

Thanet District Council

Project Brief

Viability of Manston Airport
June 2014

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Background

Thanet District Council is seeking independent advice on whether Manston Airport has a viable future as an operational airport.

The airport's current owners closed the airport on 15th May 2014. The airport is currently owned by Ann Gloag of Manston Skyport Ltd. This company purchased the airport from the previous owners, Infratil, in December 2013, reportedly for one pound. Infratil had significant growth aspirations for the airport set out in its Airport Master Plan.

Prior to its closure the airport was running mainly freight services. Figures from 2011 indicate that it handled 37,000 passengers and 27,000 tonnes of freight per year. Dutch airline KLM were, up until the announcement regarding its potential closure, running a daily shuttle service to Schipol Airport, Amsterdam. The current terminal is capable of handling up to 700,000 passengers a year, and has an existing runway capable of handling large aircraft.

The current owner is advising the Council that it is not viable to run an airport, and that the airport was losing in the region of £10,000 a day. The current owner has provided the Council with information they have used to determine that the airport is not viable. their assessment of airport viability. A list of document and information available to the consultant is set out in Appendix 1.

It is unclear what the owner's future plans are for the airport and no discussions have taken place with the Council regarding alternative uses.

The Council needs to understand whether an airport would be a viable operation for the site, so that it can fully consider the options for the site, to provide evidence for the Council to support the new Local Plan.

Planning Policy Context

Current Thanet Local Plan 2006

The site is currently safeguarded for use as an airport and ancillary functions. 'Saved' policies from the Thanet Local Plan 2006 support development that would expand and diversify the airport operations, and safeguard particular land for airport related uses.

Aircraft Noise policies also restrict particular development within specific noise contours of the airport.

Emerging New Local Plan

The Council is currently developing a new Local Plan, and consulted on the Issues and Options for the Plan in summer 2013. At that time the airport was operational and the Council was considering how it could promote the asset through the Plan. Options for potential levels of growth have been considered, being informed by an Economic and Employment Assessment carried out by Experian in 2012. Options were also considered regarding a potential policy supporting growth and diversification of the airport subject to safeguarding criteria.

Officers have prepared a Preferred Option draft Local Plan which was ready to be taken through the Council's committee process for agreement to subject it to public consultation in summer 2014. This document included a proposed policy that would support the development of the airport. The

airport formed part of the Plan's overall economic strategy, although limited reliance was being placed upon the airport in terms of actual job growth.

Due to the announcement regarding the closure of the airport, the Plan has been stalled. The airport has a potentially significant impact upon other strategic policies proposed within the Plan, and the Council needs to understand whether there is any potential that an airport can viably operate from Manston, prior to making any decisions regarding its future.

Airport Section 106 Agreement

There is a current Section 106 between the airport owners and the Council, which sets out particular restrictions and requirements.

The agreement was drawn up in September 2000 and deals with protection to local people in terms of the number and direction of aircraft movements, noise, emissions, traffic and avoidance of residential areas etc. Part of this is the requirement to develop a nighttime flying policy.

Manston did not have an official public safety zone.

The Task

The Council requires an independent assessment advising whether or not it is possible to run a viable and economically sustainable airport operation from Manston.

The airport owners have provided the Council with the work they have carried out in assessing whether or not it is possible to run a viable and economically sustainable airport operation from Manston.

The Council requires an independent validation of the technical information and data submitted and an independent review of the position presented by the airport, including an assessment of the suitability of the methodology used and assumptions that have been made.

The work should conclude whether or not it is possible to run a viable and economically sustainable airport operation from Manston, assessing the work that has already been carried out by the current owners, and if considered necessary carrying out an independent assessment of potential options for a viable airport.

The Council requires the work to be split into 2 main stages:

1. Initial evaluation and validation of the airport owner's assessment
2. Independent viability/options study

Commencement to the second stage of the work should be optional, dependent upon the outcome of the first stage, and subject to agreement between the Council and the consultant following completion of the first stage.

Set out below are matters which the Council considers this work should cover, however we require expert advice from the consultant in order to develop a robust methodology for this work.

Work should specifically cover:

- Validation of the underlying costs and key profit drivers
- Validation of assumptions regarding investment needs
- Whether all available opportunities have been taken to identify different aircraft operators capable of being attracted to and capable of operating from the airport – freight and passenger, and including short haul aircraft and private aviation
- Whether all available markets for ancillary airport operations which could take place at the airport have been considered

Work should consider the need for:

- Demand/forecast modeling
- 25 year cash flow of income against costs, under different potential scenarios – using best, mid and worst assumptions

Work should also take account of:

- Current Section 106 agreement
- Relevant plans and strategies
- Governments' current and emerging position regarding aviation
- The potential for a new railway station being built in close proximity to the airport within the next 5-7 years – likely to reduce journey times to London to an hour
- Infrastructure investment required
- Consideration of history of operations at the airport

If it is concluded that there is potential for a viable and economically sustainable airport to operate from Manston the work should also include:

- Commentary on the scale of the viable operation, including activity levels, employment levels, and likely land requirements

Specific Deliverables

The finished work will take the form of two separate succinct and focused reports, one for each stage.

The reports should clearly set out the methodology, assumptions and information used to draw conclusions, and explain how the conclusions were drawn.

The reports should include a non-technical summary. The consultant should also make clear to the Council any uncertainty regarding conclusions or potential risks and shortfalls associated with the work.

It is expected that there will be continuous dialogue between the consultant and Council throughout the work, and the commission should include provision for the following specific meetings with Officers at the Council Offices, Margate:

Stage 1

- Inception meeting
- Meeting with airport to discuss work they have carried out
- Presentation of draft findings and report - including deciding whether there is a need to continue to Stage 2

Stage 2

- Progress meeting
- Presentation of draft report

There may also be a requirement to present the findings of both Stages 1 and 2 to senior management and Members at the Council.

Other requirements

Timetable

The Council has a very tight deadline for the completion of the work, and proposes the following timescales.

Stage 1:

- Inception meeting w/c 23rd or 30th June 2014
- Meeting with airport to discuss work they have carried out
- Completion of work within 3 weeks of inception meeting

Stage 2:

- Ten weeks following agreement to commence stage 2

We would welcome proposals which are able to carry work out in a shorten timescale than set out above.

Quotation Process

Quotations are invited for the work by 12pm on **Monday 16th June 2014**.

It is requested that the quote is accompanied by:

- A timetable detailing project milestones and how the challenging timetable will be met. If it is possible to shorten the timescales or the timetable cannot be met, a proposed alternative timetable should be presented.
- An explanation of proposed methodology including sources of evidence, data and information that will be obtained and assessed in order to carry out the work.
- Identification of any additional information required from the airport owner in addition to that set out in Appendix 1.
- Details of who will be carrying out the work and details of their qualifications and experience, including references.
- A breakdown of costs into each stage and individual elements within each stage, including if relevant any optional extras. This should include a potential range of costs which may result from different timetabling options for the work.
- Confirmation that you will be able to agree to the Council's consultancy agreement, which includes the Council's standard terms and conditions (Appendix 2), or setting out any proposed amendments which you would require.
- Details of any previous experience or work carried out by the consultant in relation to Manston Airport, including the disclosure of any potential conflict of interest.

Experience and competence

The consultants will need to demonstrate that they can effectively manage this work and have the following experience and capabilities:

- In depth knowledge and understanding of the aviation industry
- Proven track record of successfully undertaking airport viability work

- Proven knowledge and experience of working with the necessary stakeholders needed to deliver this work

Selection Criteria

The following matters will be considered in evaluating submissions and selecting consultants:

- Technical merit of the proposals
- Proven experience and competence
- Staff and other resources
- Management and communication
- Ability to meet the tight timetable
- Value for money

Account will also be taken of the significance of any other interest the consultant may have in Manston Airport or Thanet more generally.

Annex 1 – Documents

General background documents available to consultant

Infratil's Masterplan

<http://www.manstonairport.com/userfiles/files/planning/KIA%20Master%20Plan%20LR.pdf>

S106 Agreement

Thanet Local Plan 2006

<http://thanet.gov.uk/your-services/planning-policy/thanets-current-planning-policy/what-is-the-local-plan/>

Experian Economic and Employment Assessment 2012

<http://thanet.gov.uk/your-services/planning-policy/evidence-base/economy/>

Thanet's new Local Plan Issues and Options Consultation

<http://thanet.gov.uk/your-services/planning-policy/thanets-new-local-plan/local-plan-issues-and-options-consultation/>

Note setting out the history of Manston Airport

Kent International Airport Night time flying policy and supporting documents

Parsons Brinckerhoff Night time flying Independent Assessment

Documents/information provided by current owners

Kent Airport Limited and Kent Facilities Limited Financial Year Ending 31st March 2014 Consolidated Management Accounts, March 2014

Kent Airport Limited Draft Summary Projections 1st April 2014 – 31st March 2017

High Level UK Air Cargo Overview – Freighters, prepared by ILSOLUTIONS December 2013

Manston Core Catchment Analysis - Extract from Passenger Traffic Potential Study

