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for Transport

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Dear Andrew,

Recommissioning CAA advice on Airport Expansion under s.16 of the CAA 2012

First, I would like to thank you and your team for all of your work to date in overseeing the engagement process between Heathrow Airport Limited (HAL) and the Heathrow airline community. I have been pleased to see significant progress made towards the ambition set by the Secretary of State of an expansion plan which could keep landing charges close to current levels. I know that stakeholders have provided positive feedback on the engagement process.

As you are aware, following the general election earlier this year, it is now our expectation that, subject to the outcome of a further consultation, an Airports National Policy Statement (Airports NPS) will be laid before Parliament in the first half of 2018. I understand that HAL presently intends to run its first pre-Development Consent Order consultation in early 2018. In order to ensure that the Secretary of State has the most up-to-date information possible in advance of laying an Airports NPS before Parliament, I would like the CAA to continue providing advice until Spring 2018.

In order to reflect these changes to timescales, I am taking this opportunity to refresh and reissue the commissioning letter first sent to you on 24 October 2016, which you will find below as Annex A. A revised terms of reference is also attached.

My team and I look forward to continuing to work closely with the CAA.

Yours sincerely,

Caroline Low

Director, Airport Capacity Programme



Department for Transport

Annex A: Commissioning Letter

Section 16 Advice: Engagement between the Heathrow Airport Limited (HAL) and the airline community and support in analysing responses to the Government's consultation(s) on a draft Airports National Policy Statement (Airports NPS)

Introduction:

In accordance with the Secretary of State's power under section 16(1) of the Civil Aviation Act 1982 (the Act), the Secretary of State requires the Civil Aviation Authority (the CAA) to provide advice to him and to the Department for Transport (the Department) in connection with the duty of the Secretary of State to develop civil aviation.

In accordance with section 16(4) of the Act, the CAA will be entitled to recover from the Secretary of State expenses reasonably incurred by the CAA in providing the advice specified in this letter.

Scope of assistance and advice:

Heathrow-airline engagement

The CAA is requested to advise the Secretary of State on how well HAL is engaging with and responding to the airline community on the appropriate scope, design and costing of new runway capacity. In developing and delivering that advice, the CAA will oversee the engagement process between HAL and the airline community in the period following a government announcement of scheme preference (which took place on 25 October 2016) until the anticipated designation of an Airports NPS. The timelines for that process are dependent on the timelines for the Airports NPS parliamentary process. On 7 September 2017, the Secretary of State announced that there would be a further short period of consultation later this year. Subject to the outcome of that consultation, an Airports NPS is expected to be laid before Parliament in the first half of 2018. The CAA's advice should be presented in a report to the Secretary of State in advance of that milestone.

Analysis of responses to the Government's Airports NPS consultation(s)

The CAA may also be requested to assist the Secretary of State in his analysis of responses to the Government's Airports NPS consultations if necessary and appropriate. This may be the case where the Department has received a technical response and the CAA has or has access to requisite technical expertise which is not readily available to the Department.

Terms of Reference

A more detailed description of the scope of the work and the outputs expected is set out in a refreshed draft of the Terms of Reference, which is attached.



Department for Transport

It is acknowledged that the CAA might wish to procure specialist expertise on cost efficiency and major project planning and management in order to develop and deliver its advice to the Secretary of State. The Department will consider any such requests to procure on a case by case basis in order to satisfy itself that they deliver value for money for the taxpayer.

As set out in the Terms of Reference, the Department may offer the support of its officials and/or advisors to the CAA in developing this advice where both parties consider that such support would be appropriate and valuable.

Budget and Governance:

The CAA is providing services to the Secretary of State under section 16(1) of the Act and is directly accountable to him for work produced under this agreement.

It is acknowledged that the CAA and the Department previously agreed a budget of £200,000 for the period from October 2016 to December 2017, including the expected resource requirement and a provision for the procurement of specialist advice. The CAA and the Department will discuss and agree new forecasts to the end of the financial year, i.e. March 2018. The total budget, along with invoicing and payment information, will be confirmed in the refreshed Terms of Reference once finalised.

The CAA's work will be monitored through regular project management meetings, as set out in the Terms of Reference. The Department will wish to maintain visibility of the engagement process throughout and it is likely that the Department will wish to observe and potentially participate in elements of this process.

Ending or modifying the arrangement:

As stated in the Terms of Reference, the Secretary of State reserves the right for the Department to modify this request for advice from time to time in discussion with the CAA and to terminate the request at any time. In the latter case, the Department will reimburse the CAA for any expenses reasonably incurred in carrying out work prior to termination.

Publication:

I note that you will publish this letter and once finalised, the refreshed Terms of Reference, on the CAA website.