

ABERDEEN INTERNATIONAL AIRPORT CONSULTATIVE COMMITTEE

ANNUAL REPORT 2014

Chairman's Introduction



I am very pleased to present this, Aberdeen International Airport Consultative Committee's first formal Annual Report. It may seem strange that this is our first formal annual report, particularly since the Consultative Committee has been in existence since 1953. However, in the past there has been no obligation on the Committee to prepare an annual report. Now, under our new Constitution, approved by the Committee in December 2014, there is a requirement to publish an annual report each year, in time for the meeting of the Committee in March of the following year.

We believe that it is important that we prepare this summary of our activities, for wide circulation within the stakeholder organisations represented on the Committee and for reference by the general public on our website, www.abzacc.org.uk. We hope readers will find the report of interest and gain a better picture of what the Consultative Committee does. There is no point in keeping the record of the work that we do to ourselves!

I am now in my ninth year as Chairman of the Committee. During this time we have become increasingly dedicated to responding to government and related consultations on matters to do with aviation, especially as they relate to Aberdeen City and Shire and the north east of Scotland more generally. The past year has been no exception, with a number of submissions being made to the Airports Commission and the National Connectivity Task Force, on regional connectivity and the need for increased runway capacity in the south east of England to protect and enhance access to London and the world from the UK's regions through the UK's hub airports.

We note with pleasure the record year that Aberdeen International Airport enjoyed in 2014 and we look forward to seeing the transformation of the terminal taking shape over the next couple of years. It is an important time for aviation in the north east of Scotland and we all need to do our bit to ensure the vitality and viability of air services from Aberdeen is maintained and improved. Please read on!

Peter Smart

CHAIRMAN

March 2015

Section 1: Some background notes about the Consultative Committee

Because this is the first formal annual report the Committee has prepared, we have decided to devote the first couple of pages to some background notes, as to why there is an Aberdeen International Airport Consultative Committee, what we do and how we conduct our business.

Why is there an Aberdeen International Airport Consultative Committee?

The Chairman mentioned in his introduction that there has been an Aberdeen Airport Consultative Committee since 1953. The Committee was set up after the Minister of State for the War Office invited the Clerk of the former Aberdeenshire Council to make the necessary arrangements. Since then, various pieces of civil aviation legislation have formalised a statutory obligation on the operators of all major airports in the UK to establish and maintain suitable arrangements for consultation between the airport operator and people and organisations affected by the airport's operation.

Set up by the airport operator but acting independently of the management

In practice, this requirement has been universally met by major UK airports setting up an airport consultative committee. Whilst the obligation is on the airport operator to set up the arrangements, airport consultative committees have no executive powers and are expected to operate in an advisory capacity independently of the airport management – although in practice the senior management of the airport will normally be in attendance at meetings and offer professional advice and support.

What does the Consultative Committee do?

As its name suggests, the Committee is consultative. It would expect to be asked for

its views on any developments at the airport that might impact on passengers and other users, on the communities surrounding the airport or on the economic well-being of the north east of Scotland, particularly Aberdeen City and Shire – and for its views to be taken into account before any formal decisions are taken by the airport management.

In practice, the agendas for meetings of the Committee tend to have a number of routine items and then a number of variable items, depending on what is happening locally at the airport and nationally in terms of aviation policy.

The Committee would expect to be asked for views on any developments at the airport ...

The main routine items are a quarterly report from the airport's Managing Director on trends and developments at the airport, a quarterly report on noise complaints and issues under the airport's noise action programme, and a report on any activities the chairman has undertaken on behalf of the Committee.

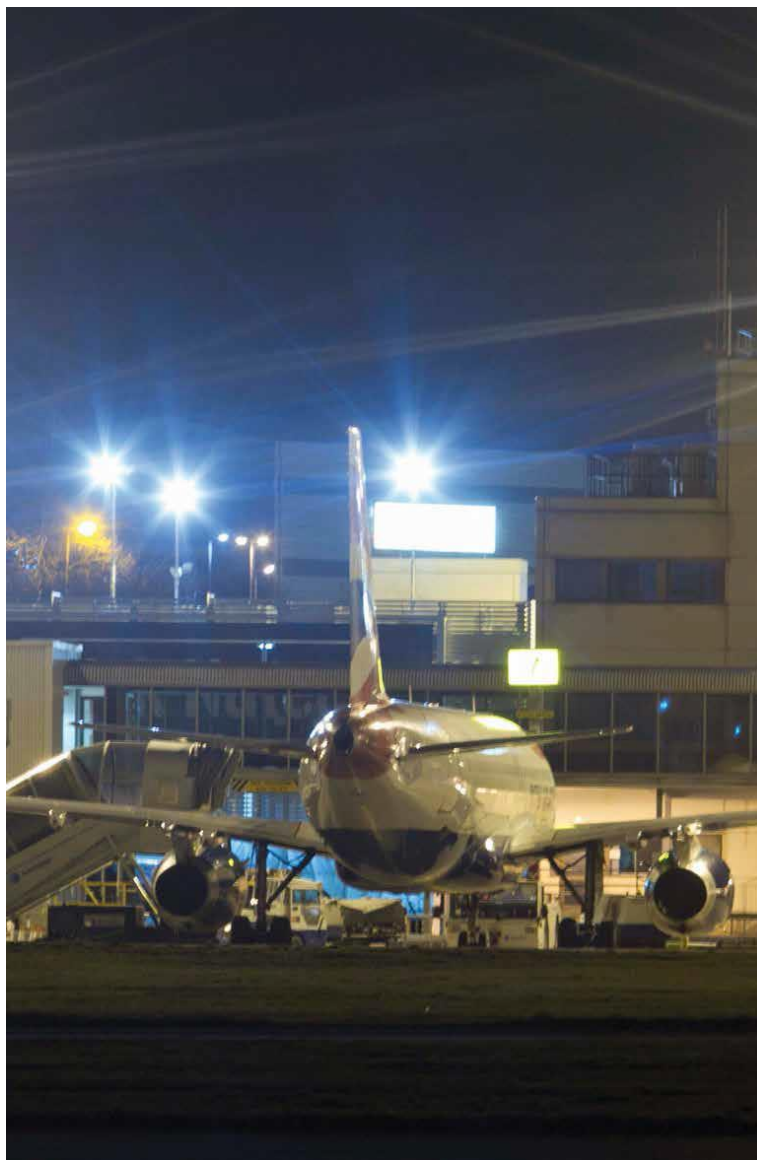
... affecting passengers, local residents and businesses and the economic well-being of the north east of Scotland

Then, each year the Committee is asked for its views on the airport's proposed Capital Investment Programme for the coming year, and once every five years on the airport's Master Plan for the following period. It also engages with the management on noise

related issues, especially helicopter noise and ground running affecting the residents of Dyce.

Finally, over the past seven or eight years, the Committee has become increasingly proactive in responding to government and other national consultations on such matters as the need for additional runway capacity in the south east of England, regional

connectivity to London, and the redefinition of air space by the CAA in the area controlled by NATS Aberdeen. During 2014, the work of the Airports Commission was scrutinised by the Committee and submissions made to several of their consultations. More detailed information about these consultations, and the responses we have submitted, is given in Section 3 below.



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Section 2: The review of the Committee's Constitution and Terms of Reference

In April 2014, the Department for Transport (DfT) issued new Guidelines for Airport Consultative Committees (ACCs). These included a recommendation that all ACCs should conduct a review of their constitution, terms of reference and membership to ensure that they were in line with perceived current best practice established in the Guidelines. We had already contributed to the consultations leading up to the issue of the new Guidelines, so we were primed to undertake our review. This was a major task through the summer and autumn of 2014, with our current Constitution being formally adopted at our December 2014 meeting for immediate implementation.

A copy of the Constitution may be viewed on our website at www.abzacc.org.uk, click on 'About the Committee', then on 'Constitution'.

The main changes

The Committee already operated within the previous Guidelines issued in 2003, so some of the changes made were relatively cosmetic, whilst others were more substantive.

Terms of reference

We emphasise the two-fold nature of consultation:

- to ensure that the airport operator, in conjunction with airlines and other airport partners, meets the requirements of passengers and other users of the airport in relation to routes served and quality standards delivered;
- to promote greater understanding by the surrounding community of the operation of the airport, and by airport management about the impact of operations on the community.

The terms of reference now reinforce the importance of the airport to passengers and other users and to the economic development and stability of the north east of Scotland.

passengers, economic development and environmental concerns

They also underscore the Committee's interest in the impact of airport operations on the environment, including the impact of noise on the local community and air quality.

Membership of the Committee

We made a number of adjustments to the membership of the Committee and to the terms of office of some of the members.

The requirement for the chairman of the Committee to be independent of all other stakeholder interests has been made explicit.

Chairman's term of office now set at a maximum of nine years

The term of office for the Chairman, which was previously open-ended, has now been set at three years' fixed term, with the possibility of extension by invitation of the Committee by up to two further terms of three years.

Similarly, the contribution of individual members of the Committee will be reviewed every two years, and terms of office will normally be restricted to a maximum of eight years.

The Committee believes that these changes will bring the operation of the Committee more into line with emerging practice in many public and quasi-public bodies, and will be an encouragement to chairman and members alike to continue to make an active contribution to the working of the Committee.

The Chairman

Dr Peter Smart has been chairman of the Committee since 2006. He is required to conduct meetings in a way that encourages all members to contribute to discussion and debate.

Outside the meeting room, he personally oversees the preparation of submissions in response to government and other consultations, to ensure that the voice of the north east of Scotland is heard in Holyrood and Westminster – and is taken into account in their decision making. In this way, the Aberdeen Committee is now punching above its weight, being more pro-active than some Committees representing much larger airports.

Aberdeen's ACC punches above its weight

Peter Smart is also chairman of the Working Group of the Liaison Committee of UK ACCs, the national body representing the ACCs of some 20+ major airports in the UK. The Working Group normally meets once a year. The full UKACCs Liaison Committee, which the chairman also attends, has a two day annual meeting, which offers opportunities for networking, for hearing speakers from

different aviation organisations and the chance to see another airport in operation.

Dr Smart receives a modest honorarium from Aberdeen Airport Limited and out of pocket expenses for chairing the Committee.

The other members of the Committee

All the other members are appointed to represent specific stakeholder interests. These include councillors from the City and Shire councils and one representative each from the two local community councils most affected by the operation of the airport. There are nominees from the organisations most engaged in economic development in the area, including the Chamber of Commerce and Oil and Gas UK. Then there are some members engaged in the aviation industry, such as NATS and the airport operators committee.

And, finally, we have introduced three seats specifically for passenger representatives, including one for passengers with special assistance needs. At the time of writing this report, the process of appointing these representatives was under way. The full current membership is set out in section 5 of this report. None of the other members receives remuneration specifically for being a member of the Committee. Some undertake membership as part of their 'day job', whilst others attend on a voluntary unpaid basis.

Secretarial support

The Secretary to the Committee, Mrs Alison Sharp, is part-time, providing secretarial support in agenda preparation for, and minute preparation after, each meeting of the Committee, and other administrative support as required.

Section 3: The Airports Commission and other consultations

Over the past six or seven years, we have increasingly sought to have our views heard on developments in aviation and airports policy, in the hope that we might be able to influence high level decision making in the best interests of business and leisure travellers in the north east of Scotland. The work of the Airports Commission under the chairmanship of Sir Howard Davies has continued to be the principal target of our lobbying over the past year. Towards the end of 2014, the National Connectivity Task Force was also set up, under the chairmanship of Lord John Shipley, to examine the needs of the UK's regions for connectivity. We also made a submission to them.

The Airports Commission

We responded to two of the Commission's consultation papers. The first was on the UK's existing airport capacity, to which we noted that the more peripheral airports in the UK inevitably relied on smaller catchment populations and therefore had a continuing need for connectivity to the world through UK, European and increasingly Middle Eastern hubs. We noted, as we had done in response to several previous Commission consultations, that many travellers from Aberdeen wished to interline at Heathrow, and that we were fortunate to have up to eight British Airways services from Aberdeen each day, offering onward connections to their global long haul services.

*the more peripheral regions
of the UK need to be assured
of continuing access to the
UK's main hub airport (Heathrow)*

The second was in response to the Commission's paper, seeking views on their three proposals for an additional runway in the south east of England. We concluded that, since Heathrow is the only airport in the UK that has a broad cross section of services to the world, and is seen by global airlines as the UK's hub airport, we

supported one or other of the two schemes put forward for Heathrow. We did not feel technically competent to express a preference between an additional runway and the so-called 'Heathrow Hub' proposal.

The National Connectivity Task Force

We were given the opportunity to lodge a submission setting out in some detail our perceived needs for connectivity through London – and, in particular, Heathrow – to the exceptionally wide range of global destinations required by the energy and other sectors of our economy. We stressed also, as we have done to DfT and the Commission on a number of occasions, that the need for connectivity is *now*, and not just if and when an additional runway is built.

*and we need continued access
to Heathrow NOW, as well
as some indeterminate date
in the future*

It was heartening that a deliberate decision was taken when the Task Force was set up, that the chairperson should be from one of the UK's regions (Lord Shipley is a former Leader of Newcastle City Council), and that there should be a representative from each

of the UK regions on the Task Force (Derick Murray, the Director of NESTRANS being the Scottish representative).

Department for Transport

We have already mentioned the consultation undertaken by DfT on its proposed revised guidelines for ACCs. We know that some of the points made by us were included in the final document.

The Civil Aviation Authority (CAA)

We responded to several consultations from the CAA. The most important one, on which we were consulted by law, was a proposal inspired by the International Civil Aviation Organisation to reclassify a large portion of airspace to the north of Aberdeen. We were advised on the technical issues involved by John Millar, the head of NATS Aberdeen.

Put simply, had the proposals been implemented as first drafted, NATS would have been unable to handle as many inbound and out-going flights for Aberdeen Airport as currently.

We supported the concerns that NATS and the airport management had, and were pleased that CAA accepted NATS Aberdeen's counter-proposals, which have since been implemented.

The CAA has also consulted on arrangements for passengers with special needs (colloquially known as PRMs, or passengers with reduced mobility, in the trade), and on the way in which airports and airlines should promote the services offered to ease the passage of such travellers. One of the requirements is that advice should be available just one click away from an airport's home page – a provision that Aberdeen meets.

In short, 2014 was another busy year for the Committee, considering and responding to a number of consultations. The Committee has a small Strategy Sub-Group which meets on an *ad hoc* basis to consider consultations outside the normal quarterly meetings.

With the UK general election scheduled for 7 May 2015, we look forward to learning what the new government decides in relation to the Airports Commission's final report and recommendations on an additional runway in the south east of England.

We also look forward with interest to progress of implementation of the Smith Commission report on greater devolved powers to the Scottish Government, particularly Air Passenger Duty (APD). We have campaigned long and hard since its introduction about the impact of APD on air fares, especially the double whammy faced by UK passengers flying return flights within the UK, both legs of which attracts APD, and even three times APD where a passenger from a regional airport makes a flight within the UK to connect to an onward flight, and returns by the same route.

Section 4: The Committee's relationship with the airport operator

We have an excellent working relationship with the airport management. Aberdeen International Airport is sufficiently small (despite being the fourth busiest airport in the UK for aircraft movements, Monday to Friday) that the Managing Director personally attends more or less every meeting.

Support for the airport operator's development plans

In years past, the Committee supported the airport's planning applications for 24 hour operation and for an extension to its runway, as being of benefit to passengers and airlines, and supportive of the economy of the north east of Scotland.

During 2014, we were informed about and were able to comment on the operator's plans for a major transformation of the main terminal building, costing over £13 million over the next three years. It is recognised by the Committee, the airport operator and passengers alike that there are pinch points in the current terminal – predominantly due to the rapid increase in passenger numbers to 3.76 million in 2014.

we look forward with interest to the transformation of the terminal over the next two years

We shall be monitoring the progress of the scheme with great interest over 2015, since it is proposed that the first phase, including a much enlarged central security area and new airline lounges, will be completed by mid-2016.

The key to much of this development will be the demolition of the former Aviation Services building used by DHL – which the Committee has been urging for several years. This will enable the two storey phase 1 building to take place.

Sale of the airport

It does not appear that the sale of Aberdeen International Airport by Heathrow Airports Limited (confirmed in December 2014) to a consortium of Ferrovial and Macquarie, will have any specific impact on the operation of the Committee. We do know that it was an unsettling time for staff during the sale period. We record our thanks to each and every one of them for the seamless transfer between owners.

Noise reporting

Noise continues to be the main environmental issue that the Committee is required to consider.

The airport management is obliged under the Noise Action Plan to report quarterly on noise complaints received and action taken on them. Compared with many airports, the level of complaints is small – normally around three to six a month. Most of these concern helicopter operations, either overflying or during ground running.

relatively fewer noise complaints than at many other airports

The management, with NATS, explain to complainants the flight paths and operational requirements. We have noted that some of the recent complaints have come from the newer estates that have been built under established helicopter approach paths, a fact that developers are reluctant to point out to potential purchasers.

We also note that progress has been made on noise amelioration on the east side of the airport, following discussions between management and representatives of the Dyce and Stoneywood community, with the erection of a noise barrier.

Route developments

We continue to monitor route developments. We are disappointed, and sometimes perplexed, when established carriers terminate a route, as BA did with London City in October 2014. We are equally pleased when new routes are announced, as Flybe did to replace BA on the London City route.

We naturally hope that all new routes will be successful and sustainable, especially the new holiday destinations and the easyJet weekly 'ski special' to Geneva. However, we are sufficiently realistic as a committee to know that Aberdeen only has a limited catchment population of about 700,000 and therefore we cannot hope to see the same range of destinations as airports serving larger populations.

Service standards

We also monitor service standards within the airport, including a quarterly review of complaints, compliments and suggestions.

Section 5: Membership of the Committee

The current membership of the Committee is as follows:

Chairman, independent of all other stakeholder interests
Dr Peter Smart

Aberdeen City Council (4 seats)
Councillor Barney Crockett
Councillor Graeme Lawrence
Councillor Neil MacGregor
Councillor Gill Samarai

Aberdeenshire Council (3 seats)
Councillor John Cox
Councillor Alastair Ross
Councillor Michael Roy

Dyce and Stoneywood Community Council
Dr William Harrison

NESTRANS/ACSEF
Mr Eddie Anderson

Newhills and Bucksburn Community Council
Mr Michael Baker

Aberdeen and Grampian Chamber of Commerce
Mr Robert Collier

ABTA/SPAA joint appointment representing the travel trade
Mr Gary Hance

Scottish Council Development and Industry
Mr Ian Armstrong

UK Oil and Gas
Mr Gary Davidson, Shell

Airport Operators' Committee
Ms Phyllis Stuart

British Helicopter Operators' Association
Mr Adrian Thomas (also vice chairman of the Committee)

National Air Traffic Services (NATS)
Mr John Millar

Passenger Representatives (2 seats)
Recruitment process under way

Passenger representing passengers requiring special assistance (1 seat)
Recruitment process under way

In attendance

Ms Carol Benzie, Managing Director, Aberdeen International Airport Ltd

Ms Alison Sharp, Secretary to the Committee

Others invited as appropriate

Section 6: Costs of running the Committee

The Committee does not have its own operating budget, and it has been agreed with the airport operator that we do not seek our own budget, in view of the relatively low expenses of running the Committee.

There are few expenses directly attributable to the running of the Committee, of which the main ones are the honorarium of £3000 paid to the Chairman and the honorarium paid to the Secretary, travelling expenses for the Chairman to chair meetings of the Committee and to attend meetings of the UKACCs Liaison Committee and Working Group, a sandwich lunch after each meeting of the main Committee and reimbursement of parking charges for members attending the Committee.

Section 7: Further information about the Committee and requests to attend meetings

We do have our own website at www.abzacc.org.uk. This provides a wide range of background information to the Committee, dates of upcoming meetings and the agenda for meetings.

We do not operate an 'open door' to meetings, but we are always willing to welcome members of the public and the media on prior request. In the past, members of the public with a specific interest in an agenda item have been permitted to attend and have been invited to speak on the issue of special interest to them. They have also been welcome to attend the whole of the meeting, although we would reserve the right to ask them to leave if a matter under consideration is of a commercially confidential or sensitive nature, operating within the spirit of the local government arrangements for attendance of the public and press at meetings.

If you wish to attend a meeting, please contact the Secretary at secretary@abzacc.org.uk, preferably a week before the meeting you wish to attend.