



City of Doncaster Council

EXECUTIVE FUNCTIONS DECISION RECORD

The following decision was taken on Wednesday, 20th September, 2023 by Cabinet.

Date notified to all Members: Thursday, 21st September, 2023.

End of the call-in period is 5.00 p.m. on Monday 2nd October, 2023. This decision will not be implemented until after this date and time.

Present:

Chair - Mayor Ros Jones (Mayor of Doncaster with responsibility for Budget and Policy)

Vice-Chair - Councillor Glyn Jones (Deputy Mayor, Portfolio Holder for Housing and Business.)

Cabinet Member for:

Councillor Lani-Mae Ball	Portfolio Holder for Early Help, Education, Skills and Young People
Councillor Nigel Ball	Portfolio Holder for Public Health, Communities, Leisure and Culture
Councillor Rachael Blake	Portfolio Holder for Children's Social Care and Equalities
Councillor Phil Cole	Portfolio Holder for Finance, Traded Services and Planning
Councillor Mark Houlbrook	Portfolio Holder for Sustainability and Waste
Councillor Jane Nightingale	Portfolio Holder for Corporate Resources
Councillor Sarah Smith	Portfolio Holder for Adult Social Care

Apologies:-

Apologies for absence were received from Councillor Joe Blackham.

PUBLIC MEETING – SCHEDULE OF DECISIONS

Public Questions and Statements.

Questions had been received from Councillors Jane Cox, Steve Cox, Mr Robert Jacklin, Mrs Lynn Regan, Mr Michael Regan, and Mr Mark Chadwick.

Councillor Jane Cox was in attendance and read out the following question:-

“What safeguards has the Mayor put in place to protect the solvency of Doncaster Council in the event CDC negotiate and sign a lease with Peel and are then unable to secure a deal with an operator referenced in paragraph 122. I understand there is confidence this situation will not occur but is there a Plan B”?

The Mayor thanked Councillor Cox for her question and provided the following response:-

“The Council is at an early stage of the lease negotiations. However we expect there to be provisions for early termination. We have a range of aviation experts and advisors alongside the legal support who will continue to advise on such matters.”

Councillor Cox asked the following supplementary question:-

“Will the land revert back to Peel or will City of Doncaster Council be able to use the land for other potential economic benefit”?

Debbie Hogg, Director of Corporate Resources stated that details were not known at this stage as negotiations were ongoing. The details would be advised at a later stage.

In the absence of Councillor Steve Cox, Mayor Ros Jones read out his question as follows:-

“We have two reports now from the Mayor. One in July and one in September.

In July we were told the airport would deliver
35,650 jobs
£1.56bn GVA
5.4m catchment

In September, 8 weeks later, this has now changed!

16,500 jobs
£1.56bn GVA
6.2m catchment

Jobs down by 19,150 = 46% LESS
GVA exactly the same even though dramatically less jobs.
Catchment up by 0.8m = 14.8% UP

We need to trust what we are being told. What has changed in the last 8 weeks that justify these dramatic changes? What is the truth? Will these figures change again and if so why”?

The Mayor thanked Councillor Steve Cox for his question and provided the following response, and a copy of the response would be forwarded to Councillor Cox following the meeting:-

“The figures in the July report are prior to us commissioning an economic assessment and taken from the ‘Gateway East Economic Blueprint FINAL DRAFT June 2020.

This was prepared by Genecon on behalf of Peel in a vastly different economic climate to the current situation. For example, it was prior to DSA closure, assuming a passenger

demand forecast of 12m per year by 2050. The report also assumed a wider spatial area of influence than our commissioned analysis undertaken by Jacobs on the Strategic Outline Business Case in August this year.

The reality is that it will most likely change again, as the commercial arrangements are progressed”.

In the absence of Mr Robert Jacklin, Mayor Ros Jones read out his question as follows:-

“The airport is projected to have 2 million passengers within a decade, 2025-2034. You have stated that it will return a positive IRR and EBITDA for clarity, do those returns include economic benefits and welfare savings?”

My question is, according to your models, the estimated passengers in year 5 would be 1.44m. A viable airport is between 2.5m and 3.2m estimate. With amortisation around £6m, how will an airport operator fund/underwrite the losses to the year 2040 without external debt finance, is that the Government and what is to stop Peel from taking the airport back in 2035?”

The Mayor thanked Mr Jacklin for his question and provided the following response, and a copy of the response would be forwarded to Mr Jacklin following the meeting:-

“A financial viability assessment has been undertaken. This models a range of scenarios for passenger numbers and freight and these are referred to as ‘Optimistic, Base; Pessimistic’. These models included reference to historical characteristics of the airport, benchmarking, and overall market assessment. Ultimately it will be down to the appetite of the appointed operator to secure airlines and develop products and an offer which the public wish to buy. The models reflect this is a closed airport and that business will take time to build up.

EBITDA are the Earnings before Interest, Taxes, Depreciation and Amortisation for the Airline operator and do not include economic benefits and welfare savings.

The financial viability assessment has been classified as commercially confidential due to the imminent procurement process.

In addition, the financial implications of the report set out those details which can be made public in relation to the lease and reinstatement costs”.

Whilst Mrs Regan was in attendance, the Mayor agreed to read out Mrs Regan’s question as follows:-

“The closure of the airport has led to increased travel from the Doncaster area to other airports - Manchester, East Midlands and Leeds Bradford being the main beneficiaries. This requirement to travel has increased the costs, in time and money, to the people of Doncaster in having to travel greater distances, and the increased carbon emissions as a result of this increased travel (of which car travel - taxi or personal car - is the predominant). Have the benefits of these reduced costs (time and money) to the people of the Doncaster area, as well as the reduced carbon emissions, been incorporated within the assessment developed in the case to reopen the airport?”

The Mayor thanked Mrs Regan for her question and provided the following response:-

“Earlier this year we commissioned a Strategic Outline Business Case for DSA, and the report presents a number of details including the rationale for public sector intervention and the driver for societal health and wellbeing; the latter is key in understanding the benefits and impact for residents in having an operational airport. As a council we recognise that we need to understand greater the opportunities to be carbon neutral at DSA and thus the commissioned Outline Business Case by Jacobs will incorporate these into their report”.

Mr Michael Regan was in attendance and read out his question as follows:-

“The proposed new railway station was ok'd by the Government but was then put on hold after Peel announced the closure of the airport. The building of this new railway station and links is fundamental to the success of the airport. Is the funding for this coming from SYMCA (by way of devolved powers) as this will benefit the whole of South Yorkshire?”.

The Mayor thanked Mr Regan for his question and provided the following response:-

“This matter is outside the scope of this report. However I can update that this is a live issue that we are picking up with South Yorkshire Mayoral Combined Authority and the Department for Transport.

In relation to the DSA Rail scheme, this is a Department for Transport retained scheme, so the funding is not devolved to South Yorkshire Mayoral Combined Authority. This is why we continue to engage with both SYMCA and the DfT on this matter”.

Mr Regan made a supplementary statement that good public transport links including Train and Tram links are fundamental to the success of the airport allowing it to attract passengers from a wider area and flourish as well as addressing carbon emissions concerns.

In response, Mayor Ros Jones stated that she concurred and that CDC will be pressing government to look at this. However, we must first carry out the negotiations to get the lease and reopen the airport before pushing ahead with a railway link.

Mr Mark Chadwick from Save DSA was in attendance at the meeting and read out his questions as follows:-

“As a community we fully support the work of Ros and this council in its efforts to save our airport.

There are various comments on the group and other social media platforms with concerns regarding the lease with Peel so just to get some clarity and to put these concerns to bed -

If /when the lease is agreed are the lease terms suitable so that our airport can operate for a good number of years with no interference from Peel so they cannot interrupt or even perhaps stop the future airport operations and development on the site?”

The Mayor thanked Mr Chadwick for his question and provided the following response:-

“First of all, Mark may I put on record my thanks for your support and for all you do within the Save DSA community. You have been a leading figure to help build the momentum around our efforts to save and reopen our airport.

In relation to the lease negotiations, we are at an early stage and the use and development rights would form part of the matters to be agreed. We have a range of aviation experts and advisors alongside the legal support who will continue to advise on such matters”.

Mr Chadwick asked a supplementary question as follows:-

“Will the lease for the airport be long enough to ensure its growth”?

In response, Mayor Ros Jones reported that a lease of 100+ years was being proposed.

DECISION 1.

1. AGENDA ITEM NUMBER AND TITLE

5. South Yorkshire Airport City Update.

2. DECISION TAKEN

Cabinet:-

- (1) noted the work that has been undertaken since the last Cabinet report;
- (2) delegated the decision to sign the head lease with the current owner of Doncaster Sheffield Airport (DSA), subject to funding being secured by City of Doncaster Council (CDC), to the Director of Corporate Resources, in consultation with the Mayor;
- (3) noted the commencement of the formal procurement process;
- (4) approved in principle City of Doncaster Council (CDC) commitment to the reinstatement costs, subject to detailed asset condition assessment being concluded, funding being secured by City of Doncaster Council (CDC) and an airport operator being appointed, and
- (5) agreed that the outcome of the procurement exercise is reported back to Cabinet which will inform the decision to proceed with or cease the South Yorkshire Airport City (SYAC) programme.

3. REASON FOR DECISION

Cabinet received the report, introduced by Mayor Ros Jones, stating that as colleagues are aware, before DSA closed it was a major South Yorkshire infrastructure asset and a key part of Doncaster’s economic growth plans. It

supported around 2,700 jobs and contributed well over £100 million to the local economy every year, serving over 1.4 million passengers in 2019 and handling almost 24,000 tonnes of freight during the pandemic.

Mayor Jones reported that as well as passenger and cargo flights, the airport acted as a base for numerous businesses and public services, including the police, military, and national emergency response services. In addition, it delivered international connectivity for South Yorkshire, which is vital if we are to secure new inward investment and economic opportunities.

Closure of the airport came as a shock to all. Understandably people were angry and frustrated, which was expressed very clearly, with around 130,000 people signing petitions to save the airport and widespread support from the business community and from politicians of all parties.

The airport had also benefitted from major public sector investment over the years because the Council believed it had the potential to help transform its economy.

Despite many successes in creating new jobs and developments across the city, the reality is that Doncaster, along with many other places in the North, still faces some deep-rooted economic challenges.

She went on to advise that there was still much to do to improve skills levels, bring high-skilled well-paid jobs to the region and to increase economic productivity and resilience. Achieving this will improve the lives of local people, the prosperity of communities, and increase wellbeing, which is a central goal in the Doncaster Delivering Together Strategy.

Doncaster Sheffield Airport has the potential to help the Council achieve these ambitions because it can be a huge catalyst for new jobs and investments. It can help the Council to secure opportunities which may not otherwise come to South Yorkshire.

Cabinet noted that if the airport were to close permanently, these opportunities would be lost. Furthermore, it would end any realistic prospect of South Yorkshire ever having an international airport. That would leave Doncaster as the biggest City Region in Europe without an airport and put Doncaster at a significant disadvantage to other regions.

Mayor Jones reported that in April, the Council agreed to fund the initial programme to acquire the airport, starting with feasibility work to assess whether the airport had a viable future. The report today sets out the findings of that initial work. It makes recommendations on the next steps and associated approvals.

She advised that a huge amount of work had been done to get to this point and she placed on record her thanks to everyone who had contributed to the project so far. She was pleased to say that the report suggested the Council were right to have faith in the potential of the airport.

The report suggested that the airport can be financially viable and that successfully reopening DSA would deliver major economic benefits and excellent value for

money. It also considers that reopening is likely to be the optimal solution when compared to alternative potential uses.

Mayor Jones also stated that initial discussions with the market had also been positive and suggested there was substantial interest from potential operators. However, it was noted that there are still very significant challenges ahead.

It was noted that a lease must first be agreed on acceptable terms and the decision to fully close the airport, rather than continue aviation operations as originally proposed which has added significant costs and uncertainty to the reopening process.

It was advised that these additional costs will reduce the return on investment and without public intervention they are likely to limit the appetite of the market to invest in DSA. As such, the report recommends that Cabinet approves in principle a commitment to reinstatement costs to help de-risk the project and make it more attractive to investors.

The report therefore seeks Cabinet approvals on these points and that Cabinet note the start of the formal procurement process, which will inform the final decision to proceed or cease the programme.

Mayor Jones stated that the path ahead was clearly not easy, and it is not guaranteed to succeed. However, she advised that there are good reasons for optimism.

She stated that it was clear that the social and economic benefits of reopening DSA could be transformational for the region. There was a strong strategic case and a strong economic case for intervention. Most importantly, the work to date suggests that there was the potential for the airport to be financially viable and that there is a realistic route to success.

Mayor Jones shared with Cabinet that last week she received a letter from Mark Harper, the Secretary of State for Transport, informing the Council that the Civil Aviation Authority had been informed by the Department for Transport that there will be a delay in responding to the call-in request. It was noted that this delay will provide more time for the current discussions on the future of DSA to proceed before any decision on the future of DSA's airspace is taken.

In conclusion, Mayor Jones commented that this was very positive, as if Doncaster were to lose the airspace this would be another barrier to saving DSA which would add time, cost and complexity in efforts to see it reopen. She thanked the Civil Aviation Authority for their patience and understanding and stated that these were important decisions being taken today for Doncaster and the South Yorkshire Region and she was pleased to bring the report to Cabinet and offer her 100% endorsement to the recommendations.

Cabinet welcomed and commended the report thanking officers, the Mayor and the public for their involvement in the process to date. It was recognised that government also had a role to play in supporting the reopening of the airport.

4. ALTERNATIVES CONSIDERED AND REJECTED

Do Nothing: The City of Doncaster Council could determine to do nothing and not pursue the proposed acquisition; this is not recommended based on rationale contained within this report.

Negotiate with the current owners of DSA for preferred purchase: The option of negotiating with the current landowners on a purchase price prior to incurring significant costs for both parties have been explored. Representatives of the current owners of DSA have been clear that the freehold of the airport site is not for sale, and this is therefore not an option.

Compulsory Purchase Order process: To prepare for a potential CPO if negotiations with the current owners of DSA are unsuccessful. This is not currently recommended due to the negotiations with the current owners of DSA for a leasehold arrangement. CPO remains a potential option should the leasehold contract not be realised. However, it is recognised that achieving an agreed position with the current owners of DSA on a lease is the most economic and timely solution and is likely to provide a re-opened airport in the shortest possible timescale.

5. DECLARATIONS OF INTEREST AND DISPENSATIONS

There were no declarations.

6. IF EXEMPT, REASON FOR EXEMPTION

Appendix A to the report is not for publication, because it contains exempt information by virtue of Paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information) of Part 1 of Schedule 12a of the Local Government Act 1972, as amended.

7. DIRECTOR RESPONSIBLE FOR IMPLEMENTATION

Debbie Hogg, Director of Corporate Resources.

Signed.....Chair/Decision Maker