

North East councils should sell their stake in Newcastle Airport

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SCATHING cuts to council services and jobs could be avoided if city leaders sell off their stake in Newcastle Airport, it was claimed today.

Conservative councillors have said the time has come for the North East's seven local authorities get out of the airport business and offload their shares.

The councils between them, including Northumberland and Newcastle, own a 51% stake in the airport, but have also had to spend £68m to help refinance its debts.

In exchange the authorities receive on average just £500,000 a year in dividends, as well as a say over bigger airport issues.

The councils' stake in the airport has come under greater scrutiny following a high-profile court case over the legal advice which allowed a controversial former airport chief executive to walk away with a multi-million pound bonus.

At the hearing, which the airport lost but is trying to appeal against, a judge made repeated references to the councils' lack of experience in running an airport.

Now Conservatives in Sunderland have said enough is enough and called for a sale.

These calls follow on from North Tyneside elected Tory mayor Linda Arkley, who has already refused to have any part in the airport refinancing.

Conservative group leader Robert Oliver said: "In 2007, Leeds-Bradford Airport was sold to Bridgepoint, a private operator, for £145m but the Yorkshire councils retained a special share in the airport, to protect its name and continued operation as an air transport gateway for the Yorkshire region.

"Likewise, Newcastle Airport should be run by real executives, expert in the airport sector, not secretive councillors who have little knowledge of the industry and who do not report back to their respective councils.

"Additionally, there are grave concerns about the wisdom of borrowing large amounts of money which could ultimately come back to the taxpayer to support the airport at a time when local authorities are facing financial challenges.

"North Tyneside has already declined to be part of the refinancing, as it does not believe it is a local priority and now other local authorities in the North East should follow. A sale of the local authority shares could also net councils a huge windfall at a time when they are under financial pressure as well as freeing up borrowing for more local projects such as city centre regeneration."

A spokesman from South Tyneside Council, which leads the seven councils dealings over the airport, said the partnership of civic leaders continued to underpin a strong business. He added: "We have recently overseen a successful refinancing process that has enabled us to significantly reduce the level of external debt in the business, which has also reduced interest payments.

"As part of the process, six of the local authorities (South Tyneside, Newcastle, Sunderland, Gateshead, Northumberland and Durham) have made a loan to the airport. The loan is repayable."