

THE FUTURE DEVELOPMENT OF AIR TRANSPORT

(Second Consultation – February 2003)

MAY 2003

A RECOMMENDATIONS

1. SEEDA welcomes the national approach being taken to develop a sustainable airports policy. For this reason, SEEDA's views are informed by work undertaken by consultants, York Aviation, on behalf of all 9 RDAs in order to set out a common approach, and to develop a typology of airports.
2. SEEDA accepts the wide range of variables inherent in forecasting demand for aviation over the next 30 years. But in the light of the sustained growth in the South East region over the past 30 years, the middle range forecasts contained in SERAS are accepted as a reasonable basis for assessing how much runway and terminal capacity should be provided. In so doing, it is essential that the aviation industry accepts the responsibility for meeting its external environmental costs in order to demonstrate that such growth can be accommodated in a sustainable way.
3. An incremental approach is recommended to providing this capacity in the South East region, with the timing and need for new runways governed by the actual increase in demand. SEEDA's views about the sequence of providing new runway capacity in the South East region is as follows.
4. The maximum use of existing capacity and planned additions at Heathrow, Stansted, Gatwick and Luton should be the first choice, as is proposed in the SERAS document as the Government's own starting point.
5. In order to maintain the competitiveness of the South East region, a third short runway at Heathrow is recommended to reinforce its unique international hub role. This new runway should be secured by the Government directly using Parliamentary powers rather than relying on the promoter to bring forward a planning application.
6. This third runway at Heathrow should be the maximum growth there, taking into account the environmental impacts and pressures for further housing and employment growth in the western part of the region. SEEDA proposes that a second runway at Stansted should be promoted to follow expansion of Heathrow, as soon as it is needed.
7. SEEDA sees no reason to overturn the existing legal agreement preventing a second runway at Gatwick before 2019, but equally the planning at preparatory level could start well before then. This would allow a second runway at Gatwick (preferably a close parallel runway) to be implemented to meet the likely pace of future aviation growth in the South East, followed then

by a third runway at Stansted. These long term options should be kept open by safeguarding the necessary land.

8. The option of a completely new airport at Cliffe is rejected, in view of the massive capital costs, doubts about feasibility, the long lead time before new capacity could be provided, and the strong environmental constraints on major development on the North Kent Marshes.
9. The role of the region's smaller airports, particularly Southampton, London City, Manston and Southend should be exploited to the full, together with the business aviation airfields in the region.
10. Planned new runway and terminal capacity in the South East region will only be acceptable if substantial improvements to noise and pollution effects of aircraft are achieved, and a programme of surface access improvements carried out. These will need to be designed to suit the precise development programme, but would include for example:
 - Implementation of the Crossrail, Airtrack and Thameslink 2000 schemes.
 - Improvements to M25 as recommended by the ORBIT multi-modal study.
 - Improvements to the functioning of Gatwick station.
11. To maximise the connectivity of Thames Gateway to both Stansted and Gatwick, a lower Thames crossing linking M11 in Essex with M2 in Kent is recommended. A much better rail service from Ashford and North Kent to Gatwick is considered essential.
12. To minimise labour supply and land pressures at Gatwick, better access to the South Coast is needed.

B SUMMARY AND CONCLUSIONS OF THE ANALYSIS

1. Over the past 3 years, regional air service studies have been carried out covering the whole of England, Wales, Scotland and Northern Ireland. The issues are most acute in the South East, as this is where most of the airport capacity currently exists and demand arises. The 9 RDAs have responded to this process of developing a national aviation policy by commissioning consultants to provide a framework which contains a joint approach. SEEDA's own conclusions are therefore set within this framework, which seeks to recognise the role of the South East airports system in a national context.
2. The starting point is the forecast of future air traffic growth. Whether the out turn is faster or slower than the middle of the range estimates, the trend is clear: a very substantial growth in air traffic is likely over the next 30 years. For future planning purposes, the SERAS work takes a middle range scenario of about 500m passengers nationally in 2030, of which 300m would be catered for within the South East (defined for this work as the South East, London and Eastern regions). This compares with 117m passengers handled by the South East in 2000, and is therefore a colossal increase in potential demand. But this needs to be seen in the context of consistent growth rates of about 6% pa nationally over the past 30 years, and indeed 7% at the four main South East airports. So the middle range scenario could well be conservative, and is therefore taken as a reasonable basis for assessing future runway and terminal requirements in the region.
3. Whilst some of this future demand in theory could be diverted to airports outside the South East region, the scope for this is limited. Over 80% of the non-transfer passengers handled by Heathrow, Gatwick and Stansted have their origin or destination in the South East region. If the needs of South East air passengers are not to be met within the region then they will either have to travel further to other airports outside the South East, or accept that these needs will not be met and demand constrained. Whilst Manchester and Birmingham airports are expected to grow substantially, this is to meet the needs of the regional economies they serve, not to meet "overspill" from the South East. Constraining growth of South East airports is not in the interests of the UK as whole and other regions, let alone the South East region on its own. The conclusion is therefore that substantial new aviation capacity is needed in the South East.

4. However, there is the immediate issue whether meeting the demands for new aviation capacity can be achieved sustainably. The Regional Sustainable Development Framework published in 2001 by the key regional agencies, including SEEDA, sets out the 4 basic themes of sustainable development as a starting point for assessing the impact of major projects, such as airport development (though the limitations of using this as a framework for project analysis to look 30 years hence must be recognised). Maintaining high levels of economic development of employment, maximising the competitiveness of the region and promoting the strengths of the knowledge economy are set alongside the themes of environmental protection, prudent use of natural resources at improving social progress. Striking the balance between these 4 themes and 25 objectives they contain means that judgements have to be made. For SEEDA, the responsibility is to examine the particular role of airport development in encouraging regional economic development, the region's international gateway role, and the preferred region of choice for foreign direct investment. Airport development can only be considered sustainable if the aviation industry accepts responsibility for meeting all the external environmental costs it generates.
5. Heathrow is the only international hub airport in the UK. Its unique characteristic is that 25% of its passengers are transfers, the most of any airport in the world. Heathrow is able to offer a wide range of destinations and frequencies, and is a key tool in attracting inward investment. It is a national asset, and maintaining this role is as important for the successful economic development of other regions and their airports, as it is for maintaining the role of London as a world city, and the economic success of the South East region, especially the Thames Valley. The scope for a second hub operating as an alternative to Heathrow, whether Stansted or Cliffe, seems very doubtful, in terms of the willingness of business, especially those sectors of the economy such as high tech manufacturing and financial services, to accept a less accessible location. It is also unlikely that airlines would voluntarily choose to relocate from Heathrow to an alternative hub, and deny themselves the very advantages that Heathrow offers. BA have already tried a dual hub approach at Heathrow and Gatwick, and abandoned this in favour of consolidating at Heathrow.
6. A decision about the future use of Heathrow is therefore the key to the role of the South East airports system. The option of providing new runway capacity in the South East at a completely new site at Cliffe is too high a risk to the continuing international hub role of Heathrow. It would require huge infrastructure investment, which in a national sense could be at the expense of the range of improvements needed at existing airports to enable further capacity to be accommodated. If a new site in the South East failed, it would result in the worst of all worlds. The working assumption in the SERAS consultation is that Cliffe would be open in 2011 with 2 runways and handling about 58m passengers in its first year – about the same as Heathrow in 2000 but from a standing start. Given that the Cliffe option is fiercely opposed by the local authorities in Kent on environmental grounds, it is most improbable that planning permission would be granted quickly let alone the complexities of construction. In the meantime, further capacity would be needed elsewhere

which would tend to undermine the commercial case for Cliffe. There is also the risk to the buoyant economy of the western part of the region in seeking to provide all the South East region's new airport capacity in Kent and reducing the role of Heathrow, though the Cliffe option would provide a boost for implementing the Thames Gateway strategy.

7. The recommended way of meeting the needs of further aviation capacity in the South East is through an incremental approach within a clear overall framework, maximising the opportunities at existing airport locations. This is not a piecemeal approach to avoid making planned provision, but maintains flexibility to meet demand earlier, or later, as the future unfolds. It is certainly much cheaper than the vast capital cost of a completely new airport, and from the SERAS work shows the best overall cost/benefit ratio.
8. There is already substantial capacity planned in the pipeline, such as T5 at Heathrow, which together with extra terminal capacity at Stansted and Luton could provide for about 185mppa in total for the South East by 2030. This is the "maximum use" case described in the SERAS work from the BAA submission. The Government proposes this as the only way of increasing capacity in the South East in the short term, given the long lead time for constructing new runways.
9. Taking all these considerations into account, SEEDA's view is that the international hub role of Heathrow should be reinforced with a third short runway, though not necessarily as suggested in the SERAS work: the BAA submission suggests a different configuration, and some new terminal capacity to serve a new runway appears to be needed to avoid aircraft having to cross the existing northern runway. Given the pressure on housing and jobs requirements that the extra capacity of even a new short runway at Heathrow would generate in this part of the region, substantial improvements to environmental standards, particularly aircraft noise and pollution, would be essential.
10. Provision of new runway capacity at Heathrow would be followed by a second runway at Stansted, and beyond that a second runway at Gatwick and a third runway at Stansted. This means that the land north of Crawley would need to be formally safeguarded and the detailed feasibility work for additional runway capacity at Gatwick put in hand. This would need to be well in advance of the expiry of the legal agreement in 2019, so that if necessary further capacity could become available at Gatwick in the early 2020s.
11. The contribution of the smaller sub-regional airports in the South East such as Southampton, London City, Southend, and Manston which collectively provide between 5 and 10% of the total passenger requirements is small, but not to be ignored. Their role is reduced if substantial capacity is provided at the main South East airports, but from a regional perspective the potential for growth of Southampton and Manston up to about 3mppa each would generate important subregional benefits. Manston could opt for a specialised role in

aircraft maintenance (as Cardiff currently does) or freight, as well as an option for no frills carriers.

12. The role of business aviation in the South East region is significant, but not in the sense of meeting the huge forecast numbers of passenger movements. The niche contribution of small business aviation airports such as Farnborough, Fairoaks and Biggin Hill is strongly supported.
13. This strategy would enable the middle range forecast for the South East region to be provided for. However, to do so a major increase in surface access improvements is essential to enable the scale of air transport capacity to be accommodated, for example:
 - Crossrail between Heathrow, Central London and Ebbsfleet (Thames Gateway);
 - Airtrack to improve rail access to Heathrow from the South West;
 - Thameslink, with a more frequent service between the South Coast, (ie. Hastings, Brighton, and Eastbourne) Gatwick, Central London, Luton and the north of the region to Stansted;
 - Improvements to the M25 as recommended by the ORBIT study.
 - Improvements to the rail service between Ashford, North Kent and Gatwick.
14. Whilst some improvements of the connectivity of airports to the business and population centres are relatively easy to implement, other, more strategic links require fundamental planning, cross regional co-operation and large scale investment. As a specific measure to help the role of Thames Gateway, a multi modal lower Thames crossing to connect the M11 with the M2, and a much better train service from North Kent to Gatwick are recommended. Also, investigations should be carried out into ways in which the connectivity between Heathrow and the West Coast main line can be improved.
15. Finally, it is vital to ensure that the provision of additional runway capacity in the South East region is brought forward quickly. The experience of T5 at Heathrow must be avoided. There is a strong case for Government to provide the appropriate implementation machinery directly, rather than leaving it to the promoters of airport capacity to do so through the planning system. This is particularly the case in relation to Heathrow, where the unique national importance of Heathrow as the international hub is crucial not only to the regional strategy but to the future development of air transport for the UK as a whole. In this regard, it would be appropriate for a third runway to be secured by the promotion of a Parliamentary Bill supported by the Government, in the same way that the powers to construct the Channel Tunnel and the Channel Tunnel rail link have been approached. This enables the balance to be struck between establishing a clear timetable and process for moving the project forward and the proper requirements to ensure that planning and environmental issues are thoroughly investigated and the appropriate conditions as safeguards applied.

