

THE SUPPLY OF AIRPORT SERVICES BY BAA

NOTICE OF PROPOSAL TO ACCEPT FINAL UNDERTAKINGS PURSUANT TO SECTION 159 AND SCHEDULE 10 OF THE ENTERPRISE ACT 2002 AND PUBLIC CONSULTATION ON THE PROPOSED UNDERTAKINGS

On 29 March 2007 the Office of Fair Trading made a reference to the Competition Commission (CC) under section 131 of the Enterprise Act 2002 (the Act) concerning the supply of airport services by BAA in the United Kingdom.

The CC published its report titled *BAA airports market investigation: A report on the supply of airport services by BAA in the UK* on 19 March 2009 (the Report). In the Report, the CC concluded that:

- (a) there are a number of features of the markets for airport services supplied by BAA, which each (and, in certain circumstances, in combination) prevent, restrict or distort competition, and thereby have an adverse effect on competition (AEC) between airports and airlines;
 - (i) paragraph 5.42 set out the finding that Aberdeen's comparatively isolated geographical position, combined with other general factors that deter entry, are features that restrict airport competition and therefore give rise to an AEC;
- (b) the CC should take action to remedy, mitigate or prevent the AECs and detrimental effects flowing from them and to that end undertakings should be given to give effect to the CC's decision on remedies specified in the Report;
 - (i) paragraph 10.215(a) concluded that the CC should require undertakings from BAA comprising a requirement to publish audited accounts and segmental analysis on a depreciated replacement cost basis for Aberdeen together with other relevant information as indicated in the Report; and
 - (ii) paragraph 10.215(b) concluded that the CC should require undertakings from BAA comprising, inter alia, a requirement to consult at least annually with airport users and other relevant stakeholders at Aberdeen regarding its expected capital expenditure programme. This would require the timely publication of information on the airport masterplan, a summary forward programme of capital projects together with forecast costs and details of individual key projects to the airlines and other interested parties and the creation of a forum for the proposals to be discussed.

On 15 May 2009 the CC accepted interim undertakings from FGP Topco Limited, ADI Finance 2 Limited, BAA Limited, BAA Airports Limited, BAA (AH) Limited, BAA (Non Des Topco) Limited, Gatwick Airport Limited, Stansted Airport Limited, Glasgow Airport Limited and Edinburgh Airport Limited in accordance with section 157 of the Act to prevent action being taken which might impede the taking of any action by the CC under section 138(2) of the Act in relation to the reference (the Interim Undertakings).

In accordance with section 183(4)(d) of the Act the reference is not finally determined until the making of the last decision or the taking of the final action necessary to effect all of the CC's decisions on remedies specified in the Report.

The CC now gives notice that it proposes to accept the Draft Undertakings in relation to paragraph 10.215(b) of the Report (consultation at Aberdeen), attached as Annex 1 to this Notice, and invites written representations on them from any interested person or persons.

The Draft Undertakings contain a requirement to publish a Consultation Protocol that has been approved by the CC. The CC now gives notice that it proposes to approve the Draft Consultation Protocol, attached as Annex 2 to this Notice, and invites written representations on it from any interested person or persons. The Draft Consultation Protocol will not be published as part of the final undertaking. Instead, the final undertaking will contain a weblink to the Aberdeen Airport Limited website where the latest version of the Consultation Protocol will be published.

Representations should reach the CC by 8 October 2009 and will be published on the CC's website. If the CC considers that any written representation necessitates material changes to the Draft Undertakings the CC will give notice of the proposed modification.

Undertakings accepted by the CC may be varied, superseded or released by the CC in accordance with section 159 of the Act.

Comments on the Draft Undertakings should be provided to the CC in writing by 8 October 2009 and should be addressed to:

The Inquiry Manager
BAA Airports Inquiry
Victoria House
Southampton Row
London
WC1B 4AD

or by email to: airports@cc.gsi.gov.uk.

Christopher Clarke
Group Chairman
On behalf of the CC
24 September 2009

THE SUPPLY OF AIRPORT SERVICES BY BAA

Final Undertakings in relation to Aberdeen Airport given by FGP Topco Limited, ADI Finance 2 Limited, BAA Limited, BAA Airports Limited, BAA (AH) Limited, BAA (Non Des Topco) Limited, Aberdeen Airport Limited under section 159 of the Enterprise Act 2002

On 29 March 2007 the Office of Fair Trading (OFT) made a reference to the Competition Commission (CC) under section 131 of the Enterprise Act 2002 (the Act) concerning the supply of airport services by BAA in the United Kingdom.

The CC published its report titled *BAA Airports Market Investigation: A report on the supply of airport services by BAA in the UK* on 19 March 2009 (the Report). In the Report, the CC concluded that:

- (a) there are a number of features of the markets for airport services supplied by BAA, which each (and, in certain circumstances, in combination) prevent, restrict or distort competition, and thereby have an adverse effect on competition (AEC) between airports and airlines;
 - (i) paragraph 5.42 set out the finding that Aberdeen's comparatively isolated geographical position, combined with other general factors that deter entry, are features that restrict airport competition and therefore give rise to an AEC;
- (b) the CC should take action to remedy, mitigate or prevent the AECs and detrimental effects flowing from them and to that end undertakings should be given to give effect to the CC's decision on remedies specified in the Report;
 - (i) paragraph 10.215 concluded that the CC should require undertakings from BAA comprising, inter alia, a requirement to consult at least annually with airport users and other relevant stakeholders at Aberdeen regarding its expected capital expenditure programme. This would require the timely publication of information on the airport masterplan, a summary forward programme of capital projects together with forecast costs and details of individual key projects to the airlines and other interested parties and the creation of a forum for the proposals to be discussed.

On 15 May 2009 the CC accepted interim undertakings from FGP Topco Limited, ADI Finance 2 Limited, BAA Limited, BAA Airports Limited, BAA (AH) Limited, BAA (Non Des Topco) Limited, Gatwick Airport Limited, Stansted Airport Limited, Glasgow Airport Limited and Edinburgh Airport Limited in accordance with section 157 of the Act to prevent action being taken which might impede the taking of any action by the CC under section 138(2) of the Act in relation to the reference (the Interim Undertakings).

In accordance with section 183(4)(d) of the Act the reference is not finally determined until the making of the last decision or the taking of the final action necessary to effect all of the CC's decisions on remedies specified in the Report.

Now FGP Topco Limited, ADI Finance 2 Limited, BAA Limited, BAA Airports Limited, BAA (AH) Limited, BAA (Non Des Topco) Limited, Aberdeen Airport Limited (the Aberdeen signatories) give the CC the following undertakings in relation to Aberdeen Airport pursuant to section 159 of the Act.

1. Aberdeen Airport consultation

- 1.1 The Aberdeen signatories undertake to consult annually, or with such greater frequency as the programme requires, on the prospective capital expenditure programme for the current and following financial years for Aberdeen Airport with the users of Aberdeen Airport and other interested persons.
 - 1.1.1 Within five business days of the Notification Day the Aberdeen signatories will publish, on the relevant section of the Aberdeen Airport website, the Consultation Protocol, approved by the CC detailing the approach to consultation on the following:
 - (a) the airport master plan;
 - (b) the strategic plan and capital investment plan; and
 - (c) details of key projects.
 - 1.1.2 The Aberdeen signatories may amend the Consultation Protocol with the consent of the OFT.
 - 1.1.3 The Aberdeen signatories recognize that in considering whether to provide consent to the amendment of the Consultation Protocol the OFT may consult Airport Users and the Civil Aviation Authority (CAA).
 - 1.1.4 The Aberdeen signatories will publish, on the relevant section of the Aberdeen Airport website, any updated versions of the Consultation Protocol.
- 1.2 The Aberdeen signatories shall ensure that a forum is available in which the capital expenditure programme may be discussed.

2. Notice

- 2.1 Should the Aberdeen signatories need to give Notice to the CC or the OFT in relation to any matter, including any factor affecting the performance of their obligations in accordance with these undertakings, they will give this Notice in writing.

3. Directions

- 3.1 The Aberdeen signatories will comply with such written directions or requests for information as the CC may from time to time give to take such steps as may be specified or described in the directions for the purpose of carrying out or securing compliance with these undertakings.
- 3.2 The Aberdeen signatories will comply with such written directions or request for information as the OFT may from time to time give to take such steps as may be specified or described in the directions for the purpose of carrying out or securing compliance with these undertakings.

4. Commencement

- 4.1 These undertakings shall come into force on the Commencement Day.

5. Termination

- 5.1 The Aberdeen signatories recognize and acknowledge that these undertakings shall be in force until such time as they are varied, released or superseded under the Act.
- 5.2 The variation, termination, release or supersession of these undertakings shall not affect the validity and enforceability of any rights arising prior to such variation, termination, release or supersession.

6. Effect of invalidity

- 6.1 The Aberdeen signatories undertake that should any provision of these undertakings be held by any court or tribunal to be contrary to law or invalid for any reason they will continue to observe the remaining provisions.
- 6.2 The Aberdeen signatories undertake that they shall not rely on any default or want of authority on the part of any BAA signatory or any officer or employee thereof in the execution of these undertakings unless directed to do so by the CC.

7. Interpretation

- 7.1 Words and expressions defined in the recitals to these undertakings shall have the same meaning in these undertakings.
- 7.2 These undertakings are to be interpreted and applied so as to give effect to the conclusions of the CC as to the need for remedies to the AECs stated in paragraphs 10.198 to 10.219 of the Report.
- 7.3 A notification under these undertakings may be given to the CC by giving it to The Remedies Manager, Competition Commission, Victoria House, Southampton Row, London, WC1B 4AD (email tim.oyler@cc.gsi.gov.uk).
- 7.4 A notification under these undertakings may be given to the OFT by giving it to [].
- 7.5 A notification under these undertakings may be given to BAA by giving it to Carol Hui, General Counsel, Heathrow Point West, 234 Bath Road, Hayes, UB3 5AP (email carol.hui@baa.com).
- 7.6 For the purposes of these undertakings:

'Aberdeen Airport Limited' means the company of that name incorporated in Scotland with the number SC096622 and having its address for service in the United Kingdom at St Andrew's Drive, Glasgow Airport, Paisley PA3 2SW;

'ADI Finance 2 Ltd' means the company of that name incorporated in England and Wales with the number 5723973 and having its address for service in the United Kingdom at 130 Wilton Road, London SW1V 1LQ;

'Airport Users' means those airline and helicopter operators with annual passenger charges of more than £100,000 at Aberdeen Airport;

'BAA (AH) Limited' means the company of that name incorporated in England and Wales with the number 6458657 and having its address for service in the United Kingdom at 130 Wilton Road, London SW1V 1LQ;

'BAA Airports Limited' means the company of that name incorporated in England and Wales with the number 1970855 and having its address for service in the United Kingdom at 130 Wilton Road, London SW1V 1LQ;

'BAA Limited' means the company of that name incorporated in England and Wales with the number 5757218 and having its address for service in the United Kingdom at 130 Wilton Road, London SW1V 1LQ;

'BAA (Non Des Topco) Limited' means the company of that name incorporated in England and Wales with the number 6636117 and having its address for service in the United Kingdom at 130 Wilton Road, London SW1V 1LQ;

'business day' means any day other than a Saturday or Sunday on which banks are open for business in England;

'CAA' means the Civil Aviation Authority;

'CC' means the Competition Commission;

'Commencement Day' means the day on which these undertakings are accepted by the CC;

'Consultation Protocol' means the consultation protocol approved by the CC, the latest version of which can be found at www.aberdeenairport.com;

'control' includes the ability directly or indirectly to control or materially to influence the policy of a body corporate or the policy of any person in carrying on an enterprise or activity;

'Notification Day' means the day on which acceptance of these undertakings is notified to BAA;

'OFT' means the Office of Fair Trading;

'Report' means the report of the CC published on 19 March 2009 and titled *BAA airports market investigation: A report on the supply of airport services by BAA in the UK*;

unless the context requires otherwise, the singular shall include the plural and vice versa.

.....	Signature	Signature
.....	Name	Name
.....	Title	Title
.....	Date	Date



Aberdeen Capital Development Consultation Protocol

Principles

1. This document is prepared in accordance with the Aberdeen consultation obligation set out in paragraph 10.215(b) of the Final Report and paragraph [1] of the Aberdeen Undertakings.
2. Aberdeen Airport Limited (AAL) recognises that consultation with Consultees on its proposals for development is critical to ensure its plans are informed by the knowledge and requirements of Airport Users. To facilitate this, AAL will provide Consultees with the following information and establish the necessary consultative fora detailed below to enhance the existing consultation process.
3. AAL recognises that an enhanced process of consultation should ensure that decisions concerning investment are made following full consideration of the interests of Consultees. Decisions on capital expenditure are fundamental to AAL's business and as such AAL is accountable for the final decision with regard to how capital expenditure monies are deployed. AAL seeks to balance this fundamental principle with the need to conduct full and detailed consultation with Consultees.

Aberdeen consultation undertakings

4. AAL will consult with Consultees on the following:
 - (a) The Master Plan;
 - (b) The Strategic plan and Capital Investment Plan (CIP);
 - (c) Details of Key Projects.

The Airport Masterplan

5. AAL published its first Masterplan document in 2006. The Masterplan sets out the proposed development of Aberdeen Airport up to 2030. AAL will update the Masterplan at least every five years in line with Government guidance¹ (published following the 2003 Air Transport White Paper).
6. AAL will notify Consultees when it is planning to commence with the update process and will ensure that consultation takes place at regular intervals, see Table 2, during the update process, allowing their views to be taken fully into account when the Masterplan is developed.
7. AAL will periodically, at least annually, review the commitments made in the Masterplan document to ensure it remains relevant to Airport Users' needs. Updates will also be necessary to deal with strategic aspects (such as scope and timing) of any major developments left open in previous versions of the Masterplan. The consultations on the airport's Strategic Plan, CIP and specific projects (outlined below) will demonstrate how the more detailed proposals align with the airport's overall Masterplan.

¹DfT; Guidance on the preparation of Airport Masterplans; 2004.

Strategic Plan and CIP

8. AAL will publish for consultation with Airport Users on an annual basis a Strategic Plan setting out development proposals including a summary proposed CIP for the following ten years at Aberdeen Airport. The Strategic Plan will contain sufficient information to enable Airport Users to understand the proposed CIP and its relationship to the Masterplan. The publication of this document will commence with an initial release of information by 31 December of the year preceding the relevant consultation year.
9. The Strategic Plan/CIP document will provide:
 - (a) a summary forward programme of capital projects; and
 - (b) forecast costs.
10. AAL will allow at least eight weeks for consultation on the Strategic Plan/CIP document and will fully consider the comments made by Airport Users before finalising the Strategic Plan/CIP.
11. AAL will include in the CIP an appropriate definition, agreed with Airport Users, as to what constitutes a major change to the CIP.
12. AAL will then consult Airport Users before making decisions which would result in major changes to the most recently published Strategic Plan/CIP.
13. Appendix 1 outlines the material AAL plans to provide in the Strategic Plan/CIP document subject to the qualifications in paragraphs 22 and 24 below.

Key Projects

14. Examples of projects in 2007 and 2008 that would have been classed as Key Projects and therefore eligible for detailed consultation are:
 - Runway Rehabilitation
 - Car Park Deck
 - Taxiway Rebuild
 - International Walkway
 - Baggage Hall Extension
 - Departures Lounge Toilets
15. In the first instance AAL will indicate in its published CIP which of the featured projects it considers qualify as Key Projects. The consultation on the Strategic Plan/CIP will then provide an opportunity to highlight Airport Users' views.
16. Detailed consultation on Key Projects will be structured to support the fundamental decision points in AAL's project process. AAL will ensure that Airport Users are consulted for the time periods outlined in the table below to allow their views to be fully considered prior to decisions being made on Key Projects.

Table 1: Indicative timetable for consultation on Key Projects

Prior to moving the project from brief description to options development	4 weeks
Prior to option decision	3 weeks
Prior to construction decision	2 weeks

17. The time periods have been set to allow detailed consultation at the critical decision points while ensuring the momentum of the project is not hindered at later stages. In the early stages of project development (brief description to option decision) AAL will consult with Airport Users via the AOC/ACC and provide detailed information on each Key Project (an example of the information to be provided is set out in Appendix 2). As the project enters the construction decision phase, consultation will take place with Airport Users' management and nominated representatives at a local level when more rapid decision making will be required.
18. By 31 December AAL will hold a CIP update meeting to review investment to date (including summary information on tenders for the work). Airport Users will be informed and invited to this meeting and provided with an agenda and all supporting documentation at least 2 weeks before the meeting.

Consultation Structure

19. AAL will consult Airport Users at five different levels of detail following an annual timetable as detailed in Table 2 below.
20. AAL will provide the relevant Consultees with an agenda setting out the proposed topics for discussion no less than one week prior to any consultation meeting.

Table 2: Annual timetable for consultation process

Meeting	Attendees	Discussion content/Information flow	Timing
Masterplan steering group	All Consultees	Masterplan setting out airport plans up to 2030	Last update August 2009. Updates in future to be held every six months
Strategic Plan/CIP meetings	Airport Users	Consultation on Strategic Plan/CIP Strategic Plan/CIP published	Commences by 1 November By 31 December
CIP update meeting	Airport Users	Review of investment to date	By 31 December
Project meetings	Airport Users	Key Projects—brief description and options decision	As projects arise per Table 1
Project meetings	Airport Users' local representatives	Key Projects—construction decision	As projects arise per Table 1

21. Effective consultation will rely on appropriate representation from Airport Users at these forums. AAL will indicate times when it will require direct feedback from participants so Airport Users can ensure attendees at meetings have the required detailed knowledge and authority to provide that feedback.
22. AAL will maintain a master document log setting out what non-confidential information is available to Airport Users in relation to the Strategic Plan/CIP and Key Projects and will offer Airport Users access to that information during the relevant consultation period.
23. If any parts of the consultation process set out in this document require updating or prove unworkable, AAL will agree changes to the process with Airport Users and submit those changes to the OFT for approval.

Exceptions

24. The obligation to consult as set out above is subject to the following qualifications:
 - (a) AAL shall have discretion as to the form in which information is provided for the purposes of consultation and in particular whether to provide internal documents as part of the consultation.
 - (b) AAL shall only be required to disclose information which is necessary and directly relevant to consultation at Aberdeen Airport pursuant to the Consultation Protocol and shall not be required to disclose Confidential Information.
 - (c) Where, in the unlikely event, Confidential Information is required for consultation, AAL will only disclose Confidential Information to a Relevant Consultee.

(d) AAL may, but is not obliged to, take account of responses to its consultation documents which are not provided within the consultation period.

Definitions

‘AAL’	Aberdeen Airport Limited, a company incorporated in Scotland with registration number SC096622 and having its registered office at St Andrew’s Drive, Glasgow Airport, Paisley PA3 2SW;
‘Aberdeen Undertakings’	the Final Undertakings in relation to Aberdeen Airport accepted by the Competition Commission on [] in accordance with section 159 of the Enterprise Act 2002;
‘ACC’	The Airport Consultative Committee (or any successor body to the ACC);
‘Airport Users’	those airline and helicopter operators with annual passenger charges of more than £100,000 at Aberdeen Airport; ACC; AOC and any other similar groups that may emerge from time to time;
‘AOC’	The Airport Operators Committee (or any successor body to the AOC);
‘Business Community’	NESTRANS (the Transport Partnership for Aberdeen City and Shire); the Scottish Council for Development and Industry; and Aberdeen & Grampian Chamber of Commerce;
‘CIP’	Capital Investment Plan published annually by AAL as part of the Strategic Plan and including the information set out in Appendix 1;
‘Confidential Information’	confidential commercial information the disclosure of which would, in AAL's opinion, prejudice the legitimate business interests of AAL or the Aberdeen signatories (as defined in the Aberdeen Undertakings); and/or information relating to the private affairs of an individual (eg the employees of AAL);
‘Consultees’	Airport Users and the Business Community;
‘Final Report’	The <i>BAA Airports Market Investigation</i> published by the CC on 19 March 2009;
‘Key Projects’	(1) any project with a total spend of more than £1m; or (2) projects with a total spend of less than £1m that have a significant impact on passenger service or provide additional capacity for growth. Such projects will qualify for detailed consultation with Airport Users as set out in paragraphs [14 to 18];
‘Masterplan’	the Aberdeen Airport master plan issued in 2006 and any revised version thereof;
‘OFT’	Office of Fair Trading;

'Relevant Consultee'

the employee of an Airport User, in relation to which disclosure of Confidential Information is necessary for the purposes of consultation, who has given a written confidentiality undertaking to AAL in terms which are to AAL's satisfaction and, where AAL considers it necessary, has agreed to restricted terms of access to such information so as to preserve the confidentiality of that information and which are to AAL's satisfaction; and

'Strategic Plan'

plan published annually by AAL to include development proposals for 10 years; and summary capital investment plan with programme of Key Projects and forecast costs.

Contents: Strategic Plan and CIP

1. The principal drivers underlying the Strategic Plan including assumptions made by AAL regarding the future operating environment at the airport, desired levels of service and future constraints as well as the benefits to both Airport Users and the AAL of future capital expenditure.
2. The demand forecast, against each of low, medium and high forecast assumptions, for airport outputs for the duration of the Strategic Plan including the level of demand for airport capacity and services as well as factors that are likely to drive demand; information allowing Airport Users to identify the demand for particular facilities or services at the airport demonstrating where capacity shortfalls might arise and when; a cost analysis of the impact of any changes to the Strategic Plan; the principal factors that are expected to drive different categories of demand; options (where relevant) for facilities the airport intends to supply and the extent to which different parts of the existing airport infrastructure would meet demand forecasts under different scenarios.
3. The capacity the airport intends to provide to meet demand including the facilities the airport intends to supply and how these will meet each demand forecast including a comparison of capacity and demand by airport facility; and how different levels of demand will impact on service quality.
4. Where there are options for development, appropriate information on those options to allow for meaningful consultation.
5. The resource implications of the plan including estimated total costs, major assumptions, timing of Key Projects and the expected costs and levels of any operational disruption.
6. Details of any changes from the previous version of the Strategic Plan with an explanation for the change.
7. The CIP will also feature summary information on individual projects. In the first instance AAL will propose that this will incorporate all projects with an anticipated final cost of greater than £1m, and those projects less than £1m that have a significant impact on passenger service or provide additional capacity.
8. For each project featured in the CIP, AAL will provide information on the costs and benefits of the capital investment options for both AAL and the Airport User community (to the extent that AAL is able to estimate the costs to Airport Users). For any project, the information will make clear how the benefits justify the costs.
9. For each project featured in the CIP, AAL will set out the benefits to AAL, the Airport Users and passengers, including:
 - benefits that will be realised in terms of increased capacity, increased forecast passengers, improved service levels, statutory compliance etc (the outputs should be quantified wherever possible and provided on an incremental basis at a level of detail appropriate to the stage of the project);

- operational improvements, which may involve discussions about future airline plans for check-in, fleet, baggage etc, and the level of flexibility to changes in forecasts;
 - the facilities which the airport intends to supply and the extent to which the different parts of the infrastructure (passenger areas, stands, baggage belts, runways and airfield facilities etc) will meet demand forecasts under the different scenarios; and
 - an indication of any significant commercial revenue which AAL anticipates the investment will generate.
10. For each project featured in the CIP, AAL will also provide Airport Users with total capital expenditure (including the phasing) and the anticipated incremental impact upon the operating costs of AAL and (to the extent that AAL has such information at its disposal) the operating costs of Airport Users.
11. In addition to information on major projects AAL will also provide a summary of planned expenditure on minor projects, so that Airport Users are able to assess the totality of expenditure in each year covered by the CIP.

Information to be provided in relation to Key Projects

Detailed information on Key Projects that will be shared with Airport Users will cover the following topics:

1. The benefits (quantified where possible and at a level of detail appropriate to the stage of the project) to the airport, Airport Users and passengers of the Key Project including:
 - (a) Benefits in terms of increased capacity, increased passenger numbers, improved service levels and statutory compliance;
 - (b) Operational improvements;
 - (c) The facilities which the airport intends to supply and the extent to which different parts of the new infrastructure meet demand forecast under different scenarios; and
 - (d) Any commercial revenue which the airport anticipates the investment will generate.
2. A statement of need and design requirements (as appropriate) upon which the Key Project is based.
3. Cost information including:
 - (a) The profile of annual capital costs;
 - (b) Updated and auditable information showing how expenditure incurred to date relates to the latest anticipated cost of the project;
 - (c) Total capital expenditure (including the phasing) and the anticipated incremental impact upon the operating costs of AAL and (to the extent AAL has such information at its disposal) the operating cost of Airport Users (subject to general restrictions on the disclosure by AAL of commercially confidential information);
 - (d) An explanation of any positive or negative cost comparison with similar past projects and external benchmarks;
 - (e) Specific details of alternatives considered which include an outline of the tender specification and an outline of each of the short-listed tender submissions with a brief description of AAL's view and the rationale for acceptance/declining; and
 - (f) Basis for overheads charged to each project.
4. Information on the timing of projects including:
 - (a) The planned budget in current and future years (and associated supporting information) for the replacement life of expired assets); and
 - (b) The programme and project gateway approval dates, consistent with the projections of the timing of future capital expenditure provided.

The following example consultation pack sets out the manner in which the detailed information on Key Projects should be shared with Airport Users. Please note that this is for illustrative purposes only and serves to show practically how such information should be communicated:

One Team

Delivering great airport solutions

Aberdeen Airport

Consultation Pack

International Walkway

Stage: Construction Decision

This pack contains:

Statement of need

Project scope & description

Project benefits

Delivery plan

Cost plan

Statement of need

The current international arrivals & departures facilities consists of a number of bus shelter style buildings that provide some weather protection for passengers. There is no heating and the lighting is limited.

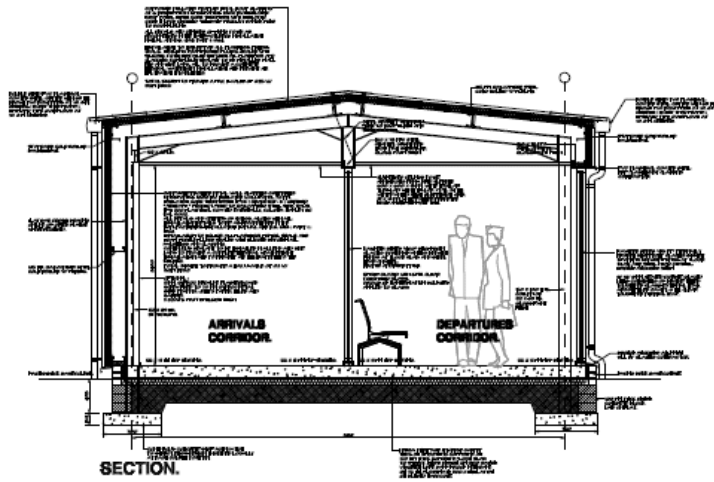
There are outstanding legislative requirements for the control authorities that are currently not met, in particular the need to efficiently segregate internationally arriving passengers from those departing.

To maintain segregation the process to apply segregation is now monitored daily by the AAL duty team. Arriving passengers are held on the aircraft until all boarding passengers are clear of the walkway area, likewise boarding passengers are held at the gate until all arriving passengers are in the hall. This can cause delays to aircraft turnaround and has lead to formal written complaints from airlines.

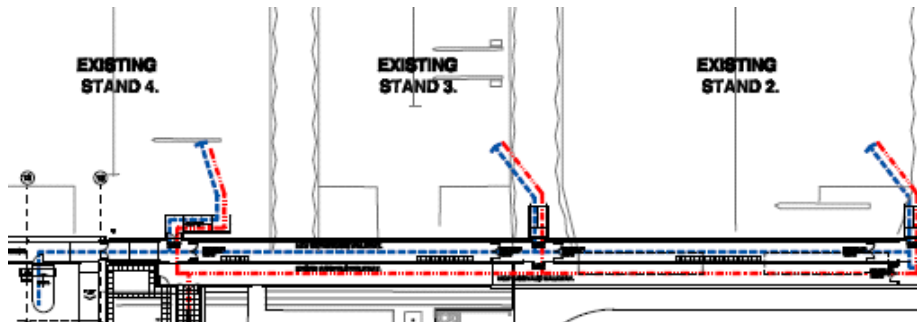
Scope & description

The project involves the demolition of the existing shelters and the building of a horizontally segregated, ground level walkway with full heating and ventilation to BAA standards; controlled doors and CCTV. Constructed as a steel frame clad tunnel similar to the existing northern walkway.

This option provides segregation and full passenger comfort, similar to what would be experienced in a pier of terminal area



Section showing clad rear wall, glass front and glass partition



Indicative layout to stands showing passenger routes: Red arrivals; Blue departures.

Project benefits

This project will provide the following tangible benefits:

Additional arrivals capacity to accommodate 1.1 million international passengers.

100% weather protection from building to head of stand for departing and arriving passengers.

100% approval with DfT, HM Customs, UK Immigration Service, & Grampian Police Special Branch.

Retention of all existing advertising income within the walkway.

No increase in maintenance costs.

Improvement in QSM departures scores by 0.3.

It is anticipated to also provide the following intangible improvements:

Improved turnaround times for airlines.

Reduced delays to disembarking passengers.

Delivery plan

The proposed programme is as follows:

Start on site	August 2008
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Completion	April 2009
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During this time the existing weather protection will be removed and passengers may be exposed during boarding and arrivals. A temporary walkway to provide weather protection will be installed as part of the works, the exact location and timing to be agreed.

The programme of work will be co-ordinated with the aircraft stand realignment project which is on site for the same period.

Cost plan

The current anticipated cost is £2.103m, as detailed below

Area 686 m2

PROJECT :		21689 - Segregated Walkway			STAGE :		CONSTRUCTION DECISION STAGE	
DELIVERY TEAM	CONSTRUCTION BASE COST	PROJECT SPECIFICS	PROJECT ON-COSTS	RISKS	OVERALL TOTAL			
Airport	1,554,051	93,258	334,459	120,865	2,102,633			
Shell & Core	0	0	0	0	0			
Fit Out	0	0	0	0	0			
Baggage	0	0	0	0	0			
Infrastructure	0	0	0	0	0			
Overall Total	1,554,051	93,258	334,459	120,865	2,102,633			
Cost / m2	£2265.38/m2	£135.94/m2	£487.55/m2	£176.19/m2	£3065.06/m2			
% of Total Costs	73.9%	4.4%	15.9%	5.7%	100.0%			

The benchmark costs per m², the on-costs percentage and the risk allowance compare favourably with industry standards.

The anticipated spend profile over 2008 & 2009 is as follows:

Spend to date	Proposed spend											Total
	£k											
£k	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	
102	60	120	150	200	250	200	200	270	270	180	100	£2.102m