

Consultative Committee

DONCASTER SHEFFIELD AIRPORT CONSULTATIVE COMMITTEE

SPECIAL MEETING

26 JULY 2022

PRESENT: A Tolhurst OBE (Chair)

D Grant (Doncaster Sheffield Airport), Councillor Greenhalgh (Doncaster MBC), Councillor B Johnson (Doncaster MBC), Councillor M Jones (Sheffield City Council), K Moran (Doncaster Sheffield Airport), Councillor D Pidwell (Bassetlaw District Council), A Shirt (Committee Secretary, Barnsley MBC), Councillor N Turner (Nottinghamshire County Council) and Y Woodcock BEM (Ex-Officio)

Noise Monitoring & Environmental Sub-Committee representatives:-
Town Councillor A Cropley (Bawtry Town Council) and
Parish Councillor P Raybould (Blaxton Parish Council)

ACC Members in attendance virtually:- A Bosmans (FODSA),
Councillor J Cattnach (North Yorkshire County Council), Councillor J Cox
(Doncaster MBC (Substitute Member for Cllr S Cox)), Councillor R Franklin
(Barnsley MBC), C Hall (Doncaster MBC), Councillor G Jones (Doncaster
MBC), P Kennan (South Yorkshire Mayoral Combined Authority / Private
Sector LEP Board Member), Councillor J Milne (West Lindsey District
Council), M Salvatore (West Lindsey District Council) and M Sewell
(Doncaster MBC)

Apologies for absence were received from Councillor S Cox (Doncaster
MBC), Councillor D Lelliott (Rotherham MBC), N McCarron (Ex-Officio),
Councillor C Perraton-Williams (Lincolnshire County Council) and
Parish Councillor S Ward (Cantley with Branton Parish Council)

1 WELCOME, INTRODUCTIONS AND APOLOGIES FOR ABSENCE

A Tolhurst opened the meeting and said that things do not stay the same for ever and that change is the only constant. But the word of the moment must surely be 'volatility'.

Whether this concerns government, the weather, the COVID pandemic, interest and exchange rates, hospital admissions, commodity prices, or inflation, it is a brave person who would predict how things will be in a week, let alone any longer in time.

As for the Aviation and Travel Industries in general the pandemic and, to some extent Brexit, have had more adverse impacts than were imagined.

And, of course, DSA is no exception in facing the challenges.

Last week's announcement had come as a shock to everyone and yet we knew that when Wizz Air failed to honour its contract with DSA the challenges facing the airport would increase.

Naturally Members all saddened and alarmed but realise that the announcement was necessary.

The ACC has always been a keen supporter of DSA and has developed an excellent working relationship with Peel Airports Ltd whose commitment to the region has been unquestioned.

The Committee have always found the operator to be open and supportive of the local community, and it is in that spirit that David Grant has agreed to brief the Committee today on the strategic review.

On behalf of the ACC, A Tolhurst welcomed David Grant to the meeting.

Apologies for absence were noted as above.

2 STRATEGIC REVIEW OF DONCASTER SHEFFIELD AIRPORT - BRIEFING BY DAVID GRANT, MANAGING DIRECTOR, DSA

The Committee received a private briefing from David Grant, Managing Director of Doncaster Sheffield Airport on the recently announced review of strategic options for the Airport.

It was explained that the purpose of today's briefing was to provide the Committee with details on the process of events which had led to the strategic review commencing.

An overview of the timetable for consultation and engagement with key stakeholders would also be discussed, together with an update on where the Airport currently was in the process.

The Committee noted that over the last 17 years, the Peel Group had invested significantly in the terminal building, the airfield and in its operations.

Despite long-term aspirations for growth in passenger numbers (as contained in the Airport Master Plan), the Airport had never achieved the critical mass required to become profitable and was currently operating at a significant loss each year.

The announcement on 10 June 2022 of the unilateral withdrawal of the Wizz Air based aircraft at DSA, by Wizz Air UK Ltd had come as a total surprise to the Peel Group.

It was explained that, during March/April 2022 the Airport and Wizz Air UK had entered into a legally binding framework which would see three Wizz Air based aircrafts at DSA, together with new routes.

The withdrawal of Wizz Air would now leave the Airport with only one base carrier, namely TUI.

It was explained that Wizz Air Hungary Ltd was still operating flights from DSA to Eastern European routes. Following the announcement of the strategic review, passengers had been notified that it was still 'business as usual' at the Airport.

It was explained that there had also been other significant challenges for DSA in recent years due to changes triggered by Brexit and the continuing impact of the COVID-19 pandemic on the aviation sector.

In addition, the Government's vision for the aviation sector to reach net zero aviation, or Jet Zero by 2050 would also require significant investment from the Peel Group.

Significant investment would also be required in future for sustainable vehicles at the Airport.

Following lengthy private discussions with stakeholders and central government around the future viability of the Airport, the Board of DSA had reached the conclusion that the current operating model was not sustainable and a review of strategic options for the Airport was required.

The Peel Group had reviewed the conclusions of the Board of DSA and commissioned external independent advice in order to evaluate and test the conclusions drawn, which had concurred with the Board's initial findings.

On 13 July 2022, the Peel Group had issued a press release announcing the strategic review of the Airport.

It was confirmed that the Board had not made the decision at this time to close the Airport. A decision around the Airport's future would be made at the conclusion of the review.

The Committee noted that DSA and the Peel Group had now initiated a 6-week consultation and engagement programme with key stakeholders and central government on the future of the site.

It was noted that the first meeting of the Stakeholder Group had been held in Doncaster on 25 July 2022. It was reported that the meeting had been positive and attended by representatives of the Peel Group and key stakeholders.

Confirmation was received that "all options currently remain on the table" and that the Peel Group are open to consider and explore serious, sustainable, deliverable solutions and options presented to them.

Engagement and consultation was also currently taking place with Local MPs and central government via Robert Courts MP.

A Tolhurst thanked D Grant for the briefing and invited questions from Members.

Key points arising from Members' discussion are summarised below:

- It was questioned if DSA was still an attractive proposition and if there were any other similar regional airports to DSA.

- D Grant replied that different owners have different measures of success. Currently, there was not a similar regional airport to DSA.
- The Committee referred to Teesside Airport, which had been brought back into public ownership and saved from closure by Tees Valley Mayor Ben Houchen. It was questioned and discussed if this could act as a model for DSA.
- It was questioned if there was a financial figure on the table which would make DSA runnable for the future.
- D Grant replied that a short-term cash fix would not solve DSA's current situation. DSA's Business Model would need to change for DSA to become sustainable in the long term. Projections had been undertaken looking at different scenarios for DSA (this included low-cost carrier options, short-haul connectivity and a hub-carrier). It was highlighted that with additional volume, comes additional costs. Therefore, future developments and investments would be required in DSA's infrastructure.
- The Committee noted that only 30% of people in the region surveyed were aware that Doncaster had an airport and were prepared to use it, despite large investments and marketing DSA as a brand in the local market.
- The Committee highlighted that passengers are prepared to travel to airports, but only if flights are available to the destinations they wish to travel to.
- The Committee noted that the Airport site employed 800 people. DSA directly employed 150 people. GVA for the area on a yearly basis was £50m.
- If the Airport Board took the decision to close DSA, cabin crew and engineers would be redeployed elsewhere.
- The Committee discussed DSA's duty-free / tax free offering, which is a revenue generator and now available to all passengers following Brexit. It was noted that the Airport was performing well in this area.
- In response to a question, it was confirmed that the external independent advice which had been sought around the initial findings of the Board of DSA were specialists in modelling. In addition, they had commissioned an airport specialist for advice.
- It was confirmed that there were no plans to build houses on DSA's runway.
- It was queried and discussed why Wizz Air had withdrawn from their contract with the Airport.
- It was questioned if it would be feasible for DSA to operate as a non-passenger airport with freight, NPAS and other operations taking place. In response, it was noted that there would still need to be a certain level of air traffic control and fire service presence at the Airport. Of which, these fixed costs are very high.
- The Committee was pleased to note that TUI remained fully committed to DSA. TUI's winter 2023 programme had been launched on 21 July 2022 with seats on sale at DSA to March 2024.
- Wizz Air Hungary Ltd seats were currently on sale at DSA until April 2023.

A Bosmans expressed his disappointment at the situation. He said that he would welcome the opportunity to meet with D Grant and Airport colleagues following today's meeting.

The Committee stated that they remain fully committed to DSA and would welcome future updates on the outcome of the strategic review.

A Tolhurst thanked everyone for attending today's meeting. He asked Members to dispel rumours which were circulating on social media and inform local residents that a financially viable solution was currently being sought for the future of the Airport.

RESOLVED – That the briefing be noted.

3 ANY OTHER BUSINESS

None.

CHAIR