described in **paragraph 17** of the code.

A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a member with such an interest may make representations, answer questions or give evidence relating to that business before the business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code)

Members may participate in any discussion and vote on a matter in which they have an interest, as described in **paragraph 18** of the code, where that interest relates to functions of the Council detailed in **paragraph 20** of the code.

Disclosable Pecuniary Interests

It is a criminal offence for a member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted) **paragraph 21** of the code.

Members are required to comply with any procedural rule adopted by the Council which requires a member to leave the meeting room whilst the meeting is discussing a matter in which that member has a disclosable pecuniary interest (**paragraph 22** of the code)

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RECOMMENDATIONS

It is recommended that Cabinet:-

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DETAIL

The Master Plan

1. On the 10 September 2015 Cabinet considered a report (<http://www.egenda.stockton.gov.uk/aksstockton/images/att26355.doc>) regarding progress in relation to the DTVA Master Plan proposals. (<http://dtva-master-plan.co.uk/>)
2. The background to that report was a review undertaken by the Council’s Regeneration and Transport Select Committee, which had examined how the Master Plan proposals would ensure a viable airport going forward, and how future investment would seek to develop the airport related businesses. (<http://www.egenda.stockton.gov.uk/aksstockton/images/att24179.doc>). A Further update in September 2015 was also considered. (<http://www.egenda.stockton.gov.uk/aksstockton/users/public/admin/kab12.pl?cmte=PLS&meet=3&arc=71>)
3. Ongoing losses, in the context of the impact and effect of the recession, the changes in the air passenger travel industry and the loss of holding charter programmes, resulting in reduced passenger numbers, had prompted the production of, and consultation on the Master Plan.
4. The Select Committee and Cabinet had, however, been reassured by the actions being taken by DTVA to bolster, wherever possible, the flight opportunities from the airport, considering the effects of all of these detrimental factors.

5. Members regarded the airport as a key asset in the Tees Valley, and wished to see it expand and grow in whatever guise was going to be profitable in order to ensure its continued presence and operation.
6. Cabinet was reminded of a report in 2012 by Regeneris Consulting commissioned at the time by Tees Valley Unlimited, which justified Members' views of the airport's importance. The report had found that the airport supported approximately 600 direct and indirect jobs, with some 480 or so of those jobs taken by Tees Valley residents and that it contributed an estimated £37M annually in GVA (roughly 0.4% of GVA of the Tees Valley Economy), with DTVA business flights also assisting in delivering benefits for the UK as a whole.
7. As indicated in the report to Cabinet in September, 2015, the Master Plan promotes the principle of a business focussed airport supported by commercial activity and nearby residential development built on DTVA owned land.
8. The recent Lord Hesletine report identified DTVA as a key asset and made specific recommendations around supporting a sustainable future for it.

Recent Developments and support to the DTVA Masterplan

9. Since that report, the Local Growth Fund bid for £5M funding to provide for a new access road linking the Airport's Northside with the Southside, around the eastern end of the runway, has been approved (October 2015) by the Tees Valley LEP.
10. Planning permission has also been granted for the construction of the link road. When built this will open up the Southside, to enable an employment park, and logistics and processing areas with a variety of employment uses, to be provided.
11. Progress has also been made by DTVA/Peel in discussion with Darlington Borough Council in connection with the preparation of a planning application for residential development on the northside of the airport. This will be supported by obligations in a Section 106 Agreement in relation to education, open space, play provisions etc.
12. A bid was made for Enterprise Zone Status in October 2012 by Tees Valley Unlimited but unfortunately was not supported by Government.
13. Passenger numbers on the KLM Service from DTVA to Amsterdam Schiphol have proved to be very positive with numbers increasing significantly in 2015/16 compared to 2014/15.
14. The Skyline airshow (back after 26 years) is also taking place at the airport on the 28 May, and will be headlined by the Red Arrows, supported by (amongst others) historic aircraft from the Battle of Britain Memorial flight, the RAF Typhoon and Falcons parachute team. At the last count some 10,000 tickets had been sold.

DTVA/Peel's Remaining Proposal

15. Against the backdrop of the Master Plan proposals, the report to Cabinet, at its meeting on the 10 September last year explained that DTVA/Peel had asked the Local Authority Shareholders to consider a further proposal. This proposal was, and continues to be seen by DTVA/Peel as an important part of a package of key measures aimed at securing the Airports future. The other measures were the reduction in the cost base and operations of the airport and diversifying its revenue base, in order to approach cash neutrality by the financial year 2023/24 (these measures were substantially completed at the time of the September 2015 report), together with approval for and implementation of the housing development referred to earlier in this latest report.

16. Cabinet agreed to support the proposal by DTVA/Peel, in principle, subject to certain matters being satisfactorily agreed and concluded.
17. Details of the proposal are again set out in the **(exempt) Appendix** to this report to Cabinet, together with details of the developments that have occurred since September 2015.
18. Cabinet is asked to consider those details.

COMMUNITY IMPACT IMPLICATIONS

19. The DTVA/Peel proposal does not constitute a new policy, strategy or a change in the delivery of a service insofar as the Council is concerned.

FINANCIAL IMPLICATIONS

20. The financial implications of the proposal from DTVA/Peel are specified in the **exempt Appendix**.

LEGAL IMPLICATIONS

21. The legal implications of the proposal are also set out in the **exempt Appendix**.

RISK ASSESSMENT

22. The risks inherent to the proposal are explained in the **exempt Appendix**, as are the measures intended to reduce and control those risks.

COUNCIL PLAN POLICY PRINCIPLES AND PRIORITIES

23. The proposal is relevant to creating economic prosperity in terms of improving economic regeneration and transport in the form of a stronger local economy, with more jobs and improved opportunities for employment, together with improved transport networks.

CORPORATE PARENTING IMPLICATIONS

24. There are no corporate parenting implications arising from this report.

CONSULTATION INCLUDING WARD/COUNCILLORS

25. The proposal has been the subject of previous consultation with the Leaders and Mayor of the Local Authority shareholding authorities.

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Education related? No

Background Papers Previous report to Cabinet
Select Committee
DVT A Masterplan

Ward(s) and Ward Councillors: Not Applicable

Property Not Applicable