

Open Floor Hearing 27th November 2023

At this hearing I made three comments on speakers on the night.

- 1) The Chief Executive Officer (CEO) of Luton Borough Council (LBC) in his presentation mentioned the reasons why this application should be passed for the financial benefits to Luton.

The charitable organisations/health agencies, who spoke, all supported the application for what it would do for the poor and needy of Luton.

None of these mentioned the benefits for the rest of the Luton residents.

There was no mention of how the dividend paid from the concession fee would grow to benefit front line services and the staff employed there. There was no mention of job creation in any of the other public facing LBC departments, just at the airport.

There was mention by the CEO of the amount of properties in Luton that do not pay Council Tax, due to financial circumstances.

If this application is passed, and the financial benefits do not accrue to LBC via the applicant, then any financial shortfall will mean more direct service cuts, or increases in Council Tax to those who do pay. This will directly lead more families into the poverty gap that the CEO wants to end.

Is it a good idea to make a bad situation better for a small minority of residents, or ensure that new borrowing will not lead to other residents having to fall into poverty to meet the debts of the applicant, if that borrowing cannot be serviced?

- 2) The second point I raised was to question the logic that this application is the keystone to relieving the poverty in Luton.

I raised the point that the applicant and its parent LBC, thought nothing of spending £313 million, plus interest, on constructing the Direct Air Rail Transit (DART) from Luton Parkway station to the central terminal area at the airport.

This project has no effect on increasing passenger numbers, and therefore there is no financial benefit to the people of Luton.

The funds to pay for that scheme would have come from the concession fee income, if that income stream wasn't hit by Covid-19. They now come from the solvency fund arranged for the applicant by LBC.

That money could have all flowed into helping to deal with real term poverty now, not in the future.

The applicant has had the opportunity to tackle the poverty issues in Luton, but chose to divert funds to the DART project.

What guarantee is there that it will not do the same with any income from an expanded airport?

- 3) The third point I raised, was to ask if it was possible under the process to ensure that the LBC planning control could be removed as the authority for the actual development plans of the project.

It was made clear on the night and indeed over the whole consultation process from Day 1, that LBC would not allow anything to stop their expansion goal.

I therefore believe that anything that is proposed by the applicant will be passed by the Development Management Committee.

This Committee has shown on other applications by the applicant and the airport operator, that despite environmental concerns raised by local inhabitants in Luton and the surrounding areas, and indeed by members of other political parties, they have passed the application every time.

I believe this shows clear bias by LBC, and that to ensure that all the supposed binding environmental limits of the Green Controlled Growth aspect of this application are met and abided by, and then a neutral council must be put in charge of the planning process if this application is passed.

- 4) I was then asked by Mr Robinson to comment on how I felt as a resident of Luton, and what living in Luton was like.

I pointed out that I was a born and bred Lutonian, and indeed had worked at the airport for a considerable amount of my working life.

Up until the mid 2010's the airport had always provided very well in financial income for the town from the concession fee. Since then the applicant had changed from a simple rent collector for that fee, to an airport developer, and spending that fee on this application and other projects.

I pointed out that in the original concession agreement from the 1990's, one of the key caveats was that all expansion projects would be funded by the operator of the airport, to protect the Council from risk of debts.

I have that agreement on file, which I will add to my e-mail.

Who made the decision to change that caveat is not publically available.

As the inspectors will have seen as they have visited parts of Luton, the infrastructure like pavements for example, is in very poor condition. The various services that LBC supply have also seen their ability to help cut, all due to financial cutbacks in LBC income.

With that in mind, I have asked a simple question at my local ward meetings and at other events, without ever receiving a reply.

“Is the airport there to benefit the town, or is the town there to benefit the airport?”

AIRPORT CONCESSION

WHY DID WE MAKE A CHANGE?

- REACHING CAPACITY
- LACK OF INVESTMENT POTENTIAL (AIRPORTS ACT 1987)
- NO FINANCIAL RETURN TO THE COUNCIL
- LUTON HAD HIGH UNEMPLOYMENT RATE

COUNCIL OBJECTIVES

- **CREATE NEW JOBS**
- **AIRPORT EXPANSION**
- **MAXIMISE REVENUES TO THE COUNCIL**
- **MINIMISE RISK**
- **PROTECT AIRPORT EMPLOYEES**
- **CONTINUE TO INFLUENCE THE AIRPORT'S ACTIVITIES**

KEY COMPONENTS OF THE CONCESSION AGREEMENT

- 30 YEAR DURATION
- PAYMENT BASED ON NUMBER OF WORK LOAD UNITS
- GUARANTEED MINIMUM PAYMENTS
- BASIC MAINTENANCE REQUIREMENT
- TWO YEAR MORATORIUM ON EMPLOYEE TERMS AND CONDITIONS
- REQUIREMENT FOR £80m CAPITAL SPEND

CONCESSION AGREEMENT

- SIGNED IN AUGUST 1998
- WITH AGI/BECHTEL AND BARCLAYS PRIVATE EQUITY

STRUCTURE

**LONDON LUTON AIRPORT
OPERATIONS LTD
(TBI/BECHTEL)**

**LONDON LUTON AIRPORT
COMPANY**

100% SHARES

LUTON BOROUGH COUNCIL

CHANGES IN SHAREHOLDER STRUCTURE

- TBI ACQUIRED AGI'S INTEREST
- TBI ACQUIRED BARCLAY PRIVATE EQUITY'S INTEREST

CREATE NEW JOBS

NEW JOBS

	£m
1997/8	700
1998/9	1000
1999/00	1100
2000/1	900
2001/2	150
2002/3	500
	4350

AIRPORT EXPANSION

- £90m
- NEW TERMINAL
- NEW CAR PARKING
- PARALLEL TAXIWAY
- REFURBISHED OLD TERMINAL
- NEW HQ
- 7.5m PASSENGERS 2002/3

PASSENGERS

	m
1997/8	3.4
1998/9	4.4
1999/00	5.4
2000/1	6.3
2001/2	6.5
2002/3	7

1997

TODAY

MAXIMISE REVENUES TO THE COUNCIL

DIVIDED TO COUNCIL

	£m
1997/8	0
1998/9	0
1999/00	4.8
2000/1	5.9
2001/2	6.3
2002/3	6.6

MINIMISE RISK

- ALL KEY BUSINESS RISKS TAKEN BY PARTNER
- SHARED RISKS ON NUMBER OF PASSENGERS
- SHARED RISK IN CASES OF FORCE MAJEUR
- BANK STEPS IN RIGHTS
- EXPROPRIATION/COUNCIL ACTION

PROTECT EMPLOYEES

- 2 YEAR PROTECTION ON REDUNDANCIES AND ANY REDUCTION IN TERMS AND CONDITIONS
- PENSION RIGHTS PROTECTED
- HAS BEEN A REDUCTION IN EMPLOYEES
- SOME OUTSOURCING
- SEVERAL CHANGES OF DIRECTORS

CONTINUE TO INFLUENCE THE AIRPORT

- AIRPORT FORUM
- KEY PARTNER
- INVOLVED IN ANY CONTRACTUAL DECISION BEYOND 30 YEARS
- KEY CONTROLS IN THE AGREEMENT
- CUSTOMER SURVEYS
- WE GET THE KEYS BACK IN 26 YEARS TIME

KEY ISSUES

- SERAS REVIEW
- SEPTEMBER 11th
- EASYJET - 20 YEAR DEAL
- NEW AIRLINES?
- SIZE OF CONCESSION FEE
- EASTERN CORRIDOR
- TRANSLINK
- CENTURY PARK

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