

BRIGHTON & HOVE CITY COUNCIL

SHOREHAM AIRPORT JOINT COMMITTEE

3.00PM – 26 MARCH 2004

HOVE TOWN HALL

MINUTES

Present: Councillor Turner (Chair); Councillor Peltzer Dunn (Deputy Chair); Councillors Hamilton, Morgan, Taylor and Mrs Theobald.

Worthing Borough Council: Councillor Lovell (Deputy Chair - in the Chair)

Also in Attendance:

Brighton & Hove City Council: Peter Wright, Principal Accountant; John Timson, Accountant; Bob Bruce, Principal Solicitor and Penny Jennings, Committee Administrator.

The Airport: John Haffenden, Airport Manager; Shirley Hobden, Accounts Assistant.

Adur District Council: Councillor Pitchford as an observer and Alan Perrett, Head of Development Control.

West Sussex County Council: Councillor Williams as an observer and Ros Howell, Aviation Strategist.

David Healey, Cluttons

PART ONE

COUNCILLOR LOVELL IN THE CHAIR

Notification was received that Councillor Turner (Chair) would be late for the start of the meeting. Members of the Joint Committee agreed to delay the start of the meeting by 15 minutes. At the expiry of which time it was agreed that Councillor Lovell, Worthing Borough Council (Deputy Chair), should take the Chair. Councillor Turner duly arrived at the meeting but expressed his willingness for Councillor Lovell to remain in the Chair for the remainder of the meeting.

37. APOLOGIES FOR ABSENCE

37.1 Apologies were received from David Fleming, Assistant Director,

Major Projects and Procurement.

38. DECLARATIONS OF INTEREST

38.1 There were no declarations of interest in respect of any item appearing on the agenda.

39. MINUTES

39.1 **RESOLVED** – That the minutes of the meeting held on 9 January 2004 be approved and signed by the Chair.

40. FORECAST REVENUE OUTTURN 2003/04 AT MONTH 11 (FEBRUARY)

40.1 The Joint Committee considered a report of the Airport Manager presenting the forecast of the revenue outturn for the Airport in 2003/04 for month 11 (February) (for copy see minute book).

40.2 The Airport Treasurer explained that an opportunity had arisen to capitalise £82,000 expenditure on health and safety works which would have been charged to revenue. The ability to capitalise this expenditure followed a Department for Transport (DfT) notification that it had surplus supplementary credit (or borrowing) approvals (SCA) available in 2003/4 for airports. This would enable the airport to borrow an extra £82,000 on top of the existing approval of £320,000. The additional cost of borrowing this sum in 2003/04 is estimated at £2,400, could be met from the Airport's revenue budget. The 2004/05 costs of £8,000 would have to be contained within the revenue budget but could be partially offset by a rent review (£3,900) referred to elsewhere on the agenda.

40.3 The Airport Treasurer went on to explain that this increase in reserves would be a useful revenue resource if the Airport masterplan costs of £100,000 had to be funded from revenue resources instead of capital.

40.4 Councillor Taylor expressed his total opposition to the proposed course of action. In view of the Airport's current level of debt he considered it inappropriate to sanction any further borrowing which could worsen the airport's overall financial position in future. The Treasurer responded that the level of debt and amount of interest payable on that debt was fixed over a number of years. Prudent use of extra borrowing capacity in this way could enable some elements that would usually be charged to capital to be funded alternatively from revenue. The Solicitor to the Joint Committee explained that existing debt levels were not a driver for the procurement of the Airport.

40.5 Councillor Hamilton stated that it was common practice for Local Authorities whose debt levels were far higher than those of the Airport to borrow in this way to support capital infrastructure and given that the increased borrowing proposed could be contained within the 2004/05 revenue budget, he was in agreement with the Treasurer that this would

provide a beneficial revenue resource. The Chair (Councillor Lovell), Councillor Peltzer Dunn (Deputy Chair) and other Members concurred in this view.

40.6 **RESOLVED** – (1) That the forecast revenue outturn figures showing an estimated surplus of £80,000 compared with a budgeted surplus of £11,000 be noted; and

(2) That it be agreed that the projected surplus be transferred to the general reserves of the airport.

[**Note:** Councillor Taylor wished his name to be recorded as having voted against the recommendation.]

41. FORECAST CAPITAL OUTTURN 2003/04

41.1 The Joint Committee considered a report of the Airport Manager detailing the expected outturn for the Airport capital programme for 2003/04 (for copy see minute book).

41.2 The Treasurer referred to the opportunity that had arisen as a result of the opportunity to increase reserves (Minute 40 above refers), by enabling £82,000 to be capitalised in respect of health and safety works instead of charging them to revenue.

41.3 Councillor Taylor reiterated his concerns regarding the current levels of Airport debt stating that he did not agree with the proposed course of action considering that current debt levels should be consolidated and reduced.

41.4 **RESOLVED** - (1) That the changes set out in Appendix 1 to the report be noted;

(2) That approval be given to apply to the Department for Transport (DfT) for a Supplementary Credit approval of £82,000; and

(3) That it be recommended to the two owning authorities that these changes be made following receipt of notification of acceptance from the DfT.

[**Note:** Councillor Taylor wished his name to be recorded as having voted against the recommendation.]

42. AIRPORT MANAGER'S GENERAL REPORT AND OPERATIONAL ACTIVITY FIGURES

42.1 The Airport Manager referred to the latest updated operational activity figures which had been circulated to Members for information (for copy see minute book).

42.2 The Airport Manager referred to the revised format of the air movement report and stated that the agreed number of air movements

had been exceeded by a minimal level. This was being carefully monitored but was not a cause for undue concern particularly as the increase was attributable to increased emergency exercises, rather than touch and go movements which were the most intrusive and the least cost effective. The number of movements for February had been down, but this was solely due to poor weather conditions, and the number of movements would increase as soon as this improved. This “blip” would have a negligible effect if any on the final outturn figures.

42.3 The Airport Manager referred to a “Newsletter” which had been circulated to Members of the Joint Committee and which referred to changes required to the existing runway in order to meet revised Civil Aviation Authority (CAA) requirements, amended runway signage to reflect these changes was also being prepared. Although the changes had necessitated the completion of additional documentation, implementation costs were small and could be met within budget. Work was continuing to ensure the production of a robust Crisis Management Plan as it was anticipated that in future individual airports would have greater responsibility for this rather than this being abrogated to the CAA. As a means of facilitating this the Airport had continued to take a proactive role in a multi-agency, multi-task group set up to examine these issues. The Airport Manager continued to Chair the Adur Economic Partnership and was continuing to pursue potential investment frameworks the Airport could tap into and to work actively with SEEDA in order to facilitate single regeneration funding where appropriate.

42.4 The Treasurer to the Airport informed Members that the Chief Financial Officer of Brighton & Hove City Council had recently retired and informed Members regarding the interim arrangements which had been put into place. Members wished to place on record their thanks to the outgoing Treasurer for his professionalism and commitment and to convey their best wishes to him for a long and happy retirement.

42.5 **RESOLVED** - That the position be noted.

SUMMARY OF NON-PUBLIC ITEMS

43. ESTATE MATTERS

43(a) TERMINAL BUILDING – OFFICE SUITE J1 SUSSEX FLYING CLUB – EXEMPT CATEGORY 9

The Joint Committee considered a report of the Consultant Valuer to the Airport and gave approval to the extension to the accommodation to be leased to Sussex Flying Club Limited and to the increased rental as set out in the report .

43(b) NORTHBROOK COLLEGE OF DESIGN & TECHNOLOGY – UPDATE – EXEMPT CATEGORY 9

The Joint Committee considered a report of the Consultant Valuer to the Airport and agreed to the revised terms of an offer to be made regarding the extant lease.

43(c) RICARDO SPECIAL VEHICLES – 8 CECIL PASHLEY WAY (FORMERLY BUILDING NO 21) – EXEMPT CATEGORY 9

The Joint Committee considered a report of the Consultant Valuer to the Airport and gave approval to the deed of variation to the existing lease dated 1 August 1999 to enlarge the leased area in return for an increased rental.

43(d) 16 CECIL PASHLEY WAY (DEVELOPMENT PLOT 12) – PROPOSED EXTENSION – EXEMPT CATEGORY 9

The Joint Committee considered a report of the Consultant Valuer to the Airport and gave approval to the enlargement of the ground lease of these premises in return for an increase in ground with effect from 1 July 2004 and a further increase in ground rent at the rent review on 20 April 2005.

43(e) GRAZING LAND – APPROXIMATELY 2 ACRES OF GRAZING LAND IN THE SOUTH-WEST CORNER OF THE AIRPORT – EXEMPT CATEGORY 9

The Joint Committee considered a report of the Consultant Valuer to the Airport and gave approval to the grant of a 364 day grazing agreement in respect of this land.

43(f) TERMINAL BUILDING OFFICE SUITE D - EXEMPT CATEGORY 9

The Joint Committee considered a report of the Consultant Valuer to the Airport and gave approval to the grant of a 3 year lease of the above premises to European Executive Limited.

44. EUROPEAN EXECUTIVE – SCHEDULED FLIGHTS – EXEMPT CATEGORIES 7, 9 AND 12

The Joint Committee considered a report of the Airport Manager and gave approval to the European Executive Limited proposal to run scheduled flights between Shoreham Airport and other airports on the terms proposed.

45. NON-PUBLIC MINUTES – 9 JANUARY 2004 – EXEMPT CATEGORIES 4, 7, 9 AND 12

The Chair was authorised to sign the non-public minutes of the meeting of the Joint Committee held on 9 January 2004.

46. JOINT COMMITTEE MANAGEMENT BOARD MINUTES – 24 FEBRUARY 2004 – EXEMPT CATEGORY 4, 7, 9 AND 12

The Joint Committee noted and received the minutes of the meeting of the Joint Committee Management Board held on 24 February 2004.

The meeting concluded at 4.45pm

Signed

Chair

Dated this

day of

2004