



STRATEGIC AVIATION SPECIAL INTEREST GROUP
of the Local Government Association

Consultation on the appraisal
process for start-up aid for
airports with less than 3mppa

10 December 2014

SASIG RESPONSE

Consultation on the appraisal process for start-up aid for airports with less than 3mppa

Introduction

- 1 The Strategic Aviation Special Interest Group of the Local Government Association (SASIG) represents its Local Authority membership across the country with an interest in strategic aviation issues (see www.sasig.org.uk/links-external for more details). These Authorities comprise a population of around 11 million people, more than a fifth of the population of England.
- 2 SASIG represents the coordinated voice for Local Authorities on national aviation issues. SASIG's mission is to ensure that UK aviation policy is implemented in a manner that reconciles economic, social and environmental issues.
- 3 We welcome this opportunity to contribute to the Departments appraisal process for start-up aid for airports with less than 3mppa, and trust that these comments will be taken on board in consideration of the final 'Appraisal Framework' the Department will issue subsequently.
- 4 SASIG believes that the consultation paper is a practical attempt to introduce definable criteria for bids for financial support for new services. Our overarching comment on the draft 'Framework' is that the overall concept of developing routes from locations not well served by public surface transport seems sensible. However it is SASIG's belief that the social, economic and environmental impact at both ends of the route need to be fully assessed as there may be occasions when the development and retention of a regional service drives the need for more facilities at the destination end of the journey, e.g. new infrastructure.

SASIG response to the consultation questions

Question 1. *Do you believe that a consortium of an airport and airline is the most suitable model, and should devolved or regional bodies be involved?*

- 5 The airport and airline are both businesses, and the operators are therefore quite right to want to run their business as well as possible according to their business needs - however there are understandable limits as to how far operators therefore exercise a social responsibility when implementing any kind of development.
- 6 SASIG welcomes the Department's recognition therefore that consortia should involve 'where suitable, devolved or regional' bodies. We would go further than this however and strongly urge the Department to ensure that it is a requirement of any consortium to involve appropriate local accountable bodies.
- 7 These bodies can be a window into the airport operator providing the appropriate support is given. The Department should not misunderstand that 'window' however to be necessarily constituting greater involvement, influence or acceptance. It is for this reason that the role of local accountable bodies needs to be made firmer.

- 8 It is the experience of some of our membership that good relationships built up over recent years can be lost virtually overnight where airport operating companies fail to work appropriately with the local authorities in which they sit.
- 9 It is local authorities that have to consider the impacts of any development implemented by airport and airline operators (such as new routes or infrastructure) and the wider impacts to the communities which they oversee. This is why SASIG believes that it is vital that local authorities be involved in any assessment and decision making process from the outset.

Question 5. *Do you agree a ten year appraisal period is suitable, if not how long would you propose?*

- 10 SASIG feels that it is sensible to start with a commercial assessment as to whether any development will be commercially viable in three years and will last for 10. However SASIG are unsure as to whether there are potential services with the 10 year life required by the framework that only need support for three years to get underway. We caution that carriers who start new routes may have financial incentives to abandon them after three years, for more commercially viable routes, especially if this means already having secured take-off and landing slots into major urban centres.

Question 6. *Do you agree with the scoring system for assessing frequency, if not what changes would you like to see?*

- 11 The consultation states that 'where possible benefits should be monetised in line with WebTAG and will amongst others consist of journey time savings and journey costs savings'. It is our understanding that benefits in journey time etc. can be assessed using WebTag - we are unclear as to why additional employment is not included here rather than as an extra criterion.
- 12 It is not clear how, once the criteria are scored, the scores will be used. We are assuming that there will be a number of qualifying bids meeting the commercial and socio-economic assessments. Therefore deciding which will be supported will depend on how well they score. However we are unsure whether successful bidders will be decided on a pass mark basis or whether the Department will fund as many routes as it finds pass their appraisal down to a certain score? We believe that this should be made clearer.

Question 13. *Are there any other criteria you believe should be included as part of the appraisal process?*

- 13 SASIG welcomes the appraisal presented by the Department. In particular that among its aims are that any new route development should create economic benefits for a region by improving the connectivity between UK regions and their domestic and European counterparts. SASIG agrees with this and supports it. Among SASIG's stated policy aims are:
- To give the people of the UK the social and business opportunities to travel from their nearest airport where feasible.
 - To capture, not stifle, the social and economic benefits of aviation using robust and objective evidence.
 - To direct aviation growth to locations where it will assist sustainable economic regeneration.
- 14 SASIG agrees that it is also important that any framework used for comparing the economic, social and environmental effects of any development of airports and routes is applied consistently, particularly with regard to technical measurement of impacts such as noise and air quality. However in order to be able to support this we would like to have seen a worked example of how comprehensive the suggested cost-benefit analysis would be within the consultation document.
- 15 We accept that in a large number of cases routes accepted for support under this framework will be equal to one or two extra flights per day, and are therefore likely to have limited disbenefits. However one of SASIG's key aims is to promote the message that any assessment of aviation impacts should be a full and comprehensive social cost-benefit analysis.
- 16 SASIG have previously suggested a comprehensive set of criteria which could be used as a starting point for assessing the impacts of aviation. We commend the application of these - for existing and new development. These criteria are supplied in Appendix 1 below.
- 17 We believe that the Department's stated key elements to the appraisal - the Cost Benefit Analysis (CBA) and Strategic Analysis do not go far enough. Also among SASIG's stated policy aims are:
- To minimise adverse impacts - social, economic and environmental - by protecting people and non-transferable habitats.
 - To offer the aviation industry tough but realistic parameters based upon associated impacts around which to secure growth.

- 18 SASIG believes that in order to capture the economic benefits of aviation it is vital to consider the role of airports in local economies, not just the national economy. Any socio-economic evaluation and assessment of aviation developments needs to reflect the complex relationship between developments and the potential gains in terms of job creation, business attraction and regeneration in each locality. SASIG further believes that the local or regional body should have a role in assessing the socio-economic evaluation. Aviation developments do not automatically lead to the projected gains being delivered.
- 19 Airport activities have a profound effect over a far wider geographic area than has historically been recognised, for example, noise impacts, land-use implications, impacts on surface access operations, and exacerbation of poor air quality. It should also be recognised that those affected by airport operations are not solely consumers of the service, but are the people on the ground too.
- 20 Even an increase in a comparatively small number of flights can adversely affect the environment of residents local to small airports. An increase in flights can mean an increase in people being overflown, and an increase in the frequency. An appropriate policy threshold has yet to be derived for accurately representing the population negatively affected by aviation noise for example. Progress must continue in this respect such that local residents negatively affected by aviation in any way are appropriately protected.
- 21 It is also important for the surface access implications of any additional development to be fully considered in terms of the impact of additional capacity on the road and rail networks in a local area. This should include the impact on both regional and local links.
- 22 In sum SASIG believe that any assessment of the impact of aviation (however small) must be predicated on an improved socio-economic assessment such that a comprehensive, agreed methodology for calculating the economic value of connectivity - in its full context, yields robust output for capturing the assessed economic gain.

Impacts at both ends of the journey

- 23 The extent of the framework seems appropriate. But consideration needs to be given to the impacts at both ends of the journey as some aspects that may be of benefit or not harmful at the originating end may be damaging at the destination end of the route. For example journey's into London where capacity is already constrained, or other major urban centres which will increase environmental impacts. Further development of routes may place pressure in already pressurised areas.
- 24 It would be up to the regional body to make the economic case for the importance of the service to the economic development of the region. The regional development benefits would then be considered along with costs to the national economy, in particular the passenger benefit foregone by using the slots for the regional service rather than an alternative use, coupled with other impacts.



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- 25 **Question 14.** *Are there any other issues you would like to raise in response to the appraisal process?*
- 26 Finally, while we are sure that the Department is aware of this - especially given that this consultation results from EC aviation State aid guidelines for airports and airlines - we would like to remind the Department that any new routes generated need to be done so in accordance with EU Regulation 2408/92. This means that the assessment of the adequacy of a scheduled air service shall have regard to the public interest; the possibility of having recourse to other forms of transport and the ability of such forms to meet the transport needs under consideration; the air fares and conditions which can be quoted to users and the combined effect of all carriers operating or intending to operate on the route.

Appendix 1 - Targets and measurements for a fuller assessment of the impacts of aviation

<p>CRITERION</p> <ul style="list-style-type: none"> • Economic factors
<p>TARGETS/MEASUREMENTS</p>
<p>Impacts on the UK economy through the provision of <i>domestic and</i> international connectivity, both in terms of flights and surface access connections/provision.</p>
<p>Impacts on the local economy through the direct effects of airports:</p> <ul style="list-style-type: none"> ➤ Capacity for recipient area to accommodate incoming passengers and freight. ➤ Capacity for local area to accommodate ancillary and attracted activities (off-airport, and on-airport), e.g. availability (existing and future) of suitable land and buildings (all uses). <ul style="list-style-type: none"> ➤ Connectivity in the form of surface access associated with airports. ➤ Provision of high quality surface access journeys for non-airport related travel. ➤ Integration of non-airport related and airport-related surface journeys, recognising the opportunity for airports' role as integrated transport hubs, and addressing the transport needs of all sectors across a mixed economy. ➤ Extent of connections to nearby economic centres. ➤ Compulsory purchase of properties. ➤ Net labour market effects, clearly differentiated into jobs that are essential for safe provision of aviation operations, and those that are ancillary to this core purpose; in the context of local provision. ➤ Business relocations – those negatively impacted by loss or non-development of existing airport(s), as well as attraction of businesses moving in to an area. ➤ Opportunity costs of sterilised land, i.e. reduced or zero development potential, compulsory safeguarding of land for future airport development.
<p>The export of economic value in terms of the tourism deficit.</p>
<p>Please also see comments below related to 'Deliverability'.</p>
<p>Consumer impacts:</p> <ul style="list-style-type: none"> ➤ Flight options provided from passengers' local airport(s). ➤ Service quality at each airport. ➤ Application of fiscal measures appropriate for the consumer to cover the impact costs of their activity (internalising external costs, & 'polluter pays principle').

<p>CRITERION</p> <ul style="list-style-type: none"> • Social factors
<p>TARGETS/MEASUREMENTS</p> <p>Social & community impacts:</p> <ul style="list-style-type: none"> ➤ Opportunity to travel for leisure, business and visiting family/friends. <ul style="list-style-type: none"> ➤ Net labour market effects, clearly differentiated into jobs that are essential for safe provision of aviation operations, and those that are ancillary to this core purpose; in the context of local provision. ➤ Management of blight associated with planning proposals. ➤ Provision of mitigation and compensation schemes relating to noise burden (sleep deprivation, health impacts, etc.), poor air quality, and loss of property value. ➤ Loss of homes & business premises through compulsory purchase. ➤ Additional urbanisation and infrastructure pressures – housing; social provision – health, education, leisure; transport; water; energy; communications. <p>Noise burden, in terms of population affected, land area & land type:</p> <ul style="list-style-type: none"> ➤ Use of appropriate metrics to accurately represent the noise-impacted population. ➤ Consistent application of metrics in order to make comparisons. ➤ Activity set so as to not breach acceptable thresholds of noise impact. ➤ Tranquillity preserved, and enhanced where possible.

<p>CRITERION</p> <ul style="list-style-type: none"> • Climate change impacts
<p>TARGETS/MEASUREMENTS</p> <ul style="list-style-type: none"> ➤ Compatibility with UK domestic climate change targets, addressing all UK economic sectors. ➤ Compatibility with European and international climate change targets. <p>Inclusion of aviation's non-CO₂ emissions impacts in accordance with latest scientific analysis. NB This will require the Government to invest urgently in such research in order to inform policy measures.</p> <p>Calculation and achievement of carbon emission reductions that can be delivered through projects to reduce the need to travel (e.g. superfast broadband, videoconferencing) and investment in cleaner modes of travel.</p> <p>Minimisation of climate change impacts related to changes in airspace design and usage.</p> <p>Market price of emissions embedded in energy consumption/fuel usage.</p>

<p>CRITERION</p> <ul style="list-style-type: none"> • Local environmental impacts
<p>TARGETS/MEASUREMENTS</p>
<p>Noise burden, in terms of population affected and land area covered:</p> <ul style="list-style-type: none"> ➤ Using appropriate metrics to accurately represent the noise-impacted population. ➤ Applying metrics consistently in order to make comparisons. ➤ Activity set so as to not breach acceptable thresholds of noise impact. ➤ Inclusion in health impact assessment.
<p>Air quality:</p> <ul style="list-style-type: none"> ➤ Safe and healthy air quality limits not breached, e.g. compliance with EU limits for local air quality. ➤ Inclusion in health impact assessment.
<p>Other local environmental impacts:</p> <ul style="list-style-type: none"> ➤ Land take. ➤ Property take. ➤ Heritage – impacts on land & buildings. ➤ Ecology - impacts on habitat, water & nature.

<p>CRITERION</p> <ul style="list-style-type: none"> • Accessibility
<p>TARGETS/MEASUREMENTS</p>
<p>Impacts on access to aviation connectivity. See comments above in 'Economic factors' section relating to impacts on the local economy through the direct effects of airports.</p>
<p>Surface transport integration and associated infrastructure development. See comments above in 'Economic factors' section relating to impacts on the local economy through the direct effects of airports.</p>
<p>Relationship with existing, and known future, surface access options (e.g. new high-speed rail provision).</p>
<p>Consideration of and provision for (i) existing trips to be made by another mode - 'substitution', and (ii) additional surface trips - 'complementarity'.</p>

<p>CRITERION</p> <ul style="list-style-type: none"> • Feasibility considerations
<p>TARGETS/MEASUREMENTS</p>
<p>Affordability & financeability:</p> <ul style="list-style-type: none"> ➤ mix of private and public funding, agreement being reached through appropriate channels to approve spend from the public purse.
<p>Deliverability:</p> <ul style="list-style-type: none"> ➤ High quality public engagement programme, undertaken by scheme proposer/developer in conjunction with interested stakeholders. ➤ Blight management programme, undertaken by scheme proposer/developer in conjunction with interested stakeholders, recognising that blight impacts take effect at a very early stage in the discussion of proposals. ➤ Package of mitigation and compensation measures, agreed as part of planning approval and in place in advance of negative impacts being experienced. ➤ Changes to existing airport operations that have a negative impact on communities to be preceded by development and provision of acceptable compensation arrangements. ➤ Compatibility with planning policy & guidance.
<p>Operational feasibility & safety:</p> <ul style="list-style-type: none"> ➤ Application of Public Safety Zone (PSZ) policy. ➤ Extent of peak hour operations – indication of safe maximum operational capacity.
<p>Infrastructure provision and capacity on-airport:</p> <ul style="list-style-type: none"> ➤ number & capacity (passenger numbers and air transport movements) of runways; ➤ number & capacity (passenger numbers) of terminals; ➤ hours of operation; ➤ net labour market effects – clearly differentiated into jobs that are essential for safe provision of aviation operations, and those that are ancillary to this core purpose; in the context of local provision; ➤ water risk (runoff; flood protection; groundwater); and ➤ construction costs.
<p>Infrastructure provision and capacity off-airport, both for aviation-related and non-aviation related activities, supporting all sectors of the economy, covering:</p> <ul style="list-style-type: none"> ➤ surface access by all relevant modes; ➤ employment – clearly differentiated into direct & indirect jobs lost and gained; ➤ land take; ➤ property take; ➤ local air quality impacts;



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<ul style="list-style-type: none">➤ heritage - impacts on land & buildings; and➤ ecology - impacts on habitat, water & nature. <i>.....continues.....</i>
Adaptability to future demand.
Facilitating and blocking effects of fifth freedom rights & bilateral agreements.
Airspace implications, reflecting timescale required for designing and implementing revised airspace usage and recognition that maximising the efficiency and/or capacity of airspace can result in a commensurate increase in aviation's total carbon emissions.