

Views of the airlines and ASA on the need for and timing of key CIP projects

<i>Project title</i>	<i>April 2008[*] project description (BAA)</i>	<i>Airline views</i>	<i>ASA</i>
Arrivals Extension	Provision of a single bay, full height and full depth extension, to meet forecast increase in international arriving passenger throughput.	The scale of development was not supported by the airlines. Scope for phasing works and lower-cost alternatives should have been explored.	The project as a whole is probably justified on a longer-term basis—although ASA believed that a smaller-scale extension might have been feasible.
Rail Infrastructure	Provision of appropriate supporting infrastructure, the basic need for which is covered within the section 106 agreement for the 15+mpa planning consent.	Timing of works driven by DfT rail plans rather than the needs of airport users. Costs have not been reduced despite decrease of scope. Should be funded through the fare box.	Given the over-optimism of BAA's traffic forecasts, ASA believed that it was unlikely that this project would be required before 2017/18 at the earliest.
Full Depth Delta East	Full depth extension to the Eastern Delta apron with the existing 8 Code C/D/MARS stands. To be delivered by 2010 (now postponed to 2013/14). Will support the growth of long-haul services.	Not required, as there is already adequate stand capacity for wide-bodied aircraft at Stansted. Construction may be acceptable towards the end of Q5 if there is a proven need for additional taxiway capacity in the cul-de-sac.	This project allows existing stands to be used by long-haul aircraft. The justification would be based largely on traffic demand, primarily for Code D aircraft overnight parking. ASA accepted that there was a shortage of long-haul overnight parking positions although there are currently no airlines requiring these.
Check-in Island 4-Zone G (completed by the end of our inquiry)	Installation of 36 self-service check-in kiosks in 2008/09. The kiosks themselves have been purchased by Ryanair.	Although this project is required, the costs should be lower, as the layout should have been reorganized to require only 4 drill holes to the undercroft rather than the 84 required to serve the BAA layout.	£1.5 million spend can be regarded as justifiable, given that they will reduce overall check-in queuing time and congestion in the check-in area.
Long-Stay Car Park (LSCP) Phase 5	Provision of 1,000 additional surface parking spaces, over 2009.	BAA's predicted growth in demand for car parking spaces was inconsistent with target mode shares. Reduction in scope from 3,000 to 1,000 spaces since to 2007 is more consistent with users' expectations as to requirement in the short term.	Whilst the current peak situation in August can be managed in the short term, it is clear that as traffic levels rise from around 2010, further spaces will be needed. Given that these additional car parking spaces would be needed to meet traffic demand by 2014/15 (under either BAA's or ASA's forecasts), this project can be regarded as justifiable.
Upgrade LV Distribution	The low-voltage electrical distribution systems are approaching life expired status. This project is to review options for replacement and implement the new equipment.	Cannot comment on scope and costs, but surprised that was not included in the planned upgrade programme and in previous years' CIPs, or any other document previously supplied to the SACC.	The project was evaluated in BAA's dilapidation report carried out in 2006/07 and scored an average rating of 4.0, which represented a 75 per cent chance of good service for the next 12 months. It would seem probably that this item is justified.

* Where appropriate, we have indicated in brackets changes to the projects, which were introduced as a result of negotiations with the airlines in the course of our inquiry.

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Fuel Farm Tanks	Two (reduced to one in the course of our inquiry) additional fuel tanks required to provide sufficient capacity during peak fuel consumption periods and redundancy should the single fuel pipeline serving the airport fail.	Should be provided by the fuel suppliers. No justification given in terms of targeted/justified supply levels.	The estimated jet fuel demand is linked to traffic forecasts. However, the existing fuel tank capacities are sufficient for current and near future needs but the proposals are attractive in terms of improving contingency planning and reducing risk.
Echo cul-de-sac South	Provision of 8 code C/D/MARS sized stands in the southern portion of Echo south to meet demand. The development will safeguard the site for Satellite 4. Enabling work to start in 2009. (Project now justified through a phased approach spanning end Q5 and Q6.)	The provision of stand capacity is supported by the airlines, but the phasing needs to be confirmed by reference to updated forecasts.	Project is not justified, given the other airfield expansion projects being envisaged, which will provide sufficient stand capacity for the likely level of peak usage (ie overnight parking) for both long- and short-haul aircraft during Q5.
Echo NE part depth	Provision by summer 2009 of 4 Code C or Code D sized stands with 3 taxi lane centrelines and FEGP on site of future Echo Eastern taxi lane centreline and a change in previous years from part to full depth. Actual traffic growth will determine the phasing of the stands. (Provision postponed to 2013/14 following negotiation with the airlines)	Scope should only relate to Code C aircraft and timing will depend on growth in movements. Construction could be deferred.	BAA's forecasts suggest that, by 2014, the number of stands required for scheduled movements will increase from 57 (in 2008/09) to 62 (in 2014/15). A further allowance should be made for unscheduled movements, technical delays etc. We accept that some additional stands will be required during Q5 once traffic levels pick up. This particular option would seem to be preferable to others in the 2008 CIP as their use is flexible by aircraft size.
Baggage System Replacement	Replacement of the existing baggage system serving Check-in Islands 1, 2 and 3. The solution proposed (including cross sorter flows) will minimize overall baggage system replacement and additional capacity provision costs by minimizing the need to build a baggage hall extension. (A revised baggage proposal was agreed with the airlines in the course of our inquiry. BAA estimates the total cost of this solution to be £14.96, of which £14.7m will be incurred in Q5)	Recognize the need to replace the system, but favours a 'simple carousel based system', at an estimated cost of £10 million. BAA's revised proposal to replace the existing system at a cost of £14.7 million over Q5 is acceptable on the basis of minimum disruption to operations. Cost of the new system should not be passed on to the airlines, due to poor performance of current system for which the airlines have not been compensated.	Given the overall age of the present system and future capacity benefits, it is our view that this project is justified.
Satellite Capacity Pre Sat 4	This project is designed to address the under utilization of Satellite 2 and increase operational flexibility both internally and externally.	Capacity benefits of the scheme have not been justified and the phasing should relate to the need for additional capacity.	
Departures Extension	Provision of additional departures space to facilitate greater commercial returns through increased retail provision and accommodating commercially-important passenger lounge, hotel and office demand. (Project now removed.)	The justification for the project (retail/hotel/offices) is not considered an acceptable use of prime terminal space. There may be an option later for extending the capacity of T1 beyond 35 mppa.	ASA's analysis suggested that the IRR would be less than a commercially acceptable rate. There is no justification for including this project in the Q5 CIP— although the options for providing some additional retail and circulation space in the departures area should be explored after this date.

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Automated Border Control	Trial of technology enabling the use of self-service gates within Immigration. This is based on the collection of biographic and biometric data.	Recognizes the difficulties of addressing queues in immigration. However, this solution may result in double standards; lower service provision from the immigration services. Analysis of the commercial case, as promised by BAA, not provided.	There may be some justification for proceeding with the trial of the equipment at Stansted in the interests of the corporate project, which would appear to have a viable IRR. Unsure about the viability of the membership scheme; whether the choice of technology is appropriate and what proportion of the expenditure should be borne by Stansted.
Jct 3 Grade Sep/Dual Thremhall	Two-stage programmes aimed at addressing the existing road capacity issues on Thremhall Avenue. Will involve an additional carriageway, cut and cover tunnel and associated landscaping, street furniture, traffic orders and drainage. (Project now removed.)	Works are potentially abortive. Compromises the choice of SG2 option.	BAA has advised that if the take-up on public transport access is strong, this project may not be required. In view of BAA's over-optimistic (air) traffic forecasts, we believe it is unlikely that this project will be justified in Q5.
LSCP Phase 4	Requirement for this project is driven by growing LSCP occupancy forecasts. The phasing of this development will be optimized to meet this demand. (Project now rephased to Q6.)	Scope of this project has increased since 2007 and inadequate information was given to comment on the timing of the investment.	The justification for additional car parking spaces is dependent on the levels of peak and average occupancy. Whilst some further LSCP spaces will be required during Q5 beyond the additional 1,000 spaces delivered under Phase 5, the planned provision is oversized if fully implemented within the Q5 period.
TTS Control System	Replacement of TSS Control System operating signalling for both cars and tracks. (Scope now reduced. Project to complete in Q4 with no spend in Q5.)	Users do not support the use of the TTS. However, reluctantly accept that BAA's solution is the right one given that the TTS exists, but consider that this should not be funded by the airlines.	BAA's dilapidation report carried out in 2006/07 showed that this item had between 50–75% chance of a good service over the next 12 months. Alternative options could be decommissioning of the entire TTS or considering alternative means of serving Satellites 1 and 2. Given that neither of these alternatives are viable, the project should be included within the Q5 period.
Cargo Shed Development	To extend the existing cargo shed to provide up to an additional 23,000 sq metres. (Project now removed.)	Support the principle of providing the facilities when there is a clear need. No justification is given for the proposed timing. The potential for cargo shed development to be funded by users should be explored.	There is insufficient evidence to provision for this level of expenditure during the Q5 period. BAA has not provided any concrete evidence of likely tenants and, in any event, we feel that any major long-term cargo operator would be likely to lease land from BAA and build their own warehouse. There may be a case for a smaller-scale investment to cater for ad-hoc growth.
Hotel taxiway to Echo	Extension of hotel taxiway, east of block 30 into Echo cul-de-sac, to provide two separate routes into and out of the Echo cul-de-sac by summer 2012.	Development is supported in principle when additional Echo stands are required. The scope may be excessive if it includes linked taxiways to the SG2 site until the SG2 scheme layout is agreed.	This project can be delayed or brought forward depending on the growth in aircraft movements and the development of the echo stands. The project may not be needed during the Q5 period.

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BS-L Network Refresh	Technical refresh of the IT network which supports and control all major operational systems and services.	Airlines are not able to comment on these types of projects.	This project may not be needed during the Q5 period.
Northside Hangars Redevelopment	The redevelopment of Hangars 3 and 4 and the construction of a new hangar on the old terminal site on the North side of the airport. (Project now removed.)	Not supported: no business case provided and seen by the airlines are prejudicing their favoured SG2 option. Hangars development should be funded by potential occupiers when required.	There is some longer-term potential for the development of corporate aviation at Stansted, although in the short-term, prior to G2 there may be slot constraints. We can see no justification for a speculative project of this size during Q5.
LSCP Upgrade	Phased refurbishment of the oldest elements of the existing facilities. Expected delivery in 2009.	The business case for the development is not clear.	The need for this project would be subject to survey, but clearly work of this nature will be needed at some point.
LSCP Phase 6	Additional 2,200 surface parking spaces to be delivered by 2013, in line with forecast demand. (Project deferred to Q6.)	Car parking should be provided to meet demand. This project was not in CIP 2007. Not clear why this was not part of pre-existing planning programme.	The additional spaces would increase the total number of LSCP spaces to 26,366 by 2013/14 (in comparison with the present provision of 18,166 spaces). This would represent a total increase of 45% in the number of LSCP spaces provided in the Q5 period and a 32% increase in the total car parking spaces available at the airport. As a benchmark, BAA's forecasts show a 30% increase in total passengers over this period. This project may not be needed, but could be preferred to other car park projects due to the lower cost.
VP8 toilet refurbishment	Upgrade of existing toilet blocks at VP8 airside and landside in line with the latest BAA 'Breakthrough' design.	The benefits of BAA 'breakthrough Design' are not clear at this stage. This is not supported at this stage and it is unclear why this new project was not part of pre-existing planned programme.	Landside's toilet facilities are located in separate toilet blocks, which lead to passenger confusion. Customer satisfaction data show low QSM ratings for the toilets (although this is often the case at all airports). We recognize the importance of such facilities in terms of passenger experience and we therefore regard this expenditure as justified.
HVAC Plant Equipment	Review of the parts of the high voltage AC electrical distribution system, which are almost life expired and replacement for capacity and compliance reasons. (Scope changed, with a revised total cost below £2 million—delivery end 2009/10.)	Users are unable to comment on this type of project, but it is unclear why this new project was not part of pre-existing planned programme.	BAA's dilapidation report shows that this item has between 25–50% chance of a good service in the next 12 months. Whilst we have been unable to validate this, we believe that this low rating, coupled with the obvious safety risks, indicate that the expenditure is justified.
Manual Handling	Trial and installation of H&S mandatory lifting aids/equipment processes within the baggage hall. (Project removed.)	Users need more information about the requirement for this project, but it is unclear why this new project was not part of pre-existing planned programme.	Given its mandatory nature, it would appear that this project is justified. Some of the proposed equipment could lead to potential staffing reductions. It is the SACC's view that there has been little or no discussion on this with the trade unions—although BAA disagrees with this.

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Major Toilet Upgrades 08	Upgrade of existing toilet blocks at VP9 airside and landside and the existing International Arrivals Baggage Hall toilets in line with the latest BAA 'Breakthrough' design. (Project in progress, with completion due December 2009.)	The benefits of BAA 'breakthrough Design' are not clear at this stage. This is not supported at this stage and it is unclear why this new project was not part of pre-existing planned programme.	Justified. It is surprising that this project has not been combined with the other project dealing with toilet refurbishment.
Satellite 4	To provide satellite capacity servicing Echo and Foxtrot stands to meet with continued airline growth and release future runway slots. Planned for delivery by 2015/16 (Now postponed to 2016/17.)	The development is supported in principle when demand warrants it. The costs are too high. A simpler structure would be appropriate to meet the needs of point-to-point airlines.	The case is weak in that the stands will already be in place before 2015/16 and will be served from bussing lounges in the existing piers. A new satellite would provide upgraded facilities and additional retail space. This is likely to be superseded by the G2 project.

Source: BAA, SACC, ASA.
