

# Minutes

25<sup>th</sup> September 2013

Meeting title/subject: Premium Check-in Areas Consultation

Meeting location: Kuala Lumpur Meeting Room, Compass Centre

Present:

John Arbuckle (JA)	Heathrow Airport
Kingsley Mack (KM)	Heathrow Airport - Minutes
Steve Barnes (SB)	British Airways
Andrew Gilling (AG)	British Airways
Laura Halle (LH)	CBRE on behalf of Singapore Airlines and SAS
Matthew Wharfe (MW)	Cathay Pacific
Jas Sangha (JS)	Sky Team
Brenda Jones (BJ)	JAL
Douglas Bernie (DB)	Air Canada
Hans Schuett (HS)	Air Canada
Jim Hunter (JH)	AOC
Steve Lowes (SL)	Etihad
Berit Stell (BS)	ASIG
George Le Belle (GLB)	Lufthansa

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<p>1. INTRODUCTION TO CONSULTATION</p> <p>JA welcomed all to the consultation meeting to seek feedback on the Heathrow Premium Check- in areas Consultation Document.</p> <p>JA recapped on the Consultation process and invited Heathrow Property users to provide views on the proposal and reminded all attendees of the Consultation Programme set out in the Consultation Document.</p> <p>AG raised apologies from Gary Ellis - SAS, Raphael Ng - Singapore Airlines and Clive Redding – LSH on behalf of Virgin.</p> <p>Queries were raised by JS &amp; HS as to whether consultations have been undertaken previously and why this process was being undertaken on this occasion. JA explained that consultations had taken place for 2012/13, 2013/2014 Guide Price and also T2 Guide Price rents. JA went on to explain the history of Premium Check- in areas how they had been requested and allowed on an ad-hoc basis and Heathrow's desire for a consistent approach. JA stated that the Consultation was being driven by one airline who was seeking to introduce a Premium Check In facility in one of the terminals.</p> <p>2. SPACE ALLOCATION</p> <p>JA explained that a Premium Check-in area is a dedicated area usually segregated by fixed walls (excluding the check-in desks), being permanent as opposed to transient, on the landside check-in concourse occupied exclusively and for the</p>	

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<p>benefit of that airline/ alliance premium passenger. JA further explained any requirement for a Premium Check-in area would be requested through Terminal Operations and be subject to the Check-in Allocation process. Depending on terminal specific current and future check-in constraints a Premium Check-in area may be permitted.</p> <p>JH questioned how the process of check-in allocation and the Premium Check-in areas complement each other given the seasonal nature of check-in desk allocation being transient and evolving. JH questioned whether check-in allocation can be long enough for an airline to invest in constructing walls. In addition concerns were raised surrounding desk allocations and permanent structures and how this could cause potential issues in the future. JA explained that this was the reason why Terminal Operations and Check-in Allocation process needed to be followed and that there would need to be a discussion as to whether space can be made available for a longer period on a case by case basis</p> <p>SL questioned if these facilities were operating today and whether a fee was charged on these areas. JA confirmed Premium Check-in Areas were operational in T1, T3, T4 and T5 and where documented a fee/ rent is paid on these areas. JA confirmed that such areas where there were carpets, potted plants and tensor barriers did not form part of the proposal and are managed by Terminal Operations Team</p> <p>AG queried who oversees branding within the terminal and JA confirmed that this would be the Terminal Operation team with Heathrow Design and the Media teams as appropriate.</p> <p><b>3. WORKS APPROVALS</b></p> <p>JA explained that there was a need to ensure the fit-out works follow the normal Property Approvals. The airline has to make the investment and reinstate the concourse when given back.</p> <p>Concerns surrounding the impact and loss of check-in desks were raised by both JH and SL if desks were removed in place of Premium Check-in areas. JH suggested that any requests for a Premium Check-in area should be matched against check-in desk capacity requirements. JA reiterated again that this is the reason that Terminal Operations would be involved in any decision prior to Property's involvement in documenting the Premium Check-in area.</p> <p><b>4. DOCUMENTATION</b></p> <p>JA explained that documentation would be in the form of a licence and would be drafted with appropriate break/ termination provisions on a case by case basis depending on individual terminal check-in constraints and future planned allocation changes to allow flexibility.</p> <p>Queries were raised by both SL and JH if areas were required back by HAL and JH expressed concern that greater detail should be included within the licence</p>	

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<p>surrounding the requirement for taking back the accommodation should this be the case. In addition it was questioned as to whether if HAL wanted the area returned that any reinstatement cost should be met by HAL. AG added that given realistically there can only be confirmed commitment of one season reinstatement should fall back to HAL in the event HAL sought to terminate prior to the agreed minimum period granted . JA outlined breaks could be drafted into the licence according to individual terminal future planned allocation changes and reinstatement would be undertaken by the airline at their expense. JA confirmed individual airlines requiring Premium Check-in Areas should consider the potential lifespan of a Premium Check-in Area prior to making a final decision on investment and undertaking works. JA reiterated that the requirement for Premium Check-in areas was being driven by the airlines desire to have these types of accommodation and was not driven by HAL's desire to drive revenue.</p> <p>SL questioned what is different now to when the existing facilities were built. JA advised that there has not been a consistent approach as to how facilities are approved, documented and charged for, and these agreements will be updated at renewal. These principles will also apply to any undocumented Premium Check In facilities.</p> <p>JH requested that the following be minuted - HAL have received a request from an airline and have not had a request from the airline community for this type of accommodation.</p> <p>AG queried as to whether existing facilities have caused operational issues. JH confirmed it had as this was frustrating check-in capacity.</p> <p>JS questioned if an airline requested a Premium Check-in areas whether it was discussed with the airline community. JA confirmed that the Terminal Operations team would discuss the allocation but was unsure as to whether the airline community was involved. JA to confirm with the Terminal Operations teams.</p> <p>JH commented that at present there was a large amount of change on-going with airlines relocation and questioned whether it would be preferential to have confirmation regarding allocation prior to discussing this. JA agreed that it was important to consider this as part of allocating check in and further reiterated that the Terminal Operations team would need to approve any Premium Check-in Area.</p> <p>JH, SL and AG raised again the issue of the short term nature and that documents would have to be specific to each terminal due to varying term lengths and each would have to be dealt with on a case by case basis and therefore by definition there wouldn't be a standard document as it would have to be tailored to suit the circumstances.</p> <p>Notice periods were discussed and SB suggested a mechanism for automatic renewal but with regard to the 17 hr condition precedent for Check In. JA advised that 4.2 covers appropriate options and notice periods however SB requested that this be made more specific.</p> <p>JA said he was happy to circulate an example template licence agreement.</p>	<p>JA – See point 1 in Appendix</p> <p>JA – See point 2 in Appendix</p>

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<p>5. CHARGING</p> <p>JA advised that airlines will be charged a fee for the footprint plus heating, maintenance and for other occupational costs. SL queried as to whether this was purely a revenue driven exercise. JA confirmed revenue generation was not Heathrow's main aim and explained that Heathrow were only looking to charge a fee for allocated space similar to that of any area of exclusive use by an airline.</p> <p>AG raised the following questions:</p> <ul style="list-style-type: none"> <li>• External branding - Should branding on a wall be classified as way finding rather than branding. SB raised whether the Branding Guidelines had been consulted on and in particular the charges? JA said he was not sure but understood that it had been shared with JH and Edwina Silo of the AOC. JH clarified that the discussion had been one about a "general approach" and nothing more with no reference to the detail of the proposal. AG expressed that the definition should be reviewed with a view for greater clarity pointing out that Branding could be considered as Wayfinding but also understood HAL's position regarding Advertising.</li> <li>• Licence Fee – JA stated that HAL's view was that the fee should be set at £50 psf. AG requested clarification on where £50psf was generated and stated that the rate proposed was greater than the rate for Offices at the rear of Check In as stated in the Rent Guide Prices for Terminals 3 &amp; 4 at £49.35 psf, which is provided a fully fitted out to an office specification and the cost of which was funded by HAL. AG also pointed out that HAL's ability to determine was limited in these cases with security of tenure and the right to suitable alternative accommodation or compensation.</li> </ul> <p>In response JA recommended that any queries regarding branding should be referred to the Heathrow Design team. SB questioned as to whether the branding guidelines document had been consulted upon. JA clarified that Property was not the owner of the Guidelines and they were not part of the consultation but would be happy to circulate the document and provide contact details for the Design Team.</p> <p>JA said he would be happy to provide details of how the proposed £50 psf licence fee was calculated.</p> <p>AG and JH questioned how heating and maintenance could be charged on a concourse area where a heating/ maintenance fee was already charged through airport charges and would this not lead to a direct profit for HAL? JA explained heating and maintenance charges are a contribution to the overall costs of running the terminal. The heating and maintenance charges are applied for the letting of space either a dedicated office or an area of space on the concourse. SL also raised that as the £50 psf is for a queuing facility already in Q6 it can only be additional income. JA advised that dedication gives rise to the charge.</p> <p>SL questioned as to whether Sky Team were paying this fee. JA responded that Sky Team was paying a fee but HAL would not discuss individual contract terms.</p> <p>The timescales contained within the proposal document in particular the 30<sup>th</sup> October 2013 being the deadline for submitting written submissions was raised by JH. JH requested the following be minuted - that as a result of the meeting that the</p>	<p>JA – See point 3 in Appendix</p> <p>JA – See point 4 in Appendix</p>

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<p>consultation had not been sufficiently covered and a further meeting was required. As a result the airline community would not proceed to written submissions at this stage and adhere to the timetable proposed and if HAL did proceed HAL would not be in the sequence of the consultation. JA confirmed he was happy to arrange a further meeting.</p> <p>AG queried what level of maintenance rates would be applicable to this type of accommodation given that there are 3 different rates. JA to confirm maintenance rents.</p> <p>LH requested clarity regarding clause 6. JA clarified that where there were currently no agreements or where the outcome of the consultation is required to determine charging, the charges would be applicable from when the Premium Check-in area was completed/operational. LH commented that this was not what was detailed within the document. JA confirmed that his earlier clarification was what was intended. Where there was an existing agreement the new proposal would run from the expiry of the existing agreement.</p>	<p>JA – See point 6 in appendix JA - See point 5 in appendix</p>
<p>6. CLOSE</p> <p>JA thanked those present for attending the consultation meeting and would confirm the date of the next meeting.</p>	<p>JA – See point 6 in appendix</p>

## Appendix – Post Meeting Notes

1. Terminal Operations teams confirmed that Premium Check-in areas were discussed with the airline community the level at which was dependable on a case by case basis according to level of impact of the Premium Check-in Area proposal.
2. Draft Licence circulated with minutes.
3. Branding document circulated with minutes. Contact for further queries regarding branding - Nigel Clarke ([nigel.clarke@heathrow.com](mailto:nigel.clarke@heathrow.com)).
4. The proposed licence fee is based on Terminal landside office rents less 25% (the office rates vary slightly by terminal) to reflect this is concourse and not a fitted office. Heathrow is proposing a consistent rate across the Airport.
5. Maintenance rate will be that of offices currently £5.99 psf (2013/2014 rates).
6. Next meeting will take place on Friday 11<sup>th</sup> October at 9am-10am in Johannesburg and Kuala Lumpur meeting room, Compass Centre.