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Report to Partnership Meeting 7 October 2011

RESEARCH AND STRATEGY DEVELOPMENT

UK Aviation Scoping Consultation and Peripheral Regions Input

Purpose of Report

To advise the Partnership of a meeting held between the transport, economic development and airport representatives of the most peripheral regions of the UK, containing a regional airport. This meeting, called by HITRANS and Nestrans, in advance of the UK Governments Aviation Strategy Scoping Consultation, was to determine whether there might be a common position that could be taken by the most peripheral regions of the UK, those which could not in the foreseeable future achieve effective land based access to the South East of England aviation and economic hub.

The report also proposes a draft HITRANS response to the Consultation for consideration by the Partnership.

Background

HITRANS and Nestrans at officer level have been discussing common issues surrounding air access to and connectivity through the London air hub, and the related UK Governments consultation paper "Developing a sustainable framework for UK Aviation: Scoping Document". Both regions are concerned that the impact of the framework developed following the consultation could be significant for their areas and were keen to emphasise as strongly as possible to the UK Government the economic importance of good access to London and connectivity through the hub airports at Heathrow and Gatwick to the rest of the world.

The RTP Chairs have come to an all Scotland consensus view that permits an agreed Scotland wide RTP submission to be made which reflects the views of individual RTP's. However both HITRANS and Nestrans are also of the view that our position on the significance of aviation in the north of Scotland is different from that of the more central areas of the country.

Whilst these more central areas are currently relatively peripheral to London the proposals for High Speed Rail will benefit these parts of the country, even if High Speed Rail only reaches Manchester and Leeds. In these conditions the journey time from the central belt to London will be around 3½hours, at the edge of the timeframe for significant levels of transference of passengers from air to rail. This will reduce the peripherality of the central belt from the UK capital and its hub airport.

HITRANS and Nestrans officers considered there was merit in discussing these more peripheral issues with other regions of the UK where there was no (nor proposed) viable alternative surface means of access to London and its hub airports. This included Northern Ireland, Isle of Man, Cornwall and the Channel Islands.

A meeting was therefore arranged for the 15 July in London, Chaired by HITRANS, to discuss these issues with transport, economic development and airport representatives from each of these regions. The Highlands and Islands was represented by Dave Duthie, Inglis Lyon of HIA, and Tony Jarvis of HIE. Specialist aviation advice was available at the meeting from Laurie Price of Mott MacDonald, a past adviser on aviation to the UK Parliaments Transport Committee and lead consultant on the HITRANS Air Services Review, and Chris Cain of Northpoint Aviation, previously an official in the Department of Transport.

All invited regions except the Isle of Man were represented at the meeting.

Discussion

There was a strong consensus at the meeting covering a number of similar issues that affect all the peripheral regions. Areas of agreement included:

- The impact of air access to London and its hub airport on the economy of each region
- That any responses to the Government should consistently centre on the economic impact of accessibility and connectivity
- A general agreement that the Government should consider the "peripheral regions" as distinct from the "regions"
- A general agreement that a joint "peripheral regions" response to the consultation was desirable if this could be achieved.

There was discussion about different requirements regarding accessibility to London as a destination and the connectivity that the hub airport at Heathrow provides. There was also some discussion regarding what constituted a "peripheral region" where there appeared to be general consensus that this was a region from which there was no viable surface access alternative with this being perceived as time based.

Discussion then concentrated on what the best approach would be to encourage a change of focus of Government policy that would be needed to permit Ministers to include proposals to ensure peripheral regional access to London and its hub airports.

Advice from the meetings advisors included:

- Create a group that could be recognised as a representative group (needn't be a formal group but one with an agreed terms of reference) and give the group a name
- Try and have an independent secretariat for the group to avoid being seen as a vehicle for any particular area
- Try and arrange a meeting as early as possible between a small representative number of the group and the head of the Civil Aviation Authority – it was thought that the CAA were likely to give the group a sympathetic hearing.

It was agreed that terms of reference would be agreed (collated through Partnership Director at HITRANS in the first instance) and that a meeting would be requested with

the Head of the CAA. These matters are still on-going at the time of preparing the Report.

Further meetings of the group could, through the secretariat, develop a common approach to responding to the consultation and assess the need for any lobbying of MP's etc. that could be required including any possible media campaign.

The group considered that an independent secretariat was necessary to avoid the group being seen as being pushed from any one region. It also agreed that it may be advisable to hire consultancy advice on the best way to frame the response to have maximum impact with the Department of Transport and to identify the appropriate people and possible friends to lobby. It was agreed that there may be a cost to this and that this be discussed again initially through email via HITRANS Partnership Director.

Department for Transport Seminar

The Department for Transport held a seminar as part of the Aviation Consultation exercise, facilitated by Transport Scotland, in Edinburgh on 27 July. This offered the opportunity for a Scottish viewpoint to be raised directly with the DfT senior civil servants responsible for aviation policy. This was well attended by representatives from the north of Scotland and the particular views of those farthest from London were able to be put forward strongly.

One of the themes that came out strongly in the discussion was that a simple one size fits all approach would not satisfy the needs of the country, particularly the more peripheral regions. The distances involved in accessing London and the lack of viable surface alternative meant that air access for these regions was considerably more important than for more accessible areas. North of Scotland representatives were strong in pointing out that the idea of reducing short haul flights was to be applauded but had to be understood alongside an understanding of the size of the UK with Aberdeen and Inverness being as far from London as Geneva, and that surface transport by rail to Geneva from London is at least an hour shorter than from London to the North of Scotland.

Aviation consultation

The consultation is in the form of a series of questions. The civil servants from DfT present at the July Meeting were keen to stress that each respondent need only respond to those questions within their remit or knowledge and that any responses should where possible include evidence or case studies to assist in understanding the points made. A draft HITRANS response is enclosed as an Appendix to this report for consideration by the Partnership. This initial Consultation is in relation to Scoping for the Development of a Sustainable Framework for Aviation with an initial response deadline of 30th September which has subsequently been extended to 17th October thus providing the Partnership with the opportunity to consider their response at a full Partnership Meeting. There will be a further opportunity to input into the content of the Framework in 2012 once preliminary proposals are made public and before ratification of the Framework in 2013.

Recommendations

1. The Board consider and agree the proposal for participation in any Peripheral Regions Group with a view to a common approach by the Peripheral Regions in their responses to the UK Governments Aviation Strategy Consultation process.
2. The Board consider the Draft HITRANS response to the Consultation and agree to submit this by the due date of 17th October 2011.

Risk	impact	comment
RTS delivery	√	The RTS Aviation horizontal theme indicates the need to improve links with the London and European air hubs, and to improve intra-regional connectivity. The Consultation response and potential common working with other peripheral regions of the UK will help meet these aspirations.
Policy	-	
Financial	-	
Equality	-	

Dave Duthie
Partnership Director
25th September 2011

Appendix

DfT Consultation – March 11 (responses by 17 Oct 11)

Developing a sustainable framework for UK aviation: Scoping Document

<u>Questions and Draft responses</u>

Only selective questions have been answered which are relevant to the aviation sector in the Highlands and Islands from an economic and social perspective.

<u>The aviation sector</u>

1. ***How does the aviation sector as a whole benefit the UK? Please consider the whole range of aviation activities including, for example, air freight, General Aviation and aerospace.***

The UK economy is a global economy. This is true not just for the South East of England but also for the remoter regions of the UK including the Highlands and Islands. The North of Scotland economy is a highly significant and increasing contributor to the UK economy not simply for the oil and gas returns from the North Sea and around Shetland, the developing renewable energy sector, and quality food and drink, but for the significant export market in these industries and their supply chains. It is building on this success and potential that the future of the region depends.

Key to this developing success is ease of access to world markets and opportunities. On such an international scale air connectivity is the key component in ensuring that current success grows and develops allowing the North of Scotland to continue to and increasingly contribute strongly to the UK economy.

Another important sector for the Highlands and Islands of Scotland is the expanding tourism market. Direct access to the region through air travel is essential to permit our tourism sector to reach its potential and thrive in this very competitive worldwide industry.

*3.. **Are some sub-sectors of aviation more important than others? If so, which and why?***

Aviation serves to enhance the economy in many ways. However in developing a policy for the future consideration should be given to:

International travel:

International business relies on the ability of people to reach markets across the globe. In the great majority of cases this will be achieved through air travel through an international hub airport, and in the case of the UK this is Heathrow. Heathrow's ability to serve this hub function for the UK is essential to the UK Economy as equally is the ability of people to access Heathrow. The nature of this access will be different for different parts of the country.

Facilitating international travel from regional and peripheral regional airports should be

an important commitment of UK Aviation policy and when delivered should assist Heathrow achieve its UK based international hub function.

At present a number of UK Regions achieve this international connectivity through European mainland hubs due to their inability to gain access to Heathrow. This does not provide these regions with the equivalent to connectivity through Heathrow, particularly to North America, and European hub access may in time be subject to equal constraint as capacity at the mainland European hubs is taken up by forecast increases in global aviation.

Reducing peripherality in the UK:

An important function for aviation should be to reduce the impact of peripherality for areas not effectively accessible to major centres by land based transport modes. HITRANS supports the efforts are being made to enhance connectivity within the UK by surface modes, thereby reducing emissions from short haul air and road based traffic that can switch mode to a more sustainable mode. Whilst this is potentially beneficial for areas affecting the bulk of the country's population, including the central belt of Scotland, it has to be recognised that the more peripheral regions of the UK will still critically require air access to London and its hub airport. Consideration should therefore be given to promoting measures that support aviation serving these peripheral regions including ensuring access to London and its hub airport. The Framework should support aviation connectivity and accessibility to London hubs for regions from which surface alternative journeys to London are over 4 hours in duration.

Lifeline services:

Air services within the Highlands and Islands of Scotland are unique in the UK in providing internal access within the region between our islands and peninsular communities and their mainland service centres. In many ways these links to our islands are the equivalent to rail links elsewhere in the UK, and represent the key transport network for business, and the service sectors including health. In addition local island communities achieve critical day to day movement to local towns using local air services. By their nature these internal regional and local air services are lifeline services and future policy should recognise the nature of these services and their importance to the communities so served. UK Aviation policy should ensure continuation of positive support the provision of these services.

Helicopter travel:

Policy on UK aviation should recognise the essential role played by helicopter traffic in servicing the offshore energy industries around the Scottish coastline, a sector which is likely to further increase with the development of off-shore wind arrays in the next decade.

7. ***Should some aspects of UK aviation be considered to be of strategic national interest (e.g. certain airports, air traffic control)? If so, based on what criteria?***

International travel and connectivity is clearly important to the UK economy. This travel should have a priority attached. Encouragement should be given to increasing international travel from regional and peripheral regional airports given the current

constraints in providing equivalent connectivity through London, but in addition UK Aviation policy should ensure that those peripheral regions of the country whose economy is strongly dependent on international travel should be assured of air access to the national hub.

Reducing peripherality is of strategic national interest. Air travel and connectivity has an important role to play in re-balancing the UK economy in ensuring that the more peripheral regions can continue to flourish by ensuring good access to the major centres.

Lifeline services as discussed in 3 above are critical to the sustainability of a large geographical part of Scotland and as such are of strategic national interest.

Helicopter traffic is also of strategic national interest. This essential mode not only services the offshore installations of current oil and gas fields, and potentially the off shore renewable sector, but also provides many search and rescue and emergency functions that cannot be fulfilled by other modes.

International connectivity and hub airports

9.   *How important are air transport connections – both international and domestic – to the UK at both national and regional levels?*

Economic Input to be provided by HIE

10   *As long as people and goods can easily reach their desired destination from the UK, does it matter if they use a foreign rather than a UK hub airport?*

For the passenger the main issue is a matter of minimising overall journey time and cost. The choice of carrier and choice of destination served by the hub airport will determine which airport is used. Central to this is the ability to access the chosen airport.

Heathrow provides a wider range of choice of carriers and destinations than comparable European hubs, particularly to the USA and British Commonwealth countries which in the past have been, and at present continue to be, critical links for business and tourism.

11   *Are direct connections from the UK to some international destinations more important than others? If so, which and why?*

Direct connections are important to support industry, business and tourism.

As the oil and gas industry has expanded across the globe there has been a change in mode of operation**,** moving from locating workers and their families to the oil and gas field regions to placing workers in the oil and gas field regions for short periods of time whilst they are based across the North of Scotland. These fields are therefore now tending to be managed and supplied by companies in a number of locations with Inverness being one of these locations. This has resulted in, and will continue to result in, increased travel from within the region to destinations across the globe. Such frequent travel demands the minimum of inconvenience and time for the traveller to

effectively serve this market.

In trying to attract inward tourism and inward investment it is important to make the journey for the tourist and business traveller as easy and convenient as possible. The more direct the flight involving the fewest changes of plane and countries transited through the more attractive the proposition and the greater the success in attracting the customer.

13   *What are the benefits of maintaining a hub airport in the UK?*

If the UK is to continue to succeed on the world stage it must be a centre of commerce and business and to achieve this aim it must have excellent transport links with its trading partners. There is no alternative to having an international hub airport if this function is to be retained and developed. International traffic that has to go through another European hub to get to the UK will in the short to medium term simply relocate its business to the European hub unless there are unique facilities the UK has that cannot be replicated in other centres. The reasons for having a national hub airport, reduced costs, emissions etc by combining passengers from different regions to a central longer haul route are as sensible now as they have always been. As ever increasing areas of the globe become developed then the opportunities for British companies increase in more diverse locations, increasing the need for an effective hub.

15   *What are the relative merits of a hub versus a point-to-point airport? &*

16   *Would it be possible to establish a new 'virtual' hub airport in the UK with better connectivity between existing London and / or major regional airports? Could another UK airport take on a limited hub role? What would be the benefits and other impacts?*

Point to point travel and a hub airport are both important. Point to point has convenience and time saving opportunities but does require sufficient patronage to be a viable proposition for an operator. Where this sufficiency doesn't exist, as from the Highlands and Islands, then the hub airport's ability to group passenger numbers for onward travel at a location that additionally captures point to point traffic is required.

Manchester Airport currently supplies a degree of connectivity for Highland based travellers that allow it to perform a partial hub function for international travel. The number of destinations and frequency to key destinations are however very limited and inter flight connectivity in both directions is poor given the current focus on Heathrow, and increasingly Gatwick, as the main South East of England national hubs.

Regional connectivity and regional airports

17   *Can regional airports absorb some of the demand pressures from constrained airports in the south-east? What conditions would facilitate this?*

Regional airports do take some pressure off the south east airports by providing direct access to international destinations, though clearly not for point to point movement to the South East of England. Proposing the concept of mini hubs where a regional airport (or peripheral regional airport) can supply services for travellers from outwith their own region could assist. Glasgow, Edinburgh, and Aberdeen airports do provide these services at present to a limited extent for the Highlands and Islands, outwith the

Highland mainland area. To facilitate such a change in usage greater frequency to and choice of international destinations from these regional airports would have to be provided by transference of flights from busy routes out of Heathrow.

18   *What more can be done – and by whom – to encourage a switch from domestic air travel to rail? &*
19   *How could the benefits from any future high speed rail network be maximised for aviation?*

See HITRANS response to the DfT HSR consultation on HSR, June 2011.

20   *How can regional airports and the aviation sector as a whole support the rebalancing of the economy across the UK?*

Input to be provided by HIE

Making better use of existing capacity

22   *Can we extract more capacity out of the UK's existing airport infrastructure? Can we do this in a way which is environmentally acceptable? To what extent might demand management measures help achieve this?*

Increasing the attractiveness of surface access for shorter inter-regional movement (sub 4hr duration) and to the hub airport at Heathrow and to London offers the opportunity to increase critical capacity at Heathrow and other London airports by reducing the number of landing slots required for regional airports. Such modal shift from air to rail would reap significant environmental benefit for movement from and to the regions so served.

Even with HSR in place as far as the Scottish Central Belt some parts of the country will still be peripheral to London and require continuing regional air access to the South East. These peripheral regions, including the Highlands and Islands, should be given a priority for landing slots to ensure adequate access to London and where the peripheral regional economy requires it, adequate connectivity through the hub airport at Heathrow.

To encourage the use of surface transport where this is viable consideration could be given to the introduction of a UK Differential Air Passenger Duty where a lower or zero tax rate should apply to those flights over the surface access time limit of say of 4 hours and to internal flights within the Highlands and Islands.

23   *How can we support Heathrow's hub status within the constraints of its existing capacity? Can we do this in a way which is environmentally acceptable?*

In the short term the Government has agreed to a trial where in times of difficulty BAA in certain circumstances can suspend alternation of runways permitting increased runway capacity to clear a backlog of flights. Should this trial be successful in being environmentally acceptable to local residents then this could be extended for a limited period in the day to increase capacity for a defined time period. This extra capacity could be removed when High Speed Rail extends to the point at which the number of internal UK flights reduces due to transference of passengers to surface transport. This would reduce the pressure on airlines to drop internal flights from the peripheral regional

airports for more lucrative services using bigger planes to other worldwide destinations.

The challenge to Heathrow's hub status at a European and world level is as a result of it currently providing fewer links to growing eastern markets than competing European hubs. It may be that Heathrow has to sacrifice a number of its frequent transatlantic services to fill this gap and provide customers with the choice of destination they require. Services which as a result move from Heathrow could relocate to either Gatwick or developing regional hub thus providing more flexibility and options for interlining by UK travellers not able to access Heathrow in the short to medium term, prior to the HSR creating reduced pressure for regional access and freeing up capacity.

24   *How important is increased resilience at the UK's major airports to reduce delays? How best could resilience be improved with existing capacity, e.g. how might trade-offs between existing capacity and resilience play a role in this?*

It is not accepted that capacity should be reduced on the 360 or so days of normal operation per year to allow quicker return to normal operation on the 5 or so days of difficulty per year. The aim should be to improve capacity on the days when difficulties occur. The trial of suspension of alternation should ensure that these, albeit extremely inconvenient interruptions to normal operation are resolved as quickly as possible.

Reducing capacity would inevitably increase the pressure on internal UK flights to the peripheral regional with consequential knock on effects to the economies of these regions and the UK as a whole.

26   *Could existing airport capacity be more efficiently used by changing the slot allocation process, for example, if the European Commission were to alter grandfather rights? If so, what process of slot allocation should replace it? &*

27   *What provision, if any, should be made for regional access into congested airports?*

Consideration should be given to introducing a mechanism that would permit the peripheral regional areas (where surface access of less than 4 hours is not available) to have a degree of priority for landing slots to permit access to and connectivity through the London hub. Where a peripheral region's economy is dependent on worldwide connectivity and is significant to the overall UK economy, the degree of priority should be extended to specifically require access to Heathrow.

Climate change impacts

39   *What scope is there to influence people and industry to make choices aimed at reducing aviation's climate change impacts, e.g. modal shift, alternatives to travel, better information for passengers, fuller planes, airspace management (which can also help reduce local environmental impacts)?*

We believe that a differential Air Passenger Duty could be applied to further encourage mode shift to surface access where a viable surface mode exists. This should include a significantly reduced or zero tax for those areas where no viable alternative surface mode exists.

Local impacts

40   ***What do you consider to be the most significant impacts – positive and negative - of aviation for local communities? Can more be done to enhance and / or mitigate those impacts? If so, what and by whom?***

The largest impact on our regional economy would be if the business community didn't have the connectivity it needs or didn't have the confidence that the connectivity it has will be maintained. The consequences of these scenarios are significant job losses, loss of inward investment opportunities, reduced tourism, and revenue loss to the UK Government. The service sectors, and particularly the Health Sector, are reliant on the intra-regional and Scottish area air services to get patients to and from acute care centres. Any reduction in accessibility to our remote peninsular and island communities resulting from changes in aviation policy or taxation would have a significant impact on the sustainability of the economic and social base of these communities.

42   ***Do you think that current arrangements for ensuring sustainable surface access to and from airports, e.g. Airport Transport Forums and airport surface access strategies, are effective? Could more be done to improve surface access and reduce its environmental impacts? If so, what and by whom?***

There would be merit in considering setting enforceable targets for airports, to achieve a level of access by public transport through their masterplans. It is accepted that a common standard could be difficult to achieve with different conditions being experienced at each airport and variations in the market each serves.

An alternative approach would be for airports to be required as part of their Carbon Reduction Strategies to include the carbon footprint of all journeys to and from the airport in their base level data and, within their 2020 and 2050 targets, to include reductions in these elements of carbon usage.