



STRATEGIC AVIATION SPECIAL INTEREST GROUP
of the Local Government Association

ITEM 3: NATIONAL AVIATION POLICY UPDATE

Recommendation

That the group take active involvement in the preparation of and consultation on the Government's review of national aviation policy over the course of 2011, 2012 and 2013, supporting the SASIG office team in making sure that a Local Authority perspective is taken on board.

Glossary

AOA – Airport Operators Association

APD – Air Passenger Duty

ATM – air transport movement

ATWP – 2003 Air Transport White Paper

CAA – Civil Aviation Authority

CC – Competition Commission

CCC – Climate Change Committee

CO₂ – carbon dioxide

CSR – Comprehensive Spending Review

Defra - Department for Environment, Food & Rural Affairs

DfT – Department for Transport

ERDF – European Regional Development Fund

FAS – Future Airspace Strategy

GIP Ltd – Global Infrastructure Partnership Ltd

HSR – high-speed rail

ICAO – International Civil Aviation Organisation

IPC – Infrastructure Planning Commission

LEP – Local Enterprise Partnership

MAG – Manchester Airports Group

MIPU – Major Infrastructure Planning Unit

MoD – Ministry of Defence

NAP – Noise Action Plan

NATS Plc – air traffic management company

NATMAC – National Air Traffic Management Advisory Committee

NIP – National Infrastructure Plan.

NPS – National Policy Statement

RDA – Regional Development Agency

RGF – Regional Growth Fund

RSS – Regional Spatial Strategy

PPD – Per-Plane Duty

TCN – Terminal Control North

TfL - Transport for London

UNFCCC – United Nations Framework Convention on Climate Change

Summary

- 1 This report details the key aviation policies and proposals supported by the coalition Government, and summarises key national aviation developments:
 - the **Government has drawn a line under their decision to cancel the proposed third runway at Heathrow, as well as further runways at Gatwick or Stansted**. Discussions are to now be moved forward by the Government onto other issues despite the reaction of the industry and wider business community (pg 25);
 - the Government is focussing on '**better not bigger**' airports with the aim of modernising and improving major airports across the UK. The Secretary of State for Transport, Philip Hammond has set up a **South-East Airports Task Force**, Chaired by Aviation Minister, Theresa Villiers, to make the most of existing airport infrastructure at Heathrow, Gatwick and Stansted (pg 25);
 - the **Civil Aviation Authority (CAA) is to receive a new primary duty** to promote the interests of passengers and encourage investment as well as powers to tackle anti-competitive behaviour, to be set out in forthcoming legislation in the **Airports Economic Regulation Bill** (pg 25);
 - the **Government has committed to review national aviation policy** over the course of 2011-2013, which will address the industry's current

situation and look ahead to potential technological changes that will affect the industry's future environmental impacts (pg 26);

- the Government's recently released **National Infrastructure Plan (NIP)** reiterated the point that the Government wants to achieve economic growth through making best use of existing airport capacity to help improve the passenger experience, along with reforming the economic regulatory regime for airports (pg 27);
- a revised timetable for production of the remaining National Policy Statements (NPS), in which the **Airports National Policy Statement** is not seen as a priority (pg 28);
- the commitment to **developing a high-speed rail (HSR) network** from London to Birmingham and later to Manchester and Leeds. Legislation will be brought forward during this Parliament to allow this project to proceed, with the aim of reducing the number of domestic flights (pg 28);
- work on **an assessment of the abatement potential and cost-effectiveness of incentives to decarbonise air travel**, such as the planned change in taxation from **Air Passenger Duty (APD) to Per-Plane Duty (PPD)** (pg 29);
- the development of a new **regulatory system for aviation security** (pg 31);
- there is to be an **overhaul of charges at Heathrow Airport**. The airport operator plans to penalise carriers flying older aircraft and low load factors. The move by BAA Ltd is due to be implemented in April 2011 (pg 31);
- **the Civil Aviation Authority (CAA) has published their draft 'Future Airspace Strategy' (FAS) for consultation (1 November 2010 – 7 February 2011)**, on which a presentation will be given at the SASIG meeting by the CAA. This strategy will inform development of new technology and its introduction into the UK's air traffic management system over the period to 2030 (pg 31);
- air traffic provider **NATS has announced that it does not plan to take proposals forward or consult further on the review of Terminal Control North (TCN) airspace**. The TCN proposals will now be incorporated into a wider review of airspace over much of Southern England (pg 33);
- Transport for London (TfL) is currently considering a proposal for a **new airport on the Hoo Peninsula** near Gravesend in a bid to find ways of meeting increased demand across London (pg 33);
- there was no mention of **Airtrack** in the Comprehensive Spending Review (CSR) as part of its investment in infrastructure plan, meaning that public subsidies for the project are still in doubt. A public inquiry into the scheme was initially anticipated to take place in early 2010, however,

additional detailed work and funding for the scheme has resulted in the expectation that the inquiry will now not take place until 2011 (pg 34);

- there have been no further developments on Airport **Noise Action Plans (NAPs)** with those submitted still being considered by the Department for Transport (DfT) and the Department for Environment, Food & Rural Affairs (Defra) (pg 35)
 - the **Court of Appeal has overturned a judgement of apparent bias**, and reinstated the original decision that BAA Ltd must sell two other UK airports. BAA is now to appeal to the Supreme Court against this judgement (pg);
 - the **Airports Economic Regulation Bill**, referred to in the Queen' s Speech in May 2010, will be introduced once time is found on the Parliamentary timetable (pg 35);
 - the **Local Growth White Paper** has now been published, and details the Government's new approach to rebalance the economy and drive sustainable growth by increasing confidence to invest, securing focused investment and shifting power to local communities (pg 36);
 - the **Localism Bill** aimed at devolving greater power to Local Authorities and local communities is to be published in November 2010 (pg 36); and
 - the **International Civil Aviation Organisation (ICAO) has agreed an aspirational goal** of capping carbon emissions from aviation from 2020 (pg 37).
- 2 Notes from the Department for Transport's Aviation External Advisory Group (EAG) meeting held on 11 November 2010 are at **Annex C (pg.45)** with relevant items included in the body of the report.

UK aviation update

Growth and the aviation industry

- 3 In a recent speech by the Secretary of State for Transport, Philip Hammond to the Airport Operators Association (AOA), it was made clear that the Government sees the aviation industry as integral to securing future economic growth. Growth needs to remain sustainable and the Government will be working with the industry to address the challenges of climate change so that the sector can play its part in securing sustainable economic growth.

No major airport developments in the South-East

- 4 The Government has closed a chapter in the aviation debate as it has firmly opposed plans for a third runway at Heathrow along with new runways at Gatwick or Stansted drawing a line under the decision that it has taken. Furthermore, the Government has clearly stated their opposition to expanding airports in the South-East but has not ruled out expanding regional airports.
- 5 The decision to halt additional runways at major airports in the South-East was due to the local environmental impacts, particularly noise, that the developments would have on the local communities and the Government's commitment to meet existing CO₂ targets.
- 6 The Secretary of State has announced that there will be a movement away from a "predict and provide" approach to aviation capacity, which was the approach taken by the previous Government, and that there will be a greater focus on resolving climate change issues within the industry.
- 7 There has, however, been no mention of what the Government plans to replace this approach with and we are consequently left in a policy vacuum. The Government's commitment to review aviation policy is central to addressing this void, however, as discussed below, that review is to take place over the next two and a half years, leaving considerable confusion and omission in the meantime.

'Better not bigger' airports

- 8 Following the decision made not to add runways to major airports in the South-East, the Government has now adopted the aim of making airports 'better not bigger'. The Government wants to ensure that airports become more of a positive experience for passengers through modernisation and increased efficiency.
- 9 The Government intends to provide the Civil Aviation Authority (CAA) with a new primary duty to promote the interests of passengers, encourage investment and provide greater powers to tackle anti-competitive behaviour, to be legislated for via the Airports Economic Regulation Bill due during this Parliamentary session.
- 10 The Secretary of State for Transport has set up the South-East Airports Task Force, to make the best use of existing airport capacity and help improve the passenger experience. The group, which is Chaired by Aviation Minister, Theresa Villiers, will initially focus on the three major airports in the South-East - Heathrow, Gatwick and Stansted. The Task Force membership and terms of reference are at **Annex A (pg 41)**.
- 11 The first Task Force meeting took place on 14 July 2010. From the Minutes taken it was established that the main role of the Task Force is to deliver shorter-term, practical solutions to improving conditions at the airports, and to complement the longer-term benefits that would result from the Government's proposals for reforming the economic regulation of airports.

- 12 A work programme of the following issues has been noted: security, border control, scheduling/slots/resilience, and efficient use of runways and airspace. It was noted that members of the group should think about how they would engage with the wider airport community ahead of the next meeting before the end of 2010.
- 13 With discussions of the efficient use of scheduling, slots, runways and airspace on the agenda for the South-East Airports Task Force, SASIG will be bringing to the Minister's attention the fact that changes in these areas will do more than simply improve the passenger experience, as they are likely to translate into increased air transport movements across these three airports, and this increase in capacity must be recognised and accounted for.
- 14 SASIG wrote to the Secretary of State for Transport, Philip Hammond, offering SASIG's services to the South-East Airports Task Force, highlighting the need for a wider remit and Local Authority representation within the group, as well as the need for a Regional Airports Task Force. No reply has yet been received. SASIG is writing again to the Secretary of State, and the Aviation Minister, Theresa Villiers, stating that the South-East Airports Task Force is an inadequate vehicle for all the issues requiring attention, such as addressing the policy vacuum, considering the national network of airports and not focussing solely on three airports in the South-East, and applying the localism agenda to improve conditions for communities around airports.

Development of an aviation policy framework

- 15 The Government has committed to produce a new policy framework for aviation. The Secretary of State announced in a speech to the Airport Operators Association (AOA) that he recognises the need for a policy framework that "supports economic growth and protects Heathrow's status as a global hub airport but also addresses aviation's environmental impacts". The policy will take on board not only the current situation in the aviation industry but will also look ahead to potential technological changes that could reduce the industry's environmental impacts.
- 16 This policy is to be developed over the course of 2011 and 2012, with the final output available in 2013.
- 17 The Government has called for input on the questions that interested parties expect the scoping document to ask. SASIG shall be contributing to this, and use of the facility 'Communities of Practice'¹ is being considered for this purpose. The Government has also indicated that engagement events will be held. It is proposed that SASIG should invite the Department and the Aviation Minister to the group's first meeting in 2011 for such a purpose.

¹ 'Communities of Practice' is an online facility provided by the Local Government Group, designed to facilitate Local Authorities' discussion of issues of shared interest in a free, user-friendly and thorough manner.

- 18 As detailed at the recent Aviation External Advisory Group (EAG) meeting, the scoping document is programmed for publication in March 2011, to be followed by formal consultation in March 2012, with the final document being published in March 2013.
- 19 Since the 2003 Air Transport White Paper (ATWP) was published, SASIG has been calling for a complete review of national aviation policy due to the deficiencies in the ATWP. This commitment from the Secretary of State to review that policy indicates the Government's interest in looking again at how the provision of aviation services can be improved, and it is SASIG's recommendation that the group take active involvement in the preparation of and consultation on the Government's national aviation policy review.
- 20 SASIG advocates that any new aviation policy framework must provide for greater accountability of the sector in relation to the impacts of its activity i.e. reductions in noise impacts, air pollution levels and climate change emissions, along with better integration of the associated infrastructure – surface access, land use, etc..
- 21 In addition to this any policy would have to take into consideration and protect the quality of life for local communities and not be based solely on the needs of passengers.
- 22 A more holistic approach to economic evaluation also needs to be developed and applied, to take better account of the breadth and depth of community impacts.

National Infrastructure Plan (NIP)

- 23 The Government released a National Infrastructure Plan on 25 October 2010. The plan reiterated the point that the Government wants to achieve economic growth through making best use of existing airport capacity to help improve the passenger experience and reforming the economic regulatory regime for airports. Improving the passenger experience may well result in increased capacity across airports and this point is being raised by SASIG with the Secretary of State as it needs to be recognised and accounted for by the Government.
- 24 The National Infrastructure Plan deals mainly with publicly-funded infrastructure, resulting in there being only a general reference to aviation. However, the plan does detail the Government's commitment to the construction of Crossrail and significant rail enhancements including station upgrades. Network Rail is to receive £14 billion of funding to support maintenance and investment, including major improvements to the East Coast Mainline, station upgrades at Birmingham New Street and network improvements in Yorkshire around Manchester and the Barry to Cardiff corridor.
- 25 The Government's overarching goal for the transport sector is to: develop transport infrastructure and make best use of current assets, make a greater contribution to carbon reduction through the decarbonisation of transport and improved public transport, as well as promoting greater localism in the sector. These are obviously areas that the Government must work closely with Local Authorities on.

Airports National Policy Statement (NPS)

- 26 The recently released National Infrastructure Plan indicates that the Government is aiming to publish an updated timetable by the end of 2010 for the publication of National Policy Statements (NPS) for the remaining major infrastructure sectors. There are currently five unpublished NPSs: airports, national networks (i.e. roads and railways), waste water, hazardous waste, and water supply. The Airports NPS was previously expected to be published in draft during 2011, for designation in late 2011, however, the Government does not regard this NPS as a priority as there are no aviation developments on the horizon of the scale that would fall under the remit of an NPS.

Investment in rail

- 27 It was announced in the Comprehensive Spending Review (CSR) that funding would be made available for Crossrail's continued development as well as electrification of parts of the rail network in Northern England and Wales.
- 28 The CSR detailed the Government's re-established commitment to investing in a high-speed (HSR) rail network. The network will run from London to Birmingham and then later to Manchester and Leeds. Legislation is to be brought forward during this Parliamentary term that will allow the project to proceed. Philip Hammond has noted that a high-speed rail (HSR) network could lead to reductions in the number of domestic, and short-haul European flights taken, leading to an increase in capacity at airports.
- 29 HS2 Ltd² was asked to report in June 2010 on the comparative case for serving Manchester and Leeds either through a 'reverse S-' or 'Y-shaped' rail network. The Secretary of State for Transport, after viewing this report, made it clear that the Government will progress with a 'Y-shaped' network due to the greater benefits of released capacity despite increased infrastructure cost.
- 30 Philip Hammond has ruled out Old Oak Common as the site for connection between the new high-speed rail line and Heathrow. In a speech to the Conservative Party Conference 2010 he stated that any high-speed rail network to be developed must link directly to both Heathrow Airport and the Channel tunnel.
- 31 HS2 Ltd is to continue planning work on a spur that would link Heathrow Airport with the main high-speed rail line. Planning considerations are also taking place on a route from the West Midlands to Manchester, and between the West Midlands and Leeds. A report from HS2 Ltd detailing a recommended route and the viability of a Heathrow spur is expected in 2011 with plans for a public consultation on the London to Birmingham route to take place in early 2011.

² HS2 Ltd – High Speed Two Limited (HS2 Ltd) is the company set up by the Government to consider the case for new high-speed rail services between London and Scotland. The company was created in January 2009.

- 32 The Transport Select Committee has also now called on HS2 Ltd to give oral evidence as part of its 'Transport and the Economy' inquiry, either in late November or early December 2010. The inquiry will focus on the economic case for a new high-speed rail line, as an example of a long-term transport investment project. The Committee will then consider whether or not to undertake further work on the proposal after hearing this evidence.
- 33 SASIG is writing to the Secretary of State for Transport setting out the need for improvements to the existing surface access associated with airports, in order to support an integrated network, relieve local congestion, and improve local air quality around airports.

Decarbonisation incentives for aviation

- 34 The Government wants to work with the aviation industry to deliver reductions in carbon emissions whilst continuing to deliver social and economic benefits. The Climate Change Committee (CCC) has provided advice to the Government on an appropriate level of growth for the aviation sector taking into account achievable technological and operational improvements. The 60% growth to 2020 advised by the CCC requires all other UK sectors to reduce their carbon emissions by 90% to support this growth in the aviation sector.
- 35 The Department for Transport (DfT) advised at the Aviation External Advisory Group (EAG) meeting of 11 November 2010 that it has commenced a study to fully assess the abatement potential and cost-effectiveness of a range of different policy measures. As part of this, the Government is looking at ways of encouraging the industry to invest in low-carbon technologies and fuels. This study will inform the Government's response, which is not expected before July 2011, to the CCC's advice.
- 36 it is expected that the Government will develop on the July 2009 report they produced - 'Aviation Carbon Reduction Futures', which refers to UK domestic aviation in the timeframe 2007 to 2050.
- 37 There is a focus on the technical feasibility of abatement options for the UK aviation sector, taking account of current operational practices and business models. However, actual uptake of abatement practices and the rate of technological development are difficult to predict over such a long time period, as they are dependent on a wide range of factors with a wide degree of uncertainty.
- 38 The report develops projections of baseline emissions for UK domestic flights through engaging with stakeholders and building up an understanding of UK aviation activity, flight numbers and distances, fleet composition and fuel use. The study also uses DfT forecasts that assume fuel efficiency improvements of 1.3% per annum up to 2030 and 0.8% per annum from 2030 to 2050. These efficiency improvements are however based on future levels of fuel prices that are also subject to a large degree of uncertainty.

- 39 The study concludes that the most effective intervention measures in the short-to medium-term appear to be those associated with: increased occupancy and consolidation of flights, reduced take-off weight, matching aircraft to routes, adopting better maintenance technologies, and by 2020 introducing wide-scale air traffic management improvements that reduce journey distances. The implementation of these measures is subject to the ability and willingness of airlines to make such operational changes.
- 40 Throughout the report, emissions produced from surface access associated with airports have been omitted, and the report fails to take on board the impact that increased demand for aviation has on other forms of transport, and thus those emissions too.
- 41 It remains to be seen which options the DfT intends to utilise in order to get the industry to invest in low-carbon technologies and fuels. It is hoped that any plan adopted by the Government would address increased aviation and surface access emissions, thus taking a more integrated approach to transport emissions.
- 42 There needs to be a clear movement away from the setting of aspirational targets towards actual limits being set for the aviation industry to meet. If the Government is to achieve its national climate change target, requiring action from all sectors not expecting some sectors to make greater reductions in support of smaller or no reductions in other sectors, then there also needs to be a shift in societal behaviour towards aviation, and consideration of demand management measures.
- 43 Professor Julia King of the Climate Change Committee has stated that to cut emissions significantly, radical technological programmes will be needed through international collaborations particularly between Europe and the US.

Air Passenger Duty (APD) to a Per-Plane Duty (PPD)

- 44 As part of reforming the framework for economic regulation of aviation, the Government has made a commitment to reform the taxation of air travel by switching from Air Passenger Duty (APD) to a Per-Plane Duty (PPD). A proportion of any increased revenues over time through a switch to PPD will be used by the Government to help fund further increases in the Income Tax Personal Allowance. Since the release of the Government's Manifesto no further information on the possible review of this duty, nor a timeframe for consultation, have been provided. The Department for Transport did, however, indicate at their November 2010 Aviation External Advisory Group (EAG) meeting that they have supplied their APD-PPD analysis to the Treasury, who are leading this work. The Treasury's Business Plan indicates that they will provide further output by March 2011.
- 45 On 1 November 2010, the previously announced rise in APD came into effect.

Developing a new regulatory system for aviation security

- 46 The Government has revealed plans to develop a new regulatory system for aviation security. It is to be a system that concentrates on setting the security outcomes needing to be achieved, and which frees up operators to devise the security processes needed to deliver these outcomes in line with EU requirements. At the November 2010 Aviation External Advisory Group (EAG) meeting, the Department clarified that the body currently handling transport security – 'Transec' – will be wound up in 6 months' time, with the aviation industry taking on the costs of their security and compliance costs.

Heathrow Airport operator to introduce new airline charges

- 47 Heathrow Airport operator, BAA Ltd, is to overhaul its airline charges to penalise carriers flying older aircraft with empty seats in an effort to attract more business from its European competitors. BAA Ltd will put up the minimum departure fee airlines pay from £220 to £1,000. It will also raise its airline charges for passengers flying between UK cities from about £13 to £20, but reduce fees by 25% for passengers who arrive on one aircraft and leave on another within 24 hours. A fee will also be brought in for airlines' transit passengers who arrive and leave on the same aircraft.
- 48 Landing charge calculations will change so that the proportion based on nitrogen oxide emissions will rise from 10% to 15%. Airlines flying quieter aircraft will also get further discounts.
- 49 The move by BAA Ltd to review the charges has been under discussion with airlines since January 2010 and is due to be implemented in April 2011. The operator has stated that the new charges will not change the revenue it gets from Heathrow airline levies, which is now about £1.04 billion, but will redistribute the amount received from each airline. These levies make up about half of Heathrow's total revenues, the rest coming from retail, parking, rail and property sources.

Civil Aviation Authority's (CAA) draft 'Future Airspace Strategy' (FAS)

- 50 The Civil Aviation Authority (CAA) has published its draft 'Future Airspace Strategy' (FAS) for consultation (1 November 2010 – 7 February 2011). **Tony Rapon, Airspace Policy Coordinator at the CAA will kindly be attending this SASIG meeting to give a presentation on the FAS, and discuss the strategy and airspace management issues with the group.**
- 51 Increasing activity in UK airspace has led to a complex and capacity constrained network, hence the CAA has set out its proposed strategy to address the development of UK airspace to 2030. The strategy is intended to provide options to assist in determining how the operation, management and regulation of UK airspace should evolve depending on the circumstances. The final, agreed strategy will be the 'road map' for development of new technology and its introduction into the UK's air traffic management system over the specified period. The CAA recognises that the recent decrease in demand for airspace is expected to be short-term and that previous trends indicate a long-term plan is needed to provide for the upturn when it begins.

- 52 The FAS will be the UK's national input into the Single European Sky Air Traffic Management Research (SESAR) Programme, and has considered alignment with the main Single European Sky (SES) development and implementation work. It will also support European Aviation Safety Agency (EASA) rule-making work.
- 53 The FAS proposes four high-level characteristics of the UK's airspace in 2030 that will guide the modernisation of the system over three periods (2011-14, 2015-20 and 2021-30).
- 54 The three drivers for modernisation of the UK airspace system are set out as the goals of the FAS:
- **Safety** - the need to continuously improve safety levels, particularly in light of the forecast growth in demand for airspace, the expected adoption of new technology and new operational concepts across the system.
 - **Capacity** – along with the expected return to increasing levels of demand, it is expected that the profile of demand from different users in some geographical locations at certain times will further pressurise the balance of airspace supply and demand. The FAS identifies some such areas that could be made safer and more efficient.
 - **Environment** – more environmentally efficient means of flying aircraft need to be devised, which also maximise capacity benefits and improve safety. The environmental impact of air travel, both locally in terms of noise and air quality, and globally in terms of climate change, plays an important role in development of the UK airspace system. The FAS will inform the regulatory framework needed for implementation of air traffic management improvements that reduce greenhouse gas emissions from aircraft and contribute to minimising aviation's environmental impact.
- 55 The FAS does not provide a detailed roadmap or plan for the implementation of changes to the UK's airspace system. Similarly, it does not provide a blueprint, or future design for the UK's airspace structure. However, it is envisaged that the final version of this strategy will set the direction for future detailed pieces of work to be progressed in these areas.
- 56 The CAA's draft FAS document has been produced with support from NATS Plc – the UK's major airspace management company, the Ministry of Defence (MoD) and the Department for Transport (DfT). The work has been progressed within 5 workstreams: 'Policy and Regulation', 'Technology and Operations', 'Environment', 'Safety', and 'Capacity and Demand'.
- 57 The work has now reached a stage where the CAA needs the contribution of other members of the aviation community in order to ensure that the strategy covers all the aspects of UK airspace, to gain stakeholder buy-in to the strategy and agreement on what the final version should look like.
- 58 The main consultation body will be the National Air Traffic Management Advisory Committee (NATMAC) but individual organisations are also invited to respond. The NATMAC was briefed on its role at their meeting on 28 October 2010, and a stakeholder forum was held at the Royal Aeronautical Society (RAeS) on the day of the consultation launch.

- 59 The consultation period will run from 1 November 2010 for 14 weeks until 7 February 2011. The SASIG office will produce a draft response, circulate this to the group for comments and amendments, and submit a final response to the CAA by 7 February 2011.
- 60 Once the consultation is closed, the CAA will consider the responses and the draft will be updated accordingly with a view to producing and publishing the 'Future Airspace Strategy' in the second quarter of 2011. Should the consultation responses result in the need for a fundamental change to the proposed policies then the CAA may consider it necessary and appropriate to consult further.

NATS Plc's Terminal Control North (TCN) airspace change proposals

- 61 NATS Plc, the UK's major air traffic service provider, has confirmed that proposals for airspace change in the Terminal Control North (TCN) area will not be taken forward in their current form and there will be no further consultations on this proposal for the time being. The TCN area covers airspace related to Stansted and Luton airports, which inevitably impacts on neighbouring airspace too.
- 62 The downturn in air traffic levels since the 2008 consultation has meant that there is less urgency on capacity grounds to achieve the TCN changes to the original timescale. NATS Plc has suggested that air traffic levels are not expected to return to the peak levels of 2007 until at least 2013/2014.
- 63 The TCN proposals will now be incorporated into a wider review of airspace over much of Southern England that is currently underway. NATS Plc has also noted that the downturn in air traffic means the service provider can take longer to reach a solution, although it was reiterated that doing nothing is not a long-term option.

Proposed airport on Hoo Peninsula

- 64 A proposal to build a major airport on the largely uninhabited Hoo peninsula near Gravesend is one of several options being considered by the Mayor of London, Boris Johnson. Mr Johnson wants to increase flight capacity around London without expanding Heathrow Airport. A spokesperson for the Mayor said it is vital that a location for extra runway capacity is found for London to remain one of the leading world cities.
- 65 The site, planned for completion by 2025 and estimated to cost around £14 billion, would be a 24-hour operational airport in a bid to phase out airlines from Heathrow and transfer them to the peninsula. A rail link would connect the airport to London St Pancras in less than 25 minutes, using the Channel Tunnel route. It has been claimed that the noise pollution would only affect 56,000 residents, rather than the current 3 million under Heathrow flight paths. However, these figures only take into account the residents within the 57dB L_{eq} noise contour around the Hoo peninsula site and not those residing beyond this boundary.

- 66 Although the peninsula is currently home to thousands of migratory birds the scheme envisages moving them to a man-made marshland site on the opposite side of the estuary. The latest proposals for the Hoo peninsula have been put forward by former Head of Cathay Pacific, John Olsen.
- 67 In 2002, a new airport at Cliffe on the Hoo peninsula was one of several options being considered by the Government for airport expansion in the South East. However, in December 2003, the Government decided to leave Cliffe out of its airport expansion plans.
- 68 When considering airport development proposals such as these, a holistic approach needs to be embedded in the concept, and applied in the economic assessment stages to insure that the impact on wider communities and the environment are fully taken on board. Any increase in capacity needs to be realised in the best way possible and introduced through careful planning and policy provisions.
- 69 On 27 October 2010, during Parliamentary questions, Prime Minister, David Cameron, answered a question on these current proposals for an airport in the Thames Estuary stating that the Department for Transport currently has no plans for a new airport in the area or in any part of Medway or Kent.
- 70 SASIG will be promoting the need for the Government to take account of proposals for new airports in their national aviation policy review, as all options for providing aviation services should be considered in such a review. The Government needs to be looking at viable alternatives that better meet environmental objectives whilst harnessing the economic benefits of aviation over the long-term.

Airtrack

- 71 Airtrack – the proposed new rail link between Heathrow Terminal 5 and the existing rail network to the South and West of the airport, was not mentioned in the Comprehensive Spending Review as one of the public infrastructure schemes to receive Government funding. The scheme, which is estimated to cost around £673 million, has been under review due to the projected impact on local road traffic associated with the operation of level crossings on the route.
- 72 The Coalition Government has not to date formally backed the proposals. Additional detailed work and issues surrounding funding for the scheme have resulted in a Public Inquiry being pushed back from early 2010 to 2011.

Court of Appeal's judgement on BAA Ltd investigation

- 73 It has been ruled that airport operator BAA Ltd will have to sell two other UK airports in order to boost competition in the industry. The Court of Appeal has restored the original judgment that was handed down by the Competition Commission in March 2009 but overturned by the Competition Appeal Tribunal in February 2010.

- 74 A three judge Court of Appeal panel that was led by Lord Justice Kay has ruled that the Competition Commission (CC) was not biased when it reviewed competition in the industry. This is despite one of its members, Professor Peter Moizer, also being an adviser to a pension fund linked to Manchester Airport Group (MAG), a potential buyer of BAA assets.
- 75 This decision means that BAA will have to sell Stansted Airport along with either Glasgow or Edinburgh Airport. The operator has already been required by the Commission to sell Gatwick Airport, which it did for £1.51 billion to Global Infrastructure Partners Ltd (GIP).
- 76 The Competition Commission has welcomed the Court judgement and stated that it now intends to work with BAA to implement these measures in the interests of the travelling public. The Commission has also taken on board the need for inquiry panels to be completely impartial and has tightened procedures, with a comprehensive review of rules and procedure on conflicts of interest to be carried out in January 2011.
- 77 BAA has stated their disappointment with the judgement and will be seeking permission to appeal to the Supreme Court.

Noise Action Plans (NAPs)

- 78 The Department for Transport advised at their Aviation External Advisory Group (EAG) meeting (11 November 2010) that 8 of the 16 airport operators' Noise Action Plans that they and the Department for Environment, Food & Rural Affairs (Defra) have been considering will be formally adopted by the end of November 2010.
- 79 The lack of transparency in the Department's consideration of these plans, and the fact that many of the plans are simply summaries of actions already in place with no targets for future improvements being set out, were once again highlighted to the Department at the EAG meeting.
- 80 Airport operators are required to publish the plan as a public document within 28 days of being informed the Government has formally adopted the plan.
- 81 The summary document outlining key trends and issues arising from the plans that the DfT had previously committed to produce by Autumn 2010 has yet to be published.

Airports Economic Regulation Bill

- 82 The Airports Economic Regulation Bill, which was referred to in the Queen's Speech (25 May 2010) and tasked with improving competition in the aviation industry, is yet to be published. The Bill seeks to improve incentives for airports to deliver better outcomes. It will replace the price caps applied to airport operators as set out in Part IV of the Airports Act 1986, with a more flexible structure; and remove unnecessary bureaucracy and political involvement currently hindering competition.
- 83 Aviation Minister, Theresa Villiers, stated that this legislation would be introduced as soon as Parliamentary time is available.

Local Growth White Paper and Localism Bill

- 84 The Local Growth White Paper published on 28 October 2010 sets out the Government's approach to supporting economic growth in the regions. At the same time they also announced approval for an initial 24 Local Enterprise Partnership (LEP) bid proposals out of 62 local bids. A full list of the approved LEPs is available at **Annex B (pg 43)**.
- 85 The Local Growth White Paper concentrated on a new approach to rebalance the economy and drive sustainable growth by focusing on three key themes:
- 1 **Shifting power to local communities and businesses:**
 - while the role and status of LEPs will not be prescribed, they will be business and Local Authority partnerships with private sector Chairmen, and are likely to have roles around investment, enterprise support, planning, regulation, housing, skills, environment, infrastructure and transport;
 - Regional Development Agencies (RDAs) will be wound down by March 2012;
 - a new structure for accessing the European Regional Development Fund (ERDF) is to be announced in the 2011 Budget;
 - assets and liabilities will also be disposed of on the principal of securing the best outcome for the region whilst ensuring value for money for the public purse.
 - 2 **Increasing confidence to invest:**
 - the reform of the planning system will incorporate new right-to-build powers (enabling small scale development without the need for planning permission), streamlined national policy and guidance, a presumption in favour of sustainable development, local communities having the chance to shape local development through neighbourhood plans, and Local Authorities will be expected to produce local development plans;
 - LEPs will be able to work across boundaries to set strategic planning frameworks for economic and infrastructure issues; and
 - a Local Government Resource Review will include options to enable Local Authorities to retain locally raised business rates, whilst local communities hosting renewable energy projects will be able to keep the business rates that they generate.
 - 3 **Focused investment:**
 - a Regional Growth Fund (RGF) of £1.4 billion over three years will be used to support economic growth in the regions by delivering significant private sector investment and growing private sector jobs in areas heavily dependent on the public sector. This will initially breakdown as £580 million capital spending and £840 million resource funding and an alignment with European and other funds will be sought;

- bids for the RGF are invited from now until 21 January 2011 in the first phase. Bids from LEPs, other public-private sector partnerships or the private sector will all be considered. The minimum bid threshold will be £1 million; and
 - decisions on the funds will be made by a group of Ministers headed up by the Deputy Prime Minister but they will be advised by an independent panel Chaired by Lord Heseltine and consisting of a range of businesspeople and stakeholders.
- 4 The Decentralisation and Localism Bill will devolve more power to Local Authorities and local communities, especially around housing and planning decisions. New powers will be created to help save local facilities and services threatened with closure. Communities will also be given the right to take over local state-run services.
 - 5 The Regional Spatial Strategies (RSSs) and Infrastructure Planning Commission (IPC) will be abolished, and a more efficient and accountable system for fast-tracking major infrastructure projects will be created instead.
 - 6 There will be a transfer of relevant functions from the IPC into the Major Infrastructure Planning Unit (MIPU) in April 2012. RSSs will be repealed by the Localism Bill, which is to be introduced in November 2010 and will return decision making to Local Authorities.
 - 7 The Government will also produce a workplan for major infrastructure planning reform by December 2010 and for the national planning policy framework in April 2012.

International update

ICAO agrees global aspirational target for aviation and climate change

- 86 The 190 contracting states of the International Civil Aviation Organisation (ICAO) have achieved the first Global Governmental Agreement with aspirational goals to stabilise carbon emissions from aviation, as formalised in a resolution of the 37th ICAO Assembly, in Montreal, 28 September – 8 October 2010.
- 87 The ICAO resolution calls for:
 - improving fuel efficiency by 2% annually to 2050;
 - striving to achieve a collective medium-term aspirational goal of capping aviation's carbon emissions from 2020; and
 - development of a global CO₂ standard for aircraft and facilitation of further operational changes to reduce aviation emissions.
- 88 The ICAO resolution also calls for the development of a global framework on market-based (economic) measures by the time of the 38th Assembly (2013) based on 15 agreed principles. These principles are designed to minimise market distortions, safeguard the fair treatment of aviation relative to other sectors, ensure that aviation's emissions are accounted for only once and recognise both past and future efforts of carriers.

- 89 The agreement's principles on market-based measures have implications for all Governments with, or seeking to implement, environmental schemes or taxes. In light of this agreement, all states were advised to review any economic measures, planned or implemented, to check conformity with the agreed principles.
- 90 Although this outcome is non-binding, collective and non-attributable, the Department for Transport regarded the negotiations as having been successful to some extent as there is now a goal of no net increase in international aviation emissions from 2020, in addition to the 2% fuel efficiency target for new engines agreed last year.
- 91 However, the International Coalition for Sustainable Aviation (an umbrella organisation of environmental NGOs with observer status at ICAO Assemblies) pointed out that emissions from international aviation are set to increase by more than 40% by 2020. In the absence of a global agreement to tackle that increase, it is unlikely that the individual regional and national schemes will be sufficient to achieve meaningful reductions.

Conclusions

- 92 The coalition Government has noted once again that the aviation sector is integral to achieving strong economic growth. The Government needs to ensure, however, that economic growth meets 'sustainable development' criteria, and is not merely 'sustainable', in the sense that such activity can simply continue. An improved economic analysis method would assist with this. The Government also needs to ensure that there is a continued commitment to tackling climate change across the whole sector.
- 93 It has been made clear that there will be no further runway expansion at major airports in the South-East and that there needs to be better use of existing infrastructure. However, the Government must take on board that their focus on improving the passenger experience is likely to result in increased capacity, and the implications of this must be recognised and addressed.
- 94 These driving forces in the Government's approach to aviation do little to address the policy vacuum we are currently experiencing, as a result of piecemeal Ministerial decisions such as the revocation of Regional Spatial Strategies.
- 95 SASIG's involvement in the Government-committed review of national aviation policy is essential in order to make sure that the Local Authority perspective is taken on board. The fact that we are in a policy vacuum right now needs to be addressed. The national review must yield a policy that takes into consideration and protects the quality of life for local communities, not simply meets the needs of passengers.
- 96 The Government highlighted in both the Comprehensive Spending Review (CSR) and National Infrastructure Plan (NIP) its commitment to investing in major infrastructure to promote economic growth. In line with this the Government has continued to back plans for high-speed rail developments, as well as Crossrail and improvements to the existing rail network.

- 97 Developments in local surface access must also come onstream alongside the Government's proposal to invest in major transport infrastructure in order to integrate connectivity with airports, relieve local congestion, and improve air quality around airports.
- 98 SASIG is promoting the need for the Government to take an effective environmental limits approach to the aviation industry, and looking at the impact that increased demand for aviation also has on emissions from surface access. These considerations will be fed into the Department for Transport's current study of measures to reduce aviation emissions.
- 99 The SASIG membership will receive a presentation at this meeting from the Civil Aviation Authority (CAA) on their draft 'Future Airspace Strategy', which is currently out for consultation (1 November 2010 – 7 February 2011). The SASIG office will produce a draft response covering the community impacts of airspace changes, and progression of the discussion around acceptable limits of noise pollution and protection of tranquillity.
- 100 The Government is yet to take a formal stance on Airtrack with no public subsidies detailed in the Comprehensive Spending Review (CSR) for the scheme. A public inquiry into the proposed development has now been postponed until 2011.
- 101 London Mayor, Boris Johnson, is considering proposals to build a new airport on the undeveloped Hoo peninsula. This proposed airport is expected to be more cost effective and more environmentally sound than 'Boris Island', a proposal sited further along the Thames Estuary. SASIG will be representing to the Government the need for such proposals to be considered in their review of national aviation policy.
- 102 Developments on the international stage are barely progressing with another weak, aspirational goal having been the main outcome of the recent International Civil Aviation Organisation (ICAO) Assembly meeting. Further action domestically, and with the EU, must continue to be pursued to reduce emissions from aviation.

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Date: 15.11.10

'South-East Airports Task Force' membership

BAA Heathrow Ltd.
GIP Ltd. - Gatwick
BAA Stansted Ltd.
Civil Aviation Authority (CAA)
NATS Plc (national airspace management company)
British Airways (BA)
Virgin Atlantic
EasyJet
Ryanair
London First (business representation for London)
Air Transport Users Council (AUC)
Airport Operators Association (AOA)
Aviation Environment Federation (AEF)

'South East Airports Task Force' Terms of Reference

Recognising:

- the need to promote a competitive aviation industry and to support UK economic growth;
- the Government's commitments to a low-carbon economy and to reducing local environmental impacts of aviation, including noise; and
- the Government's policy not to support new runways at Heathrow, Stansted and Gatwick airports, but to improve the performance of airports for those who use them;

The South East Airports Taskforce will:

- review and understand the existing runway, terminal and other capacity constraints at Heathrow, Gatwick and Stansted, taking account of demand for air travel and the Government's commitment to a low-carbon and eco-friendly economy;
- identify and investigate options for making best use of this capacity, including scope for improving airport efficiency, reducing delays, greater reliability and enhancing the passenger experience to, from and within the airport, whilst having regard to the local environmental implications of any measures;
- investigate how best to capture and respond to passenger concerns at an airport level;
- input into separate work already in hand to look at security and border controls; and
- develop a programme of action, whether by Government or the parties, by July 2011, including early action and measures for the longer term.

The first 24 Local Enterprise Partnerships (LEPs) to be approved are:

- Birmingham and Solihull with East Staffordshire, Lichfield and Tamworth;
- Cheshire and Warrington;
- Coast to Capital;
- Cornwall and the Isles of Scilly;
- Coventry and Warwickshire;
- Cumbria;
- Great Cambridge and Great Peterborough;
- Greater Manchester;
- Hertfordshire;
- Kent, Greater Essex and East Sussex;
- Leeds City Region;
- Leicester and Leicestershire;
- Lincolnshire;
- Liverpool City Region
- Nottingham, Nottinghamshire, Derby and Derbyshire;
- Oxfordshire City Region;
- Sheffield City Region;
- Solent;
- South East Midlands;
- Stoke-on-Trent and Staffordshire;
- Tees Valley;
- Thames Valley Berkshire;
- The Marches; and
- West of England.

Notes from Department for Transport's Aviation External Advisory Group (EAG) meeting, Thursday 11 November 2010

- 1 In the **Comprehensive Spending Review** (CSR), the Department for Transport's capital budget was reduced by 11%, and their revenue budget by 25%. The expenditure for 'administrative' resources, i.e. personnel, has been reduced by a third.
- 2 The 'user pays principle' referred to in the CSR will be extended and formalised in a Bill to be published next year. The Civil Aviation Authority (CAA) will consult on their charges, and this is likely to have implications for areas such as public safety zones (PSZs), noise contours, and consumer representation.
- 3 The Government believes the industry should pay for their security and compliance costs, and the body currently dealing with aviation security matters – Transec – will cease to operate in 6 months' time.
- 4 There is virtually no budget left for 'research and development', meaning that ventures such as the Omega project – a collaboration of academic institutions researching issues raised by the industry and other stakeholders – will cease.
- 5 The **Department's Business Plan** sets out discrete targets to be met. With relation to aviation, this means:
 - halting runway expansion at Heathrow, Gatwick & Stansted;
 - pursuing sustainable aviation;
 - addressing the passenger experience and regulation; and
 - moving towards low-carbon goals – i.e. through the Climate Change Committee, the EU Emissions Trading Scheme (ETS), and international negotiations.
- 6 The first of these has obviously already been achieved, and the second will be progressed through the **national aviation policy review** the Government has committed to. The output from this review will be a high-level strategy document, but this is not intended to be a new Air Transport White Paper (ATWP) in the sense that the ATWP set out the location for supported development. Legal advice is that the ATWP still has some legal status in the areas that Ministers have not yet commented on. Neither will the document produced be an Airports National Policy Statement (NPS), mainly because there are no airport developments on the horizon on the scale that would need an NPS (an increase of 10 million passengers per annum (mppa) or 10,000 air cargo movements). The final document will be a statement on Government aviation policy, and will be a material consideration in planning terms.
- 7 The DfT process will be consistent with the Department for Communities & Local Government (DCLG) process.

- 8 The timetable to be followed is:
- (i) by March 2011 – a scoping document will have been produced, setting out the questions that need to be answered. All parties are invited to input to the questions to be included in the scoping document;
 - (ii) formal consultation in March 2012;
 - (iii) with the final policy being published in March 2013.
- 9 The **South-East Airports Task Force** is looking at short-term operational measures at Heathrow, Gatwick & Stansted that can then be applied more widely (e.g. resilience measures, passenger information, etc.). The policy review will be looking at the medium- (5-15 years) and long-term (15-20/25 years), in the context of a 'post-carbon world' to answer the question "if there is no longer any carbon in transport, not necessarily in aviation, is the policy we have the right one?"
- 10 **New traffic forecasts** will be published in 2011 – not necessarily with the scoping document, probably later.
- 11 The **Government's response to the Climate Change Committee's** assessment of how aviation could fit with meeting the Government's national climate change commitment – an 80% reduction in carbon emissions to take us back to 2005 levels by 2050 – is not likely to be produced prior to July 2011.
- 12 It is expected that the 8 draft **Noise Action Plans (NAPs)** currently under review by the DfT and Defra will be published by the end of November 2010. This leaves a further 9 draft NAPs to be published at some later date.
- 13 The A380 is now operating a daily service to Dubai from **Manchester Airport**.
- 14 Infrastructure improvements have now been approved at **Bristol Airport**, in the form of a terminal extension that will accommodate 10 million passengers per annum (mppa). The Secretary of State had decided the Green Belt issues of this application did not warrant the application being called-in; it is now for the Local Authority and airport operator to progress the legal agreement associated with the permission.
- 15 The application for a new terminal and runway extension at **Lydd Airport** has been called-in by the Secretary of State and a Public Inquiry is due to start in February 2011.
- 16 An Appeal decision is expected by the end of 2010 on the application at **Farnborough Airport** to increase the annual air transport movements (ATMs) from 28,000 to 55,000.
- 17 The Department will consult in due course on temporary slot allocations across South-East airports to provide for the **Olympics** in 2012. There shall be no Heads of State using Heathrow.
- 18 The **Civil Aviation Authority (CAA) published their draft 'Future Airspace Strategy' (FAS)** at the beginning of November 2010 for consultation until February 2011.

- 19 Regulations for the **EU Emissions Trading Scheme (ETS)** came into force in August 2010, therefore the legal work has now finished. The DfT legal team will now move to working on compliance, including preparing for Judicial Review from the United States to be heard in the European Court of Justice (ECJ) in 2011 (late second quarter/early third quarter).
- 20 The DfT has given their analysis on **Air Passenger Duty (APD)** and **Per-Plane Duty (PPD)** to the Treasury; the Treasury Business Plan indicates there will be output from them by March 2011.
- 21 The Department started a study a few weeks' ago looking at cost-effective ways of reducing emissions from aviation. This is a key input to the policy review, the carbon reduction strategy and the Government's response to the Climate Change Committee (CCC).
- 22 The **Airports Economic Regulation Bill** forms part of the forthcoming legislation for which a timetable has not yet been set. Three themes will be embedded in the Bill: making airports better not bigger; putting passengers at the heart of the system; and tailoring the system to individual airports – not a 'one size fits all' approach. The DfT Business Plan indicates this Bill will be finalised by December 2013.
- 23 The original decision by the **Competition Commission**, that airports operator **BAA Ltd** must sell some of its airports, has been reinforced and BAA will now appeal that decision.
- 24 Although the outcome of the recent **International Civil Aviation Organisation (ICAO) Assembly** was non-binding, collective and non-attributable, the Department regarded the negotiations as having been successful to some extent as there is now a goal of no net increase in international aviation emissions from 2020, in addition to the 2% fuel efficiency target for new engines agreed last year.

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Date: 12.11.10



STRATEGIC AVIATION SPECIAL INTEREST GROUP
of the Local Government Association

ITEM 4: SASIG OUTLOOK REPORT

Recommendations

- A That the group consider the proposed 2011/12 budget estimates and subscriptions (**Annex D, pg.63**) (noting that further estimates are to be presented in the New Year for the group's approval).
- B That Authorities making payment in April 2011 for the 2011/12 year earn a prompt payment discount – essentially resulting in no increase on the 2010/11 subscription rate.
- C That Authorities recruiting additional Authorities to join SASIG, receive a discount on their annual subscription, along with the new Authority receiving a discounted fee for that first year.
- D That the group consider all opportunities for collaboration and partnership and pursue these as appropriate, promoting the headline issues for the group.
- E That an internship be advertised for a marketing/promotions assistant to work on income-generation for the group.

Summary

- 1 It is recognised that all Local Authorities are under pressure to raise the cost-effectiveness of their expenditure, in the context of reduced budgets, whilst maintaining activity in the required areas to provide high quality public services. With this in mind, SASIG's operations are designed to provide added value in the most cost-effective manner.
- 2 The forthcoming two-year period is an important opportunity for Local Authorities to present coordinated input to the Government's review of national aviation policy (as discussed further in the accompanying 'Aviation Policy Update' report on this agenda). There remains real value in SASIG being able to present the issues common to Local Authorities right across the country pertaining to aviation policy.
- 3 In recognition of the stage that Local Authority budget planning is at, the budget estimates and subscription levels proposed in this report are for consideration, to be followed in the New Year with further estimates to be presented for the group's approval.
- 4 Over the course for 2010/11, as with each year, expenditure has been closely monitored to reduce costs where possible.
- 5 The situation over a number of years now has been that expenditure has exceeded income, with the holding account having been drawn down to cover this. An investigation is ongoing into the actual sum in the SASIG holding account, due to a reporting discrepancy between monies invoiced for and those actually received. The assessments made in the report are based on the lower sum calculated for the holding account.