



Newquay Council

Corporate Service

Full Council

Officer MEMO

Cornwall Airport Briefing by Cllr L Gardner

Commercial information will not be able to be discussed.

Cornwall Council have owned the airport for almost 15 years and in that period, a number of different approaches have been taken to the way that it manages the airport. When I came into this role two years ago, the airport was the responsibility of four different cabinet members. The air side was managed completely separately from the outside. The Aero Hub was managed by Cornwall Council's property department, whereas tenants for inside the wire were managed by Cornwall Airport Limited, I think it's fair to say a very disjointed approach to how the different bits of the airport were looked after.

Two years ago, when I took on this role it was decided that one cabinet member and one officer at Cornwall Council (Glen Caplin-Grey) would be responsible for looking at the customers and the whole airport site holistically including the Aero Hub and Solar Farm.

A review was commissioned two years ago and there were three main drivers for the review;

1. The Subsidy. The subsidy for the airport grew during COVID and since then passenger levels have returned to what they were pre COVID, but the subsidy hasn't reduced, **(REDACTED)**.

This was the first driver, the reason why that hasn't decreased was due to a couple of things; There is a much greater regulation now than there was pre-COVID around security infrastructure, and the second thing is our passenger spend is actually very low. **(REDACTED)**. You do not make money by aircraft taking off and landing, So you're relying on the passenger spend.

2. Commercial Growth. The airport and wider site for a long time has been planned as a place for commercial growth and commercial investment, and I think it's fair to say that it hasn't gone the way that Cornwall Council ever planned. Any development that's come on the airport site has come through

grant funding, and previously through the European programme. Only 10% of the potential development land has been built out. This is a travesty because we know that jobs on the airport site are well paid jobs. The average wage on the airport site is just over £40,000 pounds. The average wage in Newquay is about £23,000 a year, so it is of huge economic significance to Newquay and to wider Cornwall, if we could wield more jobs.

Most aerial plots were selling as freehold in most cases, and then it was up to the individual business to build their own premises. This has become less attractive to businesses, and most are now asking for leasehold premises. There is a waiting list at the moment of about 6 or 7 businesses who want to be on the aero hub site but don't want to build their own their own premises.

We have never wielded the impact on that site and that for me is the most important thing with My Portfolio head on is wielding the maximum economic benefit from the site for Cornwall.

3. Capital Investment. The airport, we know over the next 20 years will need major capital investment, because the government have announced a net zero target where all UK airports have to be compliant with by 2050.
(REDACTED). In order to get there, you need extra like having new facilities for sustainable aviation fuel, which we can't supply at the moment.

As a Council, there are three ways of raising money, you raise it through taxation, or other revenue that you go out and borrow, or you find it from the private sector.

The review was conducted by CBRE, who are the largest real estate advisory company and consultants in the world. They have significant experience advising on airports and the wider development of airports. The review basically said that the airport's got potential, what the airport is worth now, this is where the airport could get to in terms of what it's worth and what it could wield for the local economy. But in order to get from A to B, it's going to need significant investment and whole suite of options were laid down in front of the Council from borrow the money to the other end of the spectrum and sell it with a whole lot of options in between. The option that was the most favourable was to do some soft market testing, to see if there would be anybody that would be interested in investing in the airport.

To start that process off, there were some red lines. The Scrutiny committee fed into those red lines and the number one red line was the maintenance of an operational passenger airport at current levels or greater. There were other red lines in there as well which we made the interested parties aware of. There were a significant number of interested parties that came forward which the Legal team, Finance team and CBRE started the due diligence process with. The parties were invited to come for a site visit and were asked what level, arrangement, legal structure and framework they would be interested in. Through this process, it has led us on the journey to where were a couple of months ago, where there was one potential partner which were most aligned with what the Council wanted. This is a consortium of four companies, one of the names has been leaked to the press not by Cornwall Council. They have significant experience at running airports, in fact they own and run four airports, two of which are in the UK and two in Europe. Some are slightly

bigger, some are slightly smaller than Newquay, but In all the four cases, they've significantly invested in the land around the airport.

The new partnership that has been created includes Cornwall Council, the new partner and Cornwall Airport Limited as the operators of Cornwall Airport. At the last cabinet meeting it was agreed to give them an exclusivity period where we wouldn't talk to anyone else about the same thing. This is the first stage now where the partner is potentially going to be going to suffer some expense and that is because we're going to work together to produce a land usage blueprint, neither us nor the partner have any desire at all to do residential on or near the airport. It's a commercial site as far as both entities are concerned and that's the way forward and that's what's been worked on at the moment through the land usage blueprint. The land usage blueprint is really important because it says what's going to get built where and when, that in turn tells us how much money the partners are going to put in, when and how and for what. Alongside this is the partnership agreement with those red lines in that we've said the foremost one being maintaining the operation of the airport are going to be placed legally binding in the partnership agreement.

I have no idea on what the shareholding is going to be as this is what is being discussed right now and the shareholding will be directly dependent on who puts in what. The partnership has been written in such a way where the shareholding in the partnership bears no resemblance to the say, so both parties will have the power of veto. Cornwall Airport Limited will remain the operator of the airport and in fact they are insisting that they want to keep all of the staff and that is a prerequisite of the deal, particularly the Managing Director who has significant commercial airport experience. As many protections as possible are being written in legally, and that goes hand in hand with land usage blueprints. It is really important that those two documents are developed together at the same time.

This has been to the Scrutiny committee formally three times, it's been to cabinet twice and in addition, it's been to an informal scrutiny committee meeting twice. In addition, I've done a number of these briefings over the last two weeks to a number of bodies throughout Cornwall, including the Airport Consultative Forum twice. I've offered to do this by the way for all Parish and Town councils around that are interested irrespective of where their location is in relation to the airport.

The Chamber of Commerce and Federation of Small businesses have already requested a briefing which is being arranged now there is an all-member briefing booked for Cornwall Councillors next Friday.

We expect both the land usage blueprint and the potential Partnership Agreement to be available at the end of August. In September, we will do a series of engagement events, which will include the public, but we'll also include some focus groups from the business community. As well, in addition, this was discussed last Thursday by the Cornwall Economic Forum. It is predicted at the moment, that the yes or no on the partnership will be available for Cabinet decision in October, but before that it will go back into scrutiny again in September. For me, if it's not the right deal, the right partnership, and if we haven't got those red lines in place in the legal agreement, then you know I won't be voting for it.

At the moment there is no other place where Cornwall Council can get the money from to invest towards that carbon neutrality and to do the airport in any other way.

Having met the partners on two occasions, their vision is very closely aligned to Cornwall Council's vision for the airport. Their immediate priorities would be the building out of the Aero hub site with commercial space. Their priority is to maintain the operational airfields, but they've also got some other ideas which we think are quite exciting, and would be keen to explore with them, one being the development of Cornwall Airport as a drone hub. We've already got the national Drone testing centre down at **(REDACTED)** airfield and there is potential at Cornwall Airport and the other thing that which they've really stressed an interest in is the generation of green hydrogen on site for use as a fuel. Hydrogen is one of the alternatives that's been very widely talked about as a replacement for diesel, there is also hope to bring in flowing offshore wind power.

There is already a plan for the airport which has been in place for a number of years which we have never really been able to meet the ambitions of that plan, because we've just never had the money to be able to do it in the same way that was previously envisaged. What we need is a significant strategic plan, If the airport is going to going to survive in perpetuity.

Questions were raised by members:

Are there other red lines, if yes, what are they?

I can't remember them all off the top of my head. One, for instance, is that we don't want things like the development of chemical weapons on site and that sort of stuff. It's about things being on site that are credible and in line with the Council's strategic vision for economic development in in Cornwall. There is a red line in there about where some of the investment comes from.

The red line, particularly on the operational airport is that an indefinite red line or is there a timetable?

It has been referent in perpetuity, so for the length of the lifetime of the partnership. There will be things in there which are time limited, I will not say that this is right or wrong or whatever as it has been reported in the press is about the length of time that they would take on the subsidy. The idea would be that the partner would take on the subsidy so The benefit to the taxpayer would be instant, **(REDACTED)**.

Is the partner taking on the liability for the subsidy or is that shared liability? and is there any part of the loans that are going to be shared or pushed over to the partner?

In this proposed partnership, yeah. The loans so far are the responsibility of Cornwall Council. The loans aren't against Cornwall Airport Limited. The idea is that the investor would take on 100% of the subsidy immediately from partnership signing. I think there's two benefits to that. Your first benefit is your immediate benefit to the taxpayer. **(REDACTED)**. The second benefit is that is the incentive for the partner to get on and crack on and get developing to get that business profit.

If the preferred partner is going to Invest, let's say £50 million as being reported in the press, Is Cornwall Council going to take that into account when divvying up the shareholding of this organisation?

We will be bringing into it the value of the of the airport or the value of the long lease on the airport. They'll be coming in with first of all, the underwrite of the subsidy, and whatever amount of time is in there, it will be times by the predicted annual subsidy. So that'll have a value plus the cash. But what it may be and what we're looking at the moment is, is the shareholding in the partnership at the start may not be the same as where we end up.

The partnership would only be 50/50 if they actually put that cash in. If it was a plan to put that cash in over 10 years, then we might start off as 100/0 and end up changing as we go along. That's what's all getting thrashed out at the moment.

(REDACTED). The spaceport is completely part of Cornwall Airport Limited now, so it's part of that entity that will be placed into the partnership, There are other red lines around the spaceport operation.

Do you know what the red lines are around the spaceport within the agreement specifically?

I don't because it's not written yet.

What would you envisage those to be?

I know that the process we've had in there is we would expect the spaceport to be run in an equally ethical way as we're expecting the airport. Don't forget we're not handing the airport over to a new operator. Cornwall Airport Limited will continue under the same model we are on now, the partnership will be the shareholder, not Cornwall Council. Our spaceport has already got an MOU around what you would call a space tourism with the aerospace. Around that and as separate, I will say now that we are very, very close now to announcing a new contract for launch with a new partner, a household name.

I'm just curious why the approach wasn't taken of a stakeholder consultation as the baseline to start with?

Bear in mind this has been a competitive commercial process. You would never ever play out the commercial world in public ever until the contract was already signed. It's been competitive and it's our absolute responsibility to get the best possible offer for the Cornish taxpayer. It's all Council's responsibility for the best use of taxpayer's money or taxpayer's assets. So, you know everything up until now has been what we have been able to do in public. I'm not going to go out and do more than what we've got at the moment because one, the press has just been so one sided on this, it's been unbelievable. I've signed 14 press releases off in the last month and not one of them has been published by any media outlet. The only media outlet that actually allowed me to go on and speak is radio Newquay, so the press coverage has been very one sided that gives the public a very one-sided opinion, so we're not going to do any consultation until after we've done the briefing because we want everyone to have the facts in front of them first. And the second reason is most people's questions are around what's going to get built, how much is going to get put in, what's the partnership deal going to look like, etc and none of those things exist yet. We are still in a competitive process, although we've signed exclusivity with one potential partner at the moment that is time limited exclusivity and that ends at the end of September. We don't consult with the public on any of our other arm's length companies. What we want to be able to show the public is actually what it could mean for them, because actually just saying to a member of the public, the

shareholding of the airport could change. Most members of public I've spoken to say So what? What does that mean? And actually, what I want to be able to do is when we do the public consultation is actually show people the pictures. This is what it means. And this is when and so on. We have done what we can so far, and we will do more.

I think my point was somewhat missed, which is about far before the commercial process. Asking the people of Cornwall what you want done as ideas for the future of this asset, owned by on behalf of, shall we say the people of Cornwall. I will just make a final point that it's slightly disappointing, that only this morning we as councillors for Newquay Town council are getting the update that these briefings are about to happen for an asset that's down the road and has such a big impact on Newquay. So, I'm glad they're about to happen, but I would hope that in future these sorts of things we're talked about those briefings a lot earlier because it just seems a little bit backwards.

They were only programmed in on Friday after the Cornwall Economic Forum, so I don't know how I could have told you any earlier.

Cornwall Council took over the MOD site in 2008 for a period as a leaseholder for 250 years. Has any written permission been given by the MOD who are still the current freeholders of that land?

MOD are not the freeholders; Cornwall councillor are the freeholders. We have done two years of legal work with the MOD in partnership with them to look at some of the covenants that are on the land, because there's still covenants on it from the Second World War. We have looked at the various agreements which we have in place with the MOD to maintain an operational runway for them to be able to use. That has all gone through with them through legal team, so the legal team have been working in partnership with Defence Infrastructure Organisation in order to make sure that we are completely compliant. I have regular meetings with the station commander and with representatives from DIO.

Can you guarantee though that the airport in its current demise will remain as an airport in the future, regardless of the buildings, whether it be commercial or whatever? Is it going to stay as an airport for the foreseeable long-distance future?

Absolutely yes. That has been put in as a legal requirement to maintain it as a commercial passenger airfield at least at the current level, has been written into the partnership agreement that is non-negotiable.

The only other final point is that you mentioned the potential companies that are interested in pursuing this venture with Cornwall Council one of them operating on four other airports in the country or somewhere in the world, one being Fair Oaks, where that particular airport and the company that potentially may be dealing with Cornwall Council have completely converted that airport into a garden village of in excess of 3000 houses. I hope that potentially if that company takes over, they don't actually turn that land into a multiple village, could it not?

The first thing I would say with Fair Oaks, that was always in the plan to do that, Fair Oaks have a bit of a unique position in and they're really close to the film industry and much of their excess land has been actually turned into film sets from various film makers and film studios. Again, that was in their land usage blueprint building houses it was always in the plan to do that right from the start, so that's not something that they just introduced at a later stage that was what was right for Fair Oaks. That is not what is right for Cornwall and that is not the route we're going down when we're drawing up the land utilisation blueprint. If you want to look at better examples with some of the partners, you've got Brighton Airport which is owned by them as well. They've also got an airport just outside Zurich in Switzerland where actually most of the land has been used for high tech business park. I think there's over 200 businesses on site there now where they're where they're doing, mostly pharmaceuticals, microchip manufacture and that sort of thing and they don't have any housing there by the way. That's more the model we're going down, but it will all be clear, and it will all be laid down in that land utilisation blueprint, which will be available to the public and will be available for everyone to see, In line with the timetable that I said earlier.

What happens if the people of Cornwall don't agree with Cornwall Council with what they're going to do to that land? Do they get a say or is it purely going to be a blueprint given to the people?

We know it's really important that we explain to the people of Cornwall what's going on, but ultimately, it's Cornwall Council's decision to actually make we can't have a referendum on it. Ultimately the decision is cabinets to make.

What about the staff? Where are they in all this? If they had any briefings?

Absolutely, this would be included in every step of the way including the Managing Director of the airport as well. There's been a board we've called this project, Corduroy on that board, which is made up by various representatives, elected members, Council officers, but also importantly members of staff from the airport, the airport Operations Manager and the airport Managing Director.

This is why it's been so upsetting that some of the stuff that's come out in the media has been so inaccurate because it's not fair on the staff. We have been constantly fighting this battle to keep the staff well informed, to keep the businesses well informed who are on the airport site because some of the stuff has been really unhelpful. There's 250 people employed on that site, and I was really pleased when the potential partner and they were the only partner by the way that put forward that we want to keep all the staff on in the entirety. That for me was actually really important and one of the reasons why I thought that they were the were the best partner to continue discussions with.

I suppose I just wanted to highlight, members of the public might feel nervous about this decision, not least of all because of a number of other controversial decisions that have been made over the last couple of years. Where it has felt that transparency hasn't been at the forefront. A big asset like this, I suppose people might feel like Cornwall Council is trying to sell off the family silver, as it were. And you haven't got to go too long back in history to remember, the demise of Plymouth Airport, once that, was similarly privatised in a not hugely dissimilar way. So that's where some of this nervousness comes from. I suppose my question also is around, and I

remember, I've been around long enough and used the airport a few times for a good number of years to remember the airport levy that we used to have. And it is that something that's back on the cards or is that a red line?

That's a really fair question to ask and something that gets asked all the time. So, the airport Levy is an interesting one. Does it raise money? Course it does. The problem with it, is the airlines don't like it and there's one airline in particular that have basically said if we bring that back in, we're out of here, we see it as an extra tax on passengers. I don't like the way it puts passengers off flying because you know, they had all their little extras on, when you book a budget airline. We know they mean business because when we had an airport levy, the last time they pulled out, now the last time was a little bit different because when they pulled out, another airline came in and filled them. But that airline was fly B, which don't exist anymore. So, there is no one to come in and fill that void. Ryan Air are quite public about not supporting an aircraft levy. So, for example, 440,000 passengers a year go through Newquay Airport. 230,000 of those passengers are Ryanair's passengers, they are accountable for just over 50% of all passengers. They're also accountable for every single international flight that goes out in the winter months. I see those flights as really, really important. Keeping something there, the Faro, Alicante, Malaga flights and Dublin which are all year round.

I'm from a Cornwall councillor point of view. I think the one word is transparency, and that's where I think the breakdown has been, because when you say there's elected Members on this board.

Yes, there are cabinet members. I think what's been disappointed is when this has been discussed publicly and it has been discussed publicly on five occasions now, only four members that weren't cabinet, asked for the papers. I've been sat in those meetings when there's been no more than half a dozen other members, so on the five occasions when Members have had the opportunity to read Pink Papers, they haven't requested them, they have had the opportunity to turn up and give their views they haven't done it so. You can say there hasn't been enough transparency but actually you know there's been five occasions where it's been discussed in public and webcast when local members could have gone along and they haven't, but you know I can't make them turn up and I can't make them get the pink papers.

And of course, the pink papers only contain that element which is not regarded as totally confidential.

You know we can't give you that information. Sorry.

That's fair enough. We know what it is, but that is the position. So, when councillors ask for an open chamber debate on it in the last motion which has now been denied because there isn't the opportunity for Members then to come in and talk and let their views be known to the cabinet.

That's not true though, is it. You know, the first point is not any elected Members that make that decision on where it's discussed. That's the decision of the monitoring officer. None of us go near him. He makes those decisions based on Council rules and regulations. I don't make those decisions. But what he did say in his refusal of the motion was that the proper place for councillors to discuss this in full as much as

they want to, is at the Scrutiny Committee, you can speak at a scrutiny committee as many times as the Chair will allow it. There's probably more scope to speak in the scrutiny committee than there is in full council.

I Just have a few questions to ask you then in that course. The airport licence at the moment is with Kate Kenally. The overall air shareholders licence with her and when the Department of Transport negotiate the PSO, it's done with Cornwall Council. Who will continue that operation?

First of all, the PSO is completely separate, the PSO is Cornwall Council's own decision to make and whether we Continue that or not will remain Cornwall Council's decision, Without any consultation with the new partner. I can't say what doesn't exist at the moment. I'm not sure but that PSO flight is not linked to who owns the airport. Cornwall Council don't support that because we own the airport. We support that because we're the local authority. So, where PSO's exist elsewhere in the country, it's local authority decision, not the airport owner's decision. So, it's not linked to the ownership of the airport in any way. So, whoever's on the cabinet when it comes up for a renewal next year, we'll have to make that decision on their own, whether they consult with the operator of the airport is up to them. It doesn't happen elsewhere. It's a local authority's decision.

It's just interesting because that is also another quite important revenue stream, isn't it? Because you know that, hopefully in actual fact, it generates enough wealth for us not to actually continue paying our share of the subsidy.

I want to keep that flight going to London. I think what's been disappointing with this PSO and this particular one, which I didn't have a hand in, but what's interesting is this is the first time where they've consistently claimed the subsidy each and every quarter. That hasn't happened before. And of course, when PSO comes up next time, the rules on PSO are completely changing.

The building's you know, I've noticed we've got this debt that we've incurred from developing the airport out since 2008, etc and we've put up some rather nice buildings. We've got the office spaces. On the errors, we've got some of the buildings who will continue to get the rent from those buildings in this new deal which the rent we get at the moment is helping to offset the loans we've taken out in the first place well.

Yeah, I mean it depends how you look at it, John. It goes into the pot and you're right. But all of the income from anywhere on the airport will be shared by the partnership relative to the shareholder.

I would say where we do get an income at the moment, which we won't is from the solar park.

One thing that you mentioned the master plan. Now of the master plan, the one thing that is so very important, and it really goes drills down to the success of the continuing growth of the airport is the part in the master plan to move the terminal to the South side because we cannot grow the airport

if we don't grow the terminal, we can't grow the terminal on the North side. The revenue that you get from the spend from the customers and the spend from the customers come from the pop-up utilities you have in the terminal as well like WH Smith and all the people we get when we go up to Bristol Airport, et cetera and so forth now. Is there going to be a red line in the sense that when we're on this development journey with this new partner, are we going to have written into it that we're going to actually move the terminal to the South side? And so, in actual fact, do one of your red lines into which maintain the present size of this airport or grow it, maintain the present size? You can do it at there on the north side, grow it, you're going to have to go to the South side.

So first of all, the masterplan as currently exists that is going to be null and voided by the land usage blueprint. Yeah. So, but there are elements in it that we need to consider. Is it going to move in the short term? No. Is it going to move in immediate term? No. We're building a great big extension on the side of it right now **(REDACTED)**. So, if you were the partnership, you would look at that and go at the moment there is no requirement to move the terminal. Passengers don't support moving the terminal. Why would you go and build a new **(REDACTED)** terminal? Spend that money when the one you've got is adequate. I'm just putting my own thoughts in that land usage blueprint may be written and it go, and it may go in five years' time, we're going to move, move the terminal, but it might not. And we need to be prepared for, that because why would you move the terminal if you didn't have to? What would be the advantages of moving the terminal. You know you can extend it onto the car park, for instance, and put the car park somewhere else.

The thing is that you move the terminal because you're going to grow the capacity for the terminal to generate money. There is no, and despite what you may say in actual fact, I think that to move the car parks, the car parks are pretty vital to the income because they are a vital source of income.

Of course, they are. What I'm saying is the car parks don't need to be right next to the terminal because in most of the reports, they're not.

And my question is also, is that who will be protecting the ratepayer, its interest when this new deal goes through, bearing in mind that Glen Kaplan and Phil Mason have both indicated they don't have the breadth and knowledge or experience to back for the rate payer.

The structure is being is being drawn up at the moment that remains to be seen, but there will of course be a partnership board of which Cornwall Council will have representative representation on that board, and again the absolute composition of that is being drawn up. That will depend upon the who's got the control and interest simply on that partnership board.

If Cornwall Council's, still got the control and interests, we will have the control and interest by one vote, presumably on the board. Is that right?

what I would say is, wait until that partnership agreement is available to actually scrutinise, what I do know is that the subsidy is rising uncontrollably at the moment, and is not in the best interests of the taxpayer. Of course, maintaining the operational airport is but and carrying on the way we are I, I am convinced, is not in

the best interest of the of the taxpayer for a number of reasons. If we can maintain that operational airport and do the other stuff differently, which is what we need to do, then That is better for the taxpayer and it's up to all of us to do the right thing around that.

And the last question is about the subsidy because the subsidy arrives because of the operation of the airport, the airport air side is the people that causes us to have the subsidy issue. So, the question is during the last two years, have we had a robust external Experience management team in to examine every aspect of how the airport operation is run from the very top to the very bottom, including staffing, Level of operational flights and value for money for the various flights?

Sam is the Managing Director, and her last job was the commercial operations director of Heathrow Airport. That's where she's come from. When she was employed four years ago, she was employed with the absolute remit of coming in and overturning every single commercial aspect of the airport with a view to making it more economically viable, less subsidy, more profit, some profit would be nice. In that way, Sam came in, did a full review as a result of that, a number of things have changed. So, you'll see a number of the parking tariffs have changed. The way in which Parking's managed has changed. It's the exact reason why we've got a new shop in the in the airport now, and it is that reason why the extension is going on the side now.

Has it been an external person?

Well, we haven't brought in an agent. We haven't brought in consultants to do it. Sam was employed with that remit, which is why we are doing some of the things now. So, the extension you see going on the side as a result of Sam basically coming forward with a business case for the extension a number of months ago, it was partly driven by necessity because we needed new full body scanners in which all airports had to have. And we're actually late getting them in. We're not the only airport that's late, but we're overdue. There was supposed to be in by September last year. But the other driving force at the same time we looked at should we really do this new bar, this new shop extension, the new lounge area? we thought it was the right thing to do for a number of reasons. One, because actually this partnership might not go ahead, and you still need to be left at the other side of it. We thought it was a good signal to send to the partnership to send to everyone that Cornwall Council asked are still investing in the airport and we're doing this actually invest in the passenger experience.

So, over the last four years, John, every single aspect of commerciality has been looked at in terms of how we can leverage More money for the actual air side. In the review, CBRE do talk about the maximum amount that in the current format could be levered.

Sam and the way that she's approached this over the last three years, some of the changes that she's asked me for sign off on around charging and structure and stuff like that have yielded results. I do think she is the best person; she was brought in for that and I'm absolutely convinced that is being done when she was a commercial operations manager of Heathrow who is very highly regarded. So, if you want in terms of an expert nationally, I mean, she's right up there.

I've seen the new car parking arrangements and I was very impressed with them. And because you only get 10 minutes now in actual fact. I was quite interested to find that actually the number one income for the airport you can possibly have been fuel the sale of fuel you buy a wholesale you sell it retail.

Our fuel sales go down and down each year and that's I what mentioned at the start, sustainable aviation fuel. More and more aircrafts now have gone on to sustainable aviation fuel, which is basically 50% biofuel, 50% artificial stuff.

One of our main uses, of course Ryanair don't take any fuel from us.

No, because they buy it cheaper in their well. It's not just that they use sustainable aviation fuel, which we haven't got to sell them. We haven't got the tanks to keep it new tanks. **(REDACTED)**. The problem with it as well is EasyJet won't fly anymore flights to us because they fly their flights very much with just enough fuel just in time. So, they won't come down double fuelled. So, the aircraft EasyJet are using on the Manchester flight for example is an older aircraft which is not what we want for Cornwall. Your ability to buy fuel at a good price actually drops when you don't have the fuel sales to go at the more you buy, the better the drop off you get. So, you end up in that vicious circle.

The Town council currently sits on the Airport Consultative Board. Is that something that is going to continue post this partnership or is that something that will change?

There is a legal requirement for all airports to maintain a consultative forum that's set by the CAA. The CAA that set those requirements have nothing to do with Cornwall Council so that requirement will continue as long as the CAA says it's got to continue.

Do you have any feel from your consultants what the current makeup of the airport, what the top figure on what you could be leveraging in terms of passenger numbers per year through the airport, given you know if there was the appetite?

So, they think that half a million is where the airport naturally sits at the moment, and why I say at the moment is because there's certain things that we don't offer as an airport. So, we don't offer a package operator which is where the big growth is and where you know we don't have a Jet2 or a TUI or anything like that. So, in terms of city flights, they think that the airport's about half a million. The other thing that we don't do, and we need to do and it's definitely part of the strategy and what they're doing more of now is we don't reach and poach from Exeter, or we haven't historically reached and poached from Exeter's catchment area. We are doing that now and we started that since when all the airlines were the baggage handlers were all were all strike. Well, Cornwall Airport's pretty unique and all its team are in house. We don't outsource, so baggage handling is not outsourced as it is in every other airport and passenger. We are getting a lot of the flights that couldn't fly to Bristol and Exeter because they couldn't handle them. We've kept a few of those flights.

Half a million is where we are at now without Package and without numerous extra routes, right?

But I think and again I don't want to tell you the wrong figure, Drew, but there was a figure that was substantially larger should we be able to tap into some of those markets.

Lastly was on the spaceport quickly, I think was it last year that the cabinet signed off, was it £500,000 for two years of operational money for the spaceport? I assume that ends in less than a year. Is that part of the subsidy that you talked about or is that in addition to any operating costs, any operating losses or profits from spaceport in the future after that time?

It Would be part of CAL's revenue. Revenue in and out money basically. I mean the idea is to get the spaceport to neutral. It's not neutral at the moment.

(REDACTED). I think it doesn't wash its face. What's interesting is it will be a lot closer this year because as of this week, we are now full occupation on the operating facility.

If you've got any more questions, please just ask. I mean, there's just been so much misinformation. I'm sure we can have more of these meetings. We can come back when the plant usage blueprint is done and we can come back when the partnership agreement is done, I'll certainly come back and tell you guys what the score is after I've been out and visited the other groups.

PREPARED BY:

Laura Spark
PA to Chief Executive & Town Clerk

