

Airports Commission Final Report - Update

What this paper is about

Provides a summary of the key issues of interest to ACCs arising from the Airports Commission's Final Report published on 1 July 2015, the response to date of the Government and reminds delegates of UKACCs' response as agreed by the UKACCs Working Group in August 2015. The paper is essentially for information and provides an opportunity for delegates to discuss the issues of concern.

Points for Discussion

- The current situation in respect of domestic slots at London airports, principally Heathrow and Gatwick.
- The Commission's package of measures in relation to surface access to airports set out in Annex 1.
- The DfT's recent response to Manchester ACC in respect of the Independent Aviation Noise Authority and the proposed Noise Levy.
- The Commission's view in respect of APD.
- Any matters arising from the DfT's presentation at the meeting.

Possible Action

Dependent on the discussion at the meeting

Background

1. At last year's Annual Meeting in Manchester, papers providing an update on the work of the Airports Commission¹ and the National Connectivity Task Force examining regional connectivity² were discussed. Delegates generally supported the National Connectivity Task Force's key conclusion that there is a compelling evidence base to support the case to substantially enhance UK domestic air access to London as part of a new runway being approved in the South East of England. Delegates reiterated the UKACCs view that there was a need to address the issue of improving regional connectivity now before new runway capacity is delivered.

2. On 1st July, the Airports Commission published its Final Report³ to the Government which set out its recommendations for expanding aviation capacity in the UK. The Commission unanimously concluded that the Heathrow Northwest Runway option in combination with the significant package of measures to address its environmental and community impacts presented the strongest case and is the preferred option. The Commission has recommended that the Government should support the delivery of this plan in its entirety.

3. The Secretary of State for Transport, Rt Hon Patrick McLoughlin MP, received the Airports Commission's Final Report and will now consider the conclusions. In his statement to Parliament⁴ at that time he made clear that Government now had to make progress on this issue and must:

- study the substantial and innovative evidence base the Commission has produced
- decide what is the best way for achieving planning consents quickly and fairly if expansion is to go ahead
- come back to Parliament in the autumn to provide clear direction to everyone on the government's plans

4. The Secretary of State made two further statements (a statement 10 December and then an oral statement in Parliament on 14 December) outlining the progress of the Government's consideration of the Airports Commission's Final Report. The Government has accepted the case for airport expansion in the South East and the Airports Commission's shortlist of options for expansion, all of which it believes are viable. The Government has also identified that the most appropriate way of delivering planning consents for new capacity will be under the relevant provisions of the Planning Act 2008, which were introduced to streamline the decision-making process for nationally significant infrastructure projects. Accordingly, the Government proposes to prepare an Airports National Policy Statement, following which the scheme promoter would need to apply for a development consent order under the 2008 Act. The Government has however yet to decide where the new capacity should be built and is now undertaking further work on four key areas of work - air quality, noise, carbon emissions and managing the impacts on local communities. The Government expects to conclude this package of work by the summer of this year.

5. The DfT is also undertaking work on other recommendations put forward by Airports Commission. Isobel Pastor, DfT will give an update at meeting on its work in relation to noise and airspace policy as part of the review of certain aspects of the Government's Aviation Policy Framework.

¹ <http://www.ukaccs.info/15almfiles/15airportscommission.pdf>

² <http://www.ukaccs.info/15almfiles/15regionalairconnectivity.pdf>

³ <https://www.gov.uk/government/publications/airports-commission-final-report>

⁴ <https://www.gov.uk/government/news/secretary-of-state-for-transport-takes-receipt-of-airports-commission-final-report>

Airports Commission's Final Report

6. The Commission unanimously concluded that the Heathrow Northwest Runway option in combination with the significant package of measures to address its environmental and community impacts presented the strongest case and is the preferred option. The Commission has recommended that the Government should support the delivery of this plan in its entirety. The Commission has also set out some wider recommendations that will be of interest to member ACCs in respect of supporting growth and connectivity across the UK, the use of APD, a proposed noise levy at major UK airports and the establishment of an Independent Aviation Noise Authority.

7. It should be noted that the Commission advocated the need to make best use of existing capacity and infrastructure and has referred to the package of surface access measures recommended in its Interim Report (summary of those measures is given at Annex 1) for improvement in the short to medium term. The Commission is pleased that progress has been made on the improvement of Gatwick Airport Station, which was one of its key recommendations. The Commission has continued to call for priority to be given to improving surface access links to other airports. The Commission responded to Network Rail's consultation on the Anglia Route Strategy, calling for a more joined-up approach to meeting the needs of users of Stansted Airport.

8. It should also be noted that in respect of the longer term beyond 2040, the Commission has stated that even with a third runway at Heathrow, capacity in the London and South East system could be highly constrained by the 2040s and, as noted in its Interim Report, there would be likely to be sufficient demand to justify a second additional runway by 2050 or, in some scenarios, earlier. The Commission has also stated that that did not necessarily mean, however, that a second new runway would be justified on economic or environmental grounds and that if a view were reached that new capacity was necessary and feasible, then a wide range of options should be considered. That could include new or revised proposals at locations considered as part of the Commission's process, for example at Stansted or Gatwick, as well as options driven by growth outside London and the South East, such as expanding Birmingham or Manchester Airports. The Commission does not however believe that there is any credible operational or environmental case for a fourth runway at Heathrow and has recommended that the Government takes steps to rule this out in Parliament.

Regional Connectivity

9. The Commission devoted a whole chapter of its report (Chapter 15) to the issue of supporting regional connectivity across the UK. There are two key recommendations relating to this:

- The Government should alter its guidance to allow the introduction of Public Service Obligations (PSOs) on an airport-to-airport basis and should use them to support a widespread network of domestic routes at the expanded airport.
- Heathrow Airport Ltd (HAL) should implement additional measures to enhance domestic connectivity, including introducing reduced charges and start-up funding for regional services.

10. The Commission has stated that expansion is likely to protect and bolster domestic services in and out of London leading to a rise in the number of passengers and frequency of services on the thickest routes. However, against this positive outlook, it is important to note that the Commission has also stated that even in the event of expansion, a number of competing pressures may limit the increase in domestic services to an enlarged Heathrow. One such pressure could be continuing competition from overseas hubs, which may still be able to offer cheaper services, higher frequencies, or more convenient connections on some routes. An expanded Heathrow is also likely to see rapid growth in demand, which may relatively quickly begin to exert pressure on slots during the most popular periods.

11. The Commission goes on to say that the Government should alter its guidance to allow the introduction of PSOs on an airport-to-airport basis and should use them to support a widespread network of domestic routes at the expanded airport.

12. The Commission has also recognised that given the pressures on regional services to Heathrow and Gatwick witnessed in recent years, and the forecast continuation and intensification of these pressures in the coming decade, the establishment of PSOs (where the relevant criteria for imposition are met), supported with funds from the Regional Air Connectivity Fund, is a proportionate and effective measure for protecting regional air services that has safeguarded valuable connectivity to the regions in question. The Commission believes, however, that the Government should interpret the PSO regime, and deploy PSOs, more widely than at present and that this change in the Government's guidance does not need to be delayed until expansion takes place, as airport-to-airport PSOs could be used in the interim to safeguard existing routes operating into the capital, or to support the establishment of routes to other UK airports, including airports outside the London system.

13. Reinterpreting its stance on PSOs will make the Government better able to protect services between the UK's peripheral and development regions and its most well connected airports. This could benefit domestic connectivity in the coming decade during which the number of domestic services to Heathrow and Gatwick are forecast to decline further – and, crucially, in the period after the new capacity at Heathrow comes on-stream. This is good news and something that UKACCs has been urging the Government to do over the past decade.

14. It should be noted however that the Commission has advised that given the current pressures on capacity at Heathrow it would not be possible to support the establishment of new routes through PSOs unless and until expansion takes place, and if additional capacity is not provided it is likely that further reductions in domestic services will be seen.

15. In addition to changes to the PSO regulations, the Commission has recognised the importance to consider what roles airlines and airport operators can play in supporting regional connectivity, both now and in the future. For instance, if the same level of aeronautical charge is applied per passenger, no matter if that passenger is travelling domestically or internationally, this can often be a deterrent to regional services. If lower aeronautical charges were applied for domestic routes or passengers, these services would be encouraged. The Commission has therefore recommended as part of the package of measures for the Heathrow option that HAL should implement additional measures to enhance regional connectivity, including introducing reduced charges and start-up funding for regional services.

16. The above measures pick up a couple of the National Connectivity Task Force's recommendations. In respect of the greater use of RAF Northolt, coupled with improved surface access links between RAF Northolt and Heathrow, to facilitate domestic connectivity, the Commission considered this but has not taken a position regarding the future use of civilian capacity at RAF Northolt. The Commission has not, however, been convinced that there is a credible solution for providing a transfer service between RAF Northolt and Heathrow or that RAF Northolt is a viable long-term option to address Heathrow's capacity constraints.

Air Passenger Duty (APD)

17. As part of its review the Commission assessed the impact of increasing APD at capacity constrained airports. It has stated that rather than driving more effective usage of existing capacity and delivering enhanced connectivity, the effect was a reduction in flights from Gatwick, but not from Heathrow, and the loss of 6 daily destinations from the UK, 5 of which were long haul destinations.

18. The CAA in its consultation response to the Commission proposed that additional revenues from APD at an enlarged Heathrow or Gatwick could be hypothecated or ring-fenced to fund additional compensation and support for local communities. The Commission considered that proposal and recognised that it could be an alternative means to the same end as a noise levy or charge. There would need to be some adjustments made, for example it is likely that only a portion of the revenue would be needed and current charging criteria for APD does not align perfectly to noise impacts. A new levy (see Noise Levy section below) would have the advantages of being designed for purpose and of demonstrating a clearer commitment. Nonetheless the Commission considers APD to be a valuable feature of a sustainable aviation industry in the UK.

19. The Commission has also stated that APD has the potential to be an important demand management tool that may be used by future governments, including devolved administrations, to ensure that the UK meets its commitments on aviation emissions. Although not targeted specifically at emissions, the tax is also a means by which consumers currently make a contribution to offset the social and environmental impacts of their aviation choices and it is noted that airlines do not pay VAT or fuel duty on aviation fuel.

Noise Levy

20. The Commission has recommended that the Government should introduce a noise levy at major UK airports. The Commission believes that it is right that those who benefit from airports should meet the costs of compensating those who suffer the disbenefits. In particular it states that the airport's passengers and freight users must contribute through the charges they pay, including fares, taxes and other charges. It has given examples of such a charge in France and the USA and recommends that the Government should introduce a similar charge in the UK which would further incentivise airports to reduce noise and ensure that they make an appropriate contribution to local communities.

21. It states that such a charge should be based on fairness, localism, affordability, transparency and value for money and that it should be for the Government to determine the scale and structure of the noise levy in line with those principles. It is not clear from the Commission's report whether the suggested noise levy is instead of the differential charging structure for airport landing fees which imposes higher charges for noisier aircraft types or whether this is in addition to the those fees paid through landing charges.

22. The Commission has also suggested that the Community Engagement Board should ensure that communities around Heathrow are able to influence how the money is spent. However the Commission does not make clear that if such a levy is imposed at other UK airports, whether there would be an expectation that Community Engagement Boards be set up at other airports to influence how the money is spent at those airports.

Independent Aviation Noise Authority

23. The Commission has reaffirmed the recommendation in its Interim Report that an Independent Aviation Noise Authority should be established. It suggests that the noise authority should have a national remit and that it is appropriate irrespective of any Government decision on new runway capacity. It suggests that the noise authority should be given statutory consultee status and a formal role in monitoring and quality assuring all processes and functions which have an impact on aircraft noise, and in advising central and local Government and the CAA on such issues.

24. The Commission has outlined the functions that the body might carry out. An independent aviation noise authority could:

- Provide statutory advice to the Secretary of State for Transport regarding proposed changes to Noise Preferential Routes.
- Provide statutory advice to the Secretary of State for Transport and the CAA in respect of the proper structure for noise compensation schemes.
- Provide statutory input to planning inquiries relating to airport infrastructure in respect of the appropriate controls that should apply in respect of aircraft noise.

- Work with the developers and operators of any new airport capacity as well as communities affected by the development to define a noise envelope to create a balance between aviation growth and noise control.
- Conduct research into the best means of monitoring and reporting aircraft noise, as well as its association with annoyance and impacts upon human health and their possible mitigation.
- Publish comparative assessments of airlines' performance in reducing their noise impacts.
- Act as a statutory consultee in planning applications with respect to airport infrastructure or housing developments which would have an effect upon the population affected by airport noise.
- Mediate by request between airports and their local communities in disputes relating to noise monitoring, the functioning of airports' advisory committees, and airports' compliance with their noise action plans and, where appropriate, advise the CAA in respect of potential breaches of noise regulations.

UKACCs views

25. The UKACCs Working Group at its meeting on 5 August 2015 considered these aspects of the Commission's recommendations and agreed on behalf of UKACCs a letter of response to the Secretary of State for Transport. A copy of that letter is set out in Annex 2.

26. In addition to this Manchester ACC recently wrote to the DfT to set out its concerns about the proposed Noise Levy, Community Engagement Board and Independent Aviation Noise Authority. A copy of the DfT response is set out in Annex 3.

Paula Street
UKACCs Secretariat

AIRPORTS COMMISSION'S SURFACE ACCESS RECOMMENDATIONS SET OUT IN ITS INTERIM REPORT

A package of surface transport improvements to make airports with spare capacity more attractive to airlines and passengers. The Commission believes that in light of the current severe capacity constraints with the UK system and the length of time until new capacity can be brought into operation, there is a strong case for attaching a greater strategic priority to transport investments which improve surface access to airports. Specific mention has been made to:

- **Gatwick** - the enhancement of Gatwick Airport Station;
- **Gatwick** - further work to develop a strategy for enhancing Gatwick's Road and Rail Access
- **Stansted** - work on developing proposals to improve the rail link between London and Stansted
- **Heathrow** - work to provide rail access into Heathrow from the South
- **Manchester** – continue support for the Northern Hub and sure that the project is completed in full
- **Birmingham** – continue support for the Birmingham Gateway project and ensure the scheme is fully delivered
- **Luton** – development of a comprehensive strategy for motorway access to Luton, with a particular view to examining the case for enhancements to M1 Junction 10A
- **Glasgow** – need for improved public transport access to Glasgow Airport with enhanced bus links for the short term and in the longer term consideration be given to a light-rail option
- **Other airports** – the need for the Government to work with local authorities and local enterprise partnerships to ensure that proper consideration is given to the needs of airport users when prioritising local transport investment. For all airport stations, the recommended provision of smart ticketing facilities.



UK Airport Consultative Committees - Liaison Group

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BY EMAIL

**Rt Hon Patrick McLoughlin MP
Secretary of State for Transport**

28 September 2015

Dear Mr McLoughlin,

Airports Commission Final Report

I write on behalf of the Liaison Group for UK Airport Consultative Committees (UKACCs) to advise you of our comments on the Airports Commission's Final Report.

UKACCs brings together 23 airport consultative committees (ACCs) ranging from major international gateways to smaller regional airports across the UK (member committees listed at the bottom of this letter). UKACCs provides a valuable forum as its membership covers a wide range of airports each with different local operational circumstances.

The UKACCs Working Group has considered the Commission's recommendations and agreed that UKACCs' comments should be sent to you so that they can be taken into account as part of the Government's consideration of the recommendations. The key points I have been asked to bring to your attention are as follows:

Regional connectivity and access to London

UKACCs has long lobbied the Government to address the issue of protecting domestic services from the far regions of the UK into the London airports and remains concerned that any steps to limit access to smaller aircraft at Heathrow and Gatwick will further reduce the number of regional services into London. In addition to this, there is a need to address the growing concern about the increase in landing charges at Heathrow and Gatwick airports which has resulted in some regional carriers withdrawing services between the regions and the London airports because a viable operation can no longer be sustained.

UKACCs is therefore most pleased that the Commission has devoted a whole chapter to the issue preserving regional connectivity and access to London in its Final Report. In particular, UKACCs supports the Commission's view that the establishment of PSOs (where the relevant criteria for imposition are met), supported with funds from the Regional Air Connectivity Fund, is a proportionate and effective measure for protecting regional air services over the coming decade. As recommended by the Commission, UKACCs urges the Government to interpret the

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PSO regime and deploy PSOs more widely than at present and agrees with the Commission that this change should not be delayed until expansion takes place. It is essential that airport-to-airport PSOs are used in the interim to safeguard existing routes operating into the capital, or to support the establishment of routes to other UK airports, including airports outside the London system.

UKACCs views this as a priority to be addressed particularly in respect of preserving routes to London before new capacity is delivered.

In respect of the longer term UKACCs advocates the need to ensure that whatever decision is made on where new runway capacity should be provided, that the promises made by scheme promoter are honoured so as to ensure regional connectivity is improved and sustained over the long term.

Proposed noise levy

UKACCs notes with interest the Commission's recommendation that a new noise charge or levy should be introduced at major UK airports to ensure that airport users pay more to compensate local communities. The suggestion that the proposed Independent Aviation Noise Authority could advise on the design of the charge is noted but UKACCs is of the view that it should be for the Government to determine the scale and structure of the noise levy in line with the principles that the Commission has outlined in its Report. UKACCs supports the principle of raising funds for mitigation and compensation schemes to off-set the impact of airport operations on local communities but there is a need to clarify whether it is intended that this levy is instead of rather than in addition to the current differential charging structures that are currently in place at airports. UKACCs stresses the importance of the proposed levy being at a proportionate level and that it would not impose undue or unfair costs at any airport or on any airline. Such a levy should take into account the fact that a number of airlines have invested significantly in new quieter and cleaner aircraft fleets.

As the introduction of such a levy would be an important issue for airports, airlines, passengers and communities it is key that there should be a comprehensive consultation process on it. UKACCs would welcome the opportunity to contribute to the Government's consideration of this proposal at an early stage in the process, including any consideration by the Independent Aviation Noise Authority should one be established.

Independent Aviation Noise Authority

UKACCs is aware that there is a mix of opinion on the idea of establishing a new independent body, its value and how it is appointed and funded. The merits of such a body in terms of the provision of specific advice to the Government and the CAA on overarching aviation policy, modelling, the commissioning of research and examining key issues on a pan-airport scale are recognised. The detailed functions and powers of the new body must however be appropriate, proportionate and enforceable and its potential involvement in mediating on local noise issues clearly defined.

ACCs help to ensure that airports/the industry continue to strive to reduce and mitigate their impact on local communities and that local issues are addressed and where possible resolved or mitigated locally. Careful thought will therefore need to be given as to how the role of the proposed independent body (and proposed the Community Engagement Boards if these are required to be set up to advise on/monitor the administration of proposed noise levy at UK airport) fits with the work of airport consultative committees.

If the Government is minded to pursue these proposals/ideas UKACCs would like to register its desire to be fully involved in the development of the functions and powers of the new body at an early stage in the process.

UKACCs would also emphasise that ACCs currently have an important role in monitoring and advising on local noise impacts and mitigation measures. It is well acknowledged in the Government's Aviation Policy Framework that a one size fits all approach in considering

local noise impact issues is not appropriate and is best dealt with locally to seek resolution or mitigation. A matter that ACCs would find helpful is the use of metrics/indicators in the assessment of noise impacts around airports. For example, the use of a metric/indicator at Heathrow would not be suitable to use in the assessment of noise at another airport where the surrounding communities were essentially rural in nature. It would be helpful therefore if the Government could offer guidance on alternative metrics which recognise indicators that reflect local impacts.

Surface Access Improvements

In its Interim Report, the Commission outlined a package of measures to improve surface access to airports in the short to medium term. UKACCs therefore seeks reassurance from the Government that the previous recommendations of the Commission will continue to be taken forward and that the funding streams already identified will be maintained. UKACCS also welcomes the recent announcement that the Transport Select Committee is to conduct an inquiry on surface access to airports. It would be hoped that these two major work streams will be co-ordinated and lead to the development of improved surface access to airports.

I trust you can take UKACCs' comments into account.

Yours sincerely,



Paula Street
Liaison Group Secretariat



Department for Transport

ANNEX 3

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26 April 2016

Dear Mike,

Your letter of 31 March 2016

Thank you for your letter regarding noise policy and community engagement boards and your request following that to send on my response to other ACC bodies.

Ministers have acknowledged that these are important issues and have asked us to look into them further. We have therefore recently begun a process to review noise and airspace policies and have run focus groups on several policy topics we are developing, including on the possibility of an independent noise body initially recommended by the Airports Commission. These focus groups were run to help bring stakeholders from different sides of the industry and community groups together to discuss the issues and we expect to consult on the topics later this year. The groups included airlines, airports, CAA, NATS, local authorities and some community groups as well as the Aviation Environment Federation (AEF). These were very useful sessions for us to help evolve our thinking, but the final product is dependent on Ministers' views and all detail below is subject to that caveat.

We are aware of the concerns you have raised and are considering these when developing our policies for consultation. We do not want to disrupt nor replace any current local arrangements that work and understand the need for local answers for local situations. I discuss below each recommendation from the Airports Commission that you have mentioned to reassure you that we are not trying to replace or fix good working practices.

The recommendation for an independent noise body can, we feel, have a place in certain circumstances, without creating a one size fits all answer. We are considering consulting on a few functions but we are suggesting its main purposes would be in helping with airspace change and developing best practice for noise mitigations within the aviation industry. The airspace change role would be early in the process for the noise body to assure airspace change promoters are considering the best available noise mitigation measures and later on during consultation to ensure those ideas have been taken forward where possible after safety aspects and other priorities have been taken into account. These noise mitigations should consider the local situation where possible. Best practice does not have to be developed as one method for everyone either, as it should also be about what works locally.

The noise levy was recommended as a charge at all major airports, but we are looking at the evidence from many airports other than Heathrow and Gatwick to ensure that it is the right thing to do according to that evidence. We will consult on how our thinking has evolved on this topic but it will be based on that evidence.

Finally, the community engagement board was recommended by the Airports Commission for an expanded Heathrow only. The AC did not suggest that it should be applied elsewhere.

I hope this helps.

Yours sincerely,

Brian Zackon