



u MASTER

## 10 DOWNING STREET

27 March 1985

*From the Private Secretary*

Dear Richard,

AIRPORTS POLICY

The Prime Minister discussed your Secretary of State's minute of 22 March with him this morning at 1130. Also present were the Lord Privy Seal, the Chief Whip and the Minister for Housing and Construction.

On airport development, Mr. Ridley said that his objective had been to devise an approach to the requirements of airport development in South East England which would be consistent with an effective long term policy to ensure that airport capacity was available where and when it was needed, and which would at the same time overcome the opposition to such development from the alliance of those who disliked Stansted and those anxious to promote the greater use of Manchester. He intended broadly to follow the course recommended by the Inspector (Mr. Graham Eyre) following the recent Airport Enquiries, subject to three modifications:

- (i) There would be no early decision on a fifth terminal at Heathrow. Mr. Eyre's assumption that the average number of passengers per aircraft would increase to 190 was unlikely to prove correct (with the development of feeder services in small aircraft, it might be as low as 110), so that the operative constraint would be runway, not terminal, capacity. However, studies would be made of alternatives to the retention of the Perry Oaks sludge treatment works on its present site, and of possible improvements in surface access to the airport. For presentational reasons there would be a limit on the number of air traffic movements (ATMs), but this would be pitched at a level which would not imply any constraint on the use of Heathrow (and which would be well above the 275,000 a year previously envisaged by Sir John Nott).
- (ii) The planning approval for the development of Stansted would limit the annual passenger throughput to 15 million. Staged increases would be permitted up to this level subject to the approval of Parliament, but an increase above this level would require a further major public enquiry.



- (iii) Luton Borough Council would be invited to submit a planning application for an increase in passenger capacity. This would then be the subject of a public enquiry.

Mr. Ridley said he thought there was every prospect that this approach, combined with separate action to increase the use of Manchester Airport, would satisfy the 'North West' lobby and detach it from the 'Stansted lobby' which would still oppose the Government's proposals. The limitation on the expansion of Stansted should go some way to reassure the North West lobby that Heathrow could continue to expand, and with it the network of feeder services which was the key to increased traffic at Manchester.

Meanwhile, the critics of the development of Stansted favoured action to privatise Manchester Airport, and to prevent the subsidisation of Stansted. His proposals to clear the way for privatisation of the British Airports Authority (BAA) and the major municipal airports, subject to the introduction of a new regime of Government regulation of airports, should allay these concerns and so should be seen as an integral part of his overall package. His intention was to begin work at once on a White Paper bringing together the various elements in the Government's airports policy, with a view to a debate in the House of Commons before the Whitsun Recess.

In the ensuing discussion of the options for airport development, there was general agreement that Mr. Ridley's proposals represented the best available course. If eventually further runway capacity was required, this would probably have to be provided at Heathrow - but such additional capacity was unlikely to be needed before 2000, and nothing need be said about it now. While it would be preferable to avoid a commitment to a further major - and very time-consuming - public enquiry before any increase in the Stansted annual passenger throughput beyond 15 million, it was recognised that leaving this decision to be taken on the basis of a single debate in the House of Commons would not satisfy the Government's critics.

The Prime Minister, summing up the discussion, emphasised the need for an effective airports policy, which would ensure the availability of capacity where and when it was required, and which would enable airport facilities to be used to the fullest extent. Heathrow was a major national asset, which should be run so as to make the maximum contribution to the UK economy. Opponents of airport development had acquired an influence out of proportion to their numbers, and the Government should encourage a greater recognition by the population at large of the value of airports in terms of passenger convenience and job creation. The constraints to be put on the expansion of traffic at Stansted would probably have to be accepted as a means of overcoming political opposition, but this added to the importance of finding some alternative

form of public enquiry which could reduce the excessive delays resulting from present procedures. Substantive discussion of Mr. Ridley's proposals for the structure and ownership of airports in Britain should be reserved for E(A) on 3 April, although he might consider whether his draft paper did not overstate the argument that continued public ownership of the BAA would facilitate the provision of the additional airport capacity the Government were seeking. It was doubtful whether it was worth breaking up the BAA except in the context of a decision to go ahead with privatisation. As soon as decisions had been taken in E(A), he should press ahead with the preparation of his Airports Policy White Paper, with a view to a debate in the House of Commons before the end of May.

I am copying this letter to the Private Secretaries to the Lord Privy Seal, Chief Whip, Minister for Housing and Construction and Sir Robert Armstrong.

*Yours ever*

*Tim Flesher*

TIM FLESHER

Richard Allan, Esq.,  
Department of Transport.

T. Fletcher Esq

10 Downing St



## CABINET OFFICE

With the compliments of

*Handwritten signature: T. Fletcher*

*Handwritten signature: John Wiggins*

*I hope this may serve.*

70 Whitehall, London SW1A 2AS

Telephone 01 233 7029



CONFIDENTIAL

*N. J. FLESHER*

DRAFT LETTER FROM MR FLESHER TO PS/SECRETARY OF STATE FOR TRANSPORT

cc PS/Lord Privy Seal, Chief Whip, Minister for  
Housing and Construction, Sir Robert Armstrong.

AIRPORTS POLICY

The Prime Minister discussed your Secretary of State's minute of 22 March 1985 with him this morning at 11.30am. Also present were the Lord Privy Seal, the Chief Whip and the Minister for Housing and Construction.

On airport development, Mr Ridley said that his objective had been to devise an approach to the requirements of airport development in South East England which would be consistent with an effective long term policy to ensure that airport capacity was available where and when it was needed, and which would at the same time overcome the opposition to such development from the alliance of those who disliked Stansted and those anxious to promote the greater use of Manchester. He intended broadly to follow the course recommended by the Inspector (Mr Graham Eyre) following the recent Airport Enquiries, subject to three modifications:

- (i) There would be no early decision on a fifth terminal at Heathrow. Mr Eyre's assumption that the average number of passengers per aircraft would increase to 190 was unlikely to prove correct (with the development of feeder services in smaller aircraft, it might be as low as 110), so that the operative constraint would be runway, not terminal, capacity. However, studies would be made of alternatives

  
CONFIDENTIAL

to the retention of the Perry Oaks sludge treatment works on its present site, and of possible improvements in surface access to the airport. For presentational reasons there would be a limit on the number of air traffic movements (ATMs), but this would be pitched at a level which would not imply any constraint on the use of Heathrow (and which would be well above the 275,000 a year previously envisaged by Sir John Nott).

(ii) The planning approval for the development of Stansted would limit the annual passenger throughput to 15 million. Staged increases would be permitted up to this level subject to the approval of Parliament, but an increase above this level would require a further major public enquiry.

(iii) Luton Borough Council would be invited to submit a planning application for an increase in passenger capacity. This would then be the subject of a public enquiry.

Mr Ridley said he thought there was every prospect that this approach, combined with separate action to increase the use of Manchester airport, would satisfy the 'North West' lobby and detach it from the 'Stansted lobby' which would still oppose the Government's proposals. The limitation on the expansion of Stansted should go some way to reassure the North West lobby that Heathrow could continue to expand, and with it the network of feeder services which was the key to increased traffic at Manchester.





CONFIDENTIAL

Meanwhile the critics of the development of Stansted favoured action to privatise Manchester airport, and to prevent the subsidisation of Stansted. His proposals to clear the way for privatisation of the British Airports Authority (BAA) and the major municipal airports, subject to the introduction of a new regime of Government regulation of airports, should allay these concerns and so should be seen as an integral part of his overall package. His intention was to begin work at once on a White Paper bringing together the various elements in the Government's airports policy, with a view to a debate in the House of Commons before the Whitsun Recess.

In the ensuing discussion of the options for airport development, there was general agreement that Mr Ridley's proposals represented the best available course. If eventually further runway capacity was required, this would probably have to be provided at Heathrow - but such additional capacity was unlikely to be needed before 2000, and nothing need be said about it now. While it would be preferable to avoid a commitment to a further major - and very time-consuming - public enquiry before any increase in the Stansted annual passenger throughput beyond 15 million, it was recognised that leaving this decision to be taken on the basis of a single debate in the House of Commons would not satisfy the Government's critics.

The Prime Minister, summing up the discussion, emphasised the need for an effective airports policy, which would ensure the availability of capacity where and when it was required, and

CONFIDENTIAL

/Contribution  
to economic  
development

which would enable airport facilities to be used to the fullest extent. Heathrow was a major national asset, which should be run so as to make the maximum contribution to the UK economy. Opponents of airport development had acquired an influence out of proportion to their numbers, and the Government should encourage a greater recognition by the population at large of the value of airports in terms of passenger convenience, and job creation. The constraints to be put on the expansion of traffic at Stansted would probably have to be accepted as a means of overcoming political opposition, but this added to the importance of finding some alternative form of public enquiry which would reduce the excessive delays resulting from present procedures. Substantive discussion of Mr Ridley's proposals for the structure and ownership of airports in Britain should be reserved for E(A) on 3 April, although he might consider whether his draft paper did not overstate the argument that continued public ownership of the BAA would facilitate the provision of the additional airport capacity the Government were seeking. It was doubtful whether it was worth breaking up the BAA except in the context of a decision to go ahead with privatisation. As soon as decisions had been taken in E(A), he should press ahead with the preparation of his Airports Policy White Paper, with a view to a debate in the House of Commons before the end of May.

I am copying this letter to the Private Secretaries to the Lord Privy Seal, Chief Whip, Minister for Housing and Construction, and Sir Robert Armstrong.

CONFIDENTIAL