

**SOUTH EAST ENGLAND REGIONAL ASSEMBLY
PLENARY MEETING**

Date: 7 March 2007

Subject: **Aviation Policy**

Report of: Planning Implementation Director

Recommendation:

It is recommended that the Assembly take into consideration the issues raised in this report during the debate on aviation policy.

Purpose of Report:

To update Members on developments in aviation policy and implementation since the Plenary last considered aviation in March 2004.

Key Issues:

The “Future of Air Transport” Aviation White Paper was published in November 2003 by the Government. It sets out the Government’s proposals for accommodating forecasted growth in passenger demand.

The White Paper proposals included provision for further growth at Heathrow and Gatwick Airports beyond the current agreed planning levels.

There is a growing body of evidence that supports the Assembly’s contention that the White Paper’s reliance on a ‘predict and provide’ approach is not a credible basis for planning future investment in airport capacity. The publication of the Stern and Eddington Reviews serves to emphasise the importance of taking greater account of wider sustainability issues in determining investment priorities. The output from the Appropriate Assessment of the draft South East Plan reinforces the need to take into account the environmental implications arising from future growth in aviation.

I. Context

- 1.1 The “Future of Air Transport White Paper” (usually referred to as the “Aviation White Paper”) was published in November 2003 and set out the Government’s view on the future role of the UK’s principal airports over the next 30 years.
- 1.2 At the end of 2006 the Government published a report setting out progress on implementation of the White Paper’s proposals. The outcome of the work examining the environmental implications of the White Paper’s proposal for a third runway at Heathrow (known as the “Project for the Development of a Sustainable Heathrow”, or PDSH) is expected to be published shortly.
- 1.3 One of the key concerns that the Assembly had with the White Paper was the over reliance on a “predict and provide” approach to aviation policy. With the publication of the Stern report, shortly followed thereafter by the Eddington review, it is timely for the Assembly to consider the implications of these documents for its policy on aviation.

2. The Aviation White Paper: key messages

- 2.1 The passenger forecasts across the wider South East, on which the Aviation White Paper proposals are based, suggested that passenger demand could rise from 117 million passengers per annum (mppa) in 2000 to approximately 200 mppa at 2015 and 300 mppa by 2030. On the basis of these forecasts, the White Paper set out a sequential approach for the development of airport capacity in the wider South East:
 - i. Maximise use of the existing runway capacity at the key airports across the wider South East;
 - ii. Develop an additional runway at Stansted Airport and lengthen the runway at Luton Airport to 3000 metres;
 - iii. Subject to environmental targets being met, to develop a third runway at Heathrow Airport; OR
 - iv. As an alternative to (iii) – if environmental targets are not met at Heathrow so precluding expansion there – to develop an additional runway at Gatwick Airport.

3. The Assembly’s Response

- 3.1 The Assembly’s response to the White Paper was agreed by the Plenary in March 2004. Having considered the evidence available and the results of an analysis undertaken by consultants commissioned by the Assembly, the Plenary concluded that the White Paper’s “predict and provide” approach to the future development of airport capacity was unsustainable. Instead the Assembly argued that a more realistic planning level for passenger demand should be used; the evidence suggesting that this should be 240 mppa in 2030 (compared with the Government’s figure of 300 mppa).

- 3.2 At this level of growth there is a need for only one additional runway to be constructed in the wider South East. The Assembly resolved that this should be located at Stansted. In reaching this view the Assembly reaffirmed its support for the expansion of facilities at both Heathrow and Gatwick Airports up to their current planning limits (i.e. 2-runway/5-terminals at Heathrow, 1-runway/2-terminals at Gatwick).
- 3.3 The Assembly's response to the White Paper highlighted the ongoing concern about the adverse impact on the environment and the implications for the labour market arising from expansion of Heathrow beyond current planning limits. It was noteworthy that the Aviation White Paper explicitly acknowledged these concerns. Members will recall that in his address to the March 2004 Plenary the then Transport Minister Tony McNulty MP confirmed that the Government accepted that the environmental concerns associated with Heathrow were real and that the Government did not necessarily assume these were capable of being addressed.
- 3.4 Building on its earlier research, the Assembly published a report¹ in May 2005 setting out in further detail the basis of the argument supporting its position. This research concluded that the White Paper proposals, particularly in respect of further growth at Heathrow and Gatwick Airports, were at variance with its own national policies on sustainable development. The work concluded by recommending:
- i) A move on from the predict and provide approach;
 - ii) Improvements in the aviation market so that it can set an economically efficient level of demand for aviation services;
 - iii) The need to take other necessary policy steps to mitigate aviation's impact on climate change and sustainability in the wider sense;
 - iv) A stronger emphasis on regional/sub-regional aviation services as a means of increasing the economic and social benefits;
 - v) Encouragement for the development of alternatives to air services such as international high-speed rail services.

4. Implementation of the Aviation White Paper

- 4.1 As part of the implementation of the Aviation White Paper the Government required the operators of the key national and regional airports to prepare non-statutory Masterplans. The purpose of these is to set out development scenarios for each airport for the period to 2030. The Regional Planning Committee has considered and responded to the draft Masterplans for Heathrow, Gatwick and Southampton Airports. The Assembly's response on each occasion has been within the policy framework agreed by the Plenary.
- 4.2 As far as Heathrow Airport is concerned it is anticipated that a revised version of the Masterplan will be produced after the publication of the PDSH work. It is also anticipated that publication of the PDSH report will act as a trigger for the Government to consult on proposals to introduce "mixed mode" operation at Heathrow (when both runways are made available for both landings and take offs throughout the day as compared to the current arrangement when a runway is dedicated to landings or take offs only).

¹ The Implications of the Aviation White Paper for South East England: Understanding the Evidence Base, May 2005

- 4.3 Although not directly linked with the implementation of the Aviation White Paper the consultations associated with night flying restrictions at Heathrow and Gatwick Airports are material considerations. Under the proposals now agreed the number of take-off and landing movements permitted remains unaltered from the previous regime.

5. The Growing Evidence Base

- 5.1 The Assembly's position was established having first considered at some length the whole range of environmental, economic and social factors one would normally expect to be taken into account in arriving at a policy position.
- 5.2 Subsequent to the Assembly's consideration of the issue there has been a growing body of evidence published, the majority of which has supported its position. The work of the Royal Commission on Environmental Pollution and the Tyndall Centre at Manchester University are two examples of the independent pieces of research that are supportive of the line of argument espoused by the Assembly. However it is worth considering in greater detail two recent reviews published by the Government.
- 5.3 The Stern Review
- 5.3.1 The Stern Review starts off by stating that the scientific evidence is now overwhelming: climate change is a serious global threat and demands an urgent global response. Stern goes on to highlight that the investment that takes place in the next 10-20 years will have a profound effect on the climate in the second half of this century and in the next. Make the wrong policy decision now and it will be difficult or impossible to reverse these changes.
- 5.3.2 Encouragingly Stern goes onto state that tackling climate change is the pro-growth strategy for the longer term and suggests that it can be done in such a way that does not cap the aspirations for growth of rich or poor countries.
- 5.3.3 The challenge identified by Stern is huge. He notes that stabilisation of the worst impacts of climate change will require that annual emissions are brought down to more than 80% below current levels. Stern warns that policy decision makers must make the most of economic instruments that allow emissions to be reduced whenever, wherever and however it is cheapest to do so.
- 5.3.4 The significance of the challenge identified by Stern is emphasised further when one takes into consideration the outcome of the Appropriate Assessment of the draft South East Plan recently completed by the Assembly. This highlights the vulnerability to poor air quality of many of the designated sites in and around the international airports.
- 5.3.5 In the context set by Stern a continued reliance on 'predict and provide' approach to aviation policy appears increasingly untenable.

5.4 The Eddington Review

- 5.4.1 The Eddington Review supports and builds upon much of what is set out in Stern's report. Eddington supports the view that transport has a role to play in contributing to emission reductions. He notes that transport is amongst the fastest-growing carbon-emitting sectors and also has among the highest abatement costs. In moving to a low-carbon economy Stern identified that the transport sector could be amongst the last sectors to experience absolute cuts in emissions. It is argued that this is likely because it would be more efficient to focus first on those sectors which can abate most cheaply.
- 5.4.2 Eddington goes on to conclude that transport policy has no choice but to respond to the challenge of climate change, for both environmental and economic reasons. He recommends that transport prices must fully reflect environmental externalities, and transport planning must take account of likely carbon prices.
- 5.4.3 A central theme of transport planning in recent years has been the importance of improving the performance of existing transport networks. This requires an integrated approach to the planning and provision of transport systems. In this respect Eddington's 'mode-agnostic' approach is arguably a weakness in his report. In dismissing the potential significance of high speed rail services (whether on conventional or dedicated routes) to act as a viable alternative to short haul aviation services Eddington fails to apply the principle of making the most of the existing asset.
- 5.4.4 It is arguable that a truly integrated approach to transport provision should promote substitution of short haul aviation by long distance rail services. Such an approach offers the opportunity to reallocate valuable landing slots at international hub airports in favour of long distance services for which there is no economically viable alternative.
- 5.4.5 Eddington recommends that the potential for high value for money better use measures that encourage changes in travel choices or exploit the opportunities provided by new technologies is explored as part of the policy response to the challenge of climate change.
- 5.4.6 On this particular point it is interesting to reflect on an apparent contradiction within the current Regional Economic Strategy. In responding to the challenge of competing in a global economy access to state of the art ICT is increasingly seen as being a critical success factor. Therein lies the opportunity to realise the potential touched on by Eddington; namely the opportunity to use modern communications as a means of reducing the need to travel. Indeed the draft South East Plan acknowledges this potential, a fact reflected in the decision to name the relevant chapter in the document 'Communications and Transport'. Continued support within the RES for the Government's approach to aviation appears to undermine the focus on developing a 21st Century communication system based on state of the art ICT.

6. Conclusions

- 6.1 It is arguable that the Stern Review supports the Assembly's view that the Department for Transport's continued use of the discredited 'predict and provide' approach in respect of aviation demand is inconsistent with the wider Government agenda of promoting a more sustainable pattern of development. In particular the DfT's approach to aviation fails to address the urgent need to take into the impact of investment choices on climate change.
- 6.2 The policy framework set out in the draft South East Plan is based on the principle that there will be further growth at both Heathrow and Gatwick Airports up to their current planning limits. The scale of this growth is in itself substantial and will require innovative proposals to be developed and implemented if it is to be realised in a more sustainable way. In addition the policy framework highlights the potential of regional air services as a mechanism for increasing wider economic and social benefits. Growth at regional airports such as Southampton is an integral element of the draft South East Plan.
- 6.3 It is arguable that the approach underpinning the Assembly's adopted position on aviation anticipated much that has subsequently been recommended by independent reviews commissioned by the Government. In stark contrast the Government appears to ignore the growing body of evidence which suggests that there is a prime facie case for a fundamental review of its current aviation policy.
- 6.4 The Government's approach on aviation policy does not auger well for the proposal to rely on Strategic Statements of Objectives as a means of setting the framework for determining national investment priorities. If Strategic Statements of Objectives are to have credibility and command widespread support they must first of all be firmly based on a robust evidence base. They must also be capable of adapting to changes in the evidence base where this raises fundamental questions in respect of the basis on which the statements were first prepared. The evidence to date in respect of the Aviation White Paper suggests that there is much to be done if these basic requirements are to be met.

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