



Department
for Transport

Aviation 2050

The Future of UK Aviation

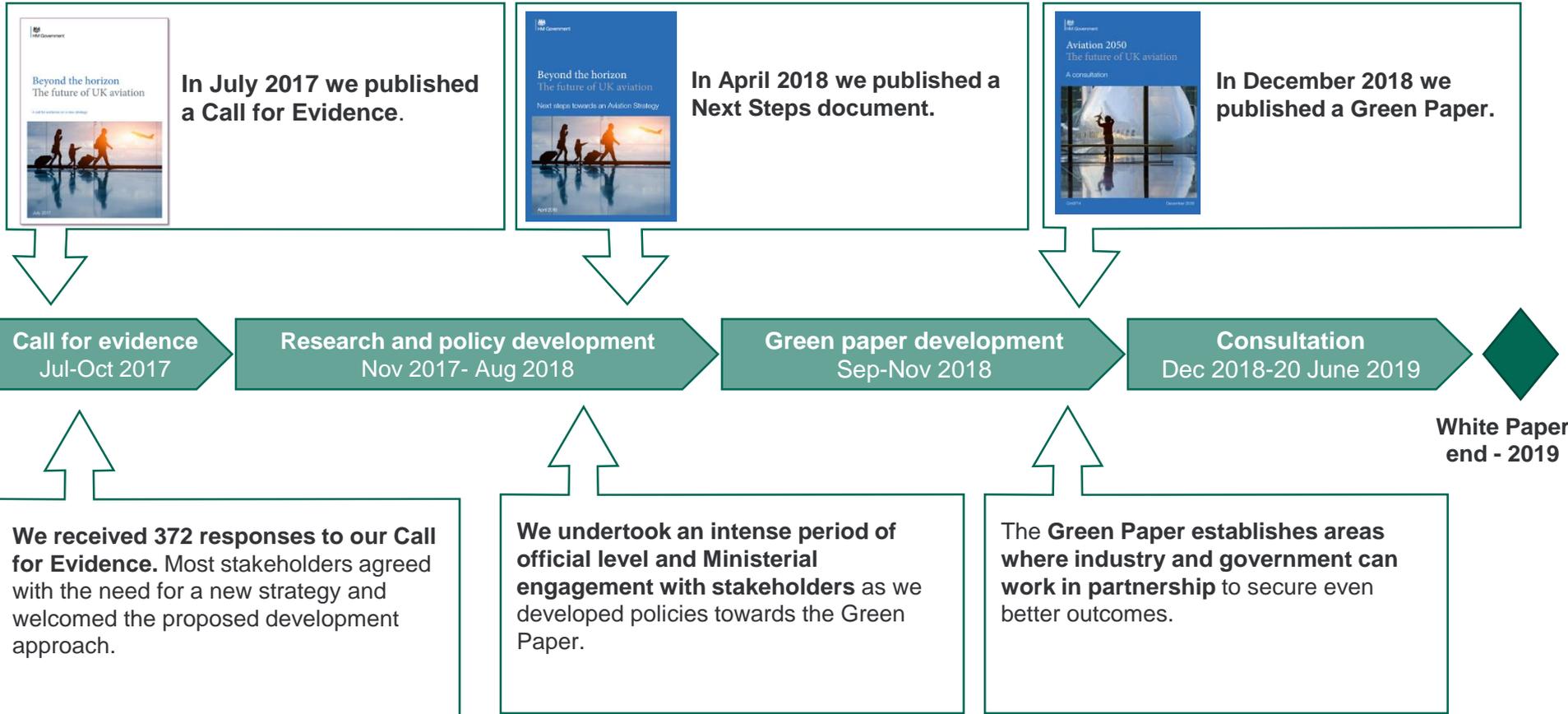
Ian Elston – Head of Airport Policy





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The government is currently developing a new Aviation Strategy which will update the existing 2013 Aviation Policy Framework





The green paper emphasises the significance of aviation to the UK economy, and sets out the challenges and opportunities to 2050 and beyond

The story the green paper tells:

1. The aviation sector plays a critical role in underpinning the competitiveness and global reach of the UK economy and regional economies.
2. Government's role in the Aviation Strategy is to provide confidence that the new policy framework enables the industry to deliver effectively for the consumer (freight and passenger) and brings forward much-needed reforms to meet the challenges and opportunities that the UK faces to 2050 and beyond.
3. One of these key challenges is the sector's impact on the local and global environment so the Aviation Strategy will address current issues and put in place a framework to ensure future growth is sustainable.
4. The outcomes we want for the sector can only be delivered through an active partnership between government and industry.



The key messages contained within the green paper

Context

- Importance of aviation to UK economy and competitiveness.
- Emerging global trends to 2050 create challenges and opportunities for the sector.

Global, connected Britain

- Building a global Britain that is outward looking, embracing the world, with a strong economy that benefits the whole of the UK.

Sustainable growth

- Government will work in partnership with the regulator and industry to ensure necessary conditions are met to allow sustainable growth while mitigating environmental impacts.

Regions and competition

- Supporting regions' competitiveness by integrating airports into regional economic and transport planning, developing skills pipeline and refocusing support for regional connectivity.

Consumers

- Building on customer focus of sector to ensure all consumers benefit and are appropriately protected even when things go wrong.

Safety and security

- Maintaining the UK's role as a global leader in aviation security and safety.

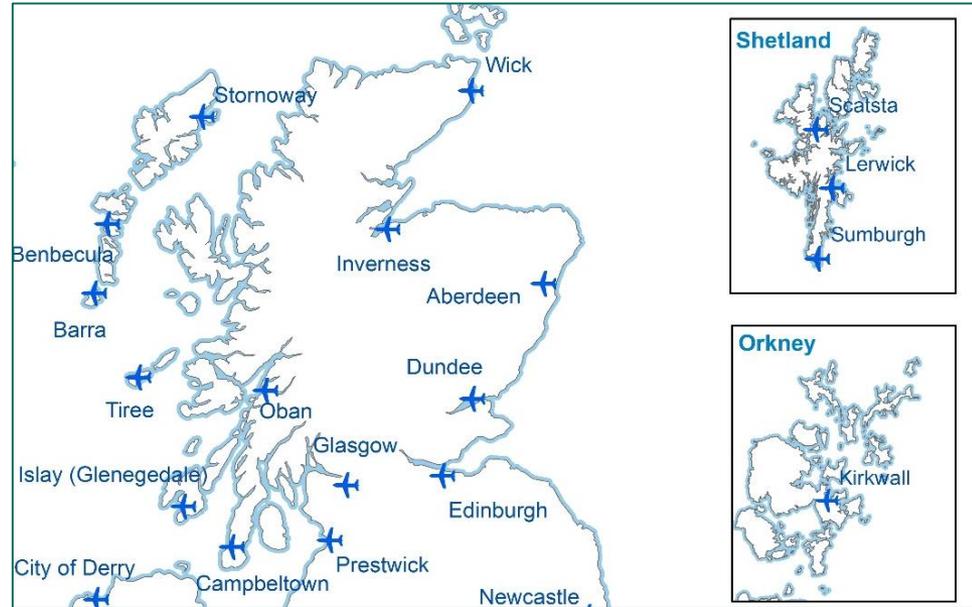
Technology and Innovation

- Ensuring our system is fit for purpose to meet the challenges of the future – agile regulation; co-ordinated investment in new technologies.



Why is the Strategy important for Highlands & Islands of Scotland

- 50% of Scotland's land mass but less than 10% of its population.
- Aviation major role in connecting communities and stimulating economic growth and social cohesion.
- Nine major airports see almost 1.2 million terminal passengers per year in 2017.
- From Inverness with nearly 800k passengers to Campbeltown with 8k.





Areas Covered Today

- Supporting Regional Growth & Connectivity – Erum Mussa
- Encouraging Innovation & New Technology - Eamonn Beirne
- Heathrow Expansion – Ian Elston
- Slot Allocation Case for Change – Jasmine Banghard



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Our Green Paper consultation is now published. We encourage all stakeholders to have their say and input in to the consultation.



How you can get involved:

- ▶ Our previous 16-week consultation period has been extended to June 20th. There will be widespread stakeholder engagement organised.
- ▶ Keep up to date with the progress of the Aviation Strategy by visiting our website at:
aviationstrategy.campaign.gov.uk
- ▶ Contact us through:
aviationstrategy@dft.gsi.gov.uk

Following the Green Paper consultation period we expect to publish a White Paper towards the end of 2019.



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Regional Connectivity

Erum Mussa – Head of Aviation Resilience,
State Aid and Regional Connectivity





Regional Growth and Connectivity

- Acknowledge wider benefits of domestic connectivity
- Support regional economic hubs / rebalance economic growth
 - Surface access transport hub
 - Ensuring goods can move around the country
 - Employment hubs
 - Location of businesses
 - Creating Jobs
 - Training and Skills
 - Tourism
 - Social benefits
- Regulatory burdens





Challenges

- Policy that works for whole UK
- Commercial market
 - market distortion
 - economic viability
 - social benefits



- Value for money – Public spending
- State Aid
- Sustainable regional connectivity



What we are proposing

PSOs:

- Continue policy support for lifeline routes
- Continued support of routes into London that are in danger of being lost
- Expanding the scope of PSOs to support routes into airports where justified through evidence of onward connectivity benefits

Heathrow:

- Announced a 50% increase in discount for domestic passengers, as well as a £10 million route development fund to support new routes
- Ring-fencing slots
- If required supporting routes into Heathrow through unfunded PSOs.

Start-up aid:

- We would like to understand better the role that start-up aid could play in supporting domestic connectivity

Updated UK
policy on EU
regs:

Robust and
transparent
application
process





New Application Process Proposal

- Current methods for assessing value for money remain unchanged
- Two stage process:
 - First stage: Adherence to a number of pre-requisite criteria required by EU regs; Pass/fail
 - Second stage: Assessment against criteria below; Not be pass/fail allowing more nuanced assessment on a route-by-route basis; Would allow DfT to create a more robust strategic case

Criteria may include

Regulatory Considerations	Strategic Benefits	Distortional (undesirable) effects that the PSO might induce
Assessment of subsidy required per passenger (either direct or indirect)	Strategic fit (how does the PSO help to rebalance the UK economy)	Degree of impact on existing air route(s) from the origin airport (either to foreign hubs or other domestic airports)
Degree of peripherality (<3, <4, <5 hours)	Does it improve domestic connectivity to the region, relative to connectivity today by any other mode of transport	Degree of impact on existing air route(s) from a nearby airport to the same destination airport (for example Liverpool and Manchester)
Peripherality to alternative airport in the same region	Does it improve long haul connections for the region, either directly from regional airport or through a hub airport	Degree of impact on other route(s) from the destination airport (long haul)
	How much of the surrounding area is designated as a 'development region'	Distortion of existing market for rail and other surface public transport connectivity
		Distortion of existing market for road connectivity



Questions for Consultation:

- To what extent do you believe the proposed policy will improve domestic connections, both into Heathrow and throughout the UK?
- To what extent do you believe the two-stage application is the correct method for assessing PSOs going forward?
- Are the secondary criteria the correct areas to judge PSO applications against?
- What other criteria would be helpful in building a strategic case for a PSO?
- How could the assessment process for start up aid be improved to maximise positive outcomes?



Resilience

Operational issues: due to congested systems

- Can be easily disrupted by minor incident as no capacity to facilitate delays
- Can have a knock-on impact if not effectively prevented

Impacts:

- Cancellations often short-haul
- Particular impact on Scotland
- Inverness: often no alternative



Individual airport
e.g. fire



Local region
e.g. severe weather



National scale
e.g. Power failure



Questions for Consultation:

Proposal: Guidance that sets minimum standards and expectations on airports with regard to resilience and contingency planning.

- What can we learn from airports in Scotland?
- How far should these policies apply to airports in Scotland?
- To what extent should resilience and contingency plans be standardised?
- What would you like to see included in any guidance?
- Are there any types of airports or incidents that you feel should not be covered?



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Innovation and New Technology

Eamonn Beirne – Head of Emerging
Aviation Technology



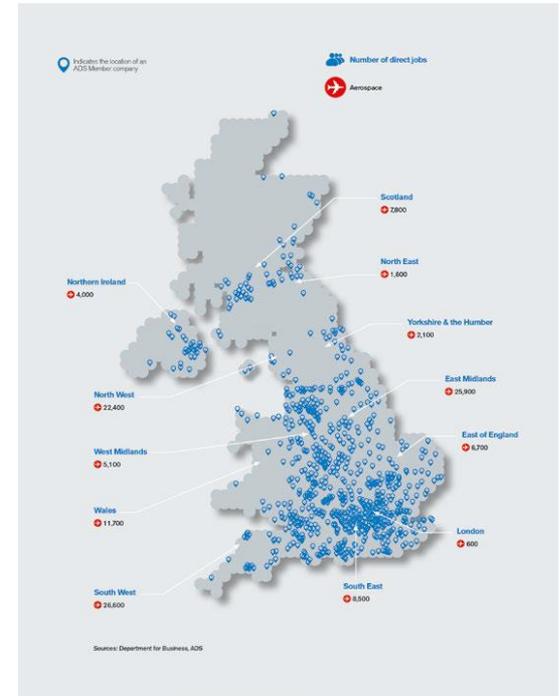


The Opportunity

- Encourage innovation and new technology for the benefit of consumers
- Technological advances and new business models support economic growth
- Unlock mobility: new ways on how goods and people move around
- Maintain and build UK's leading global position in aerospace and aviation

The UK Aerospace sector

- Provides 120,000 highly skilled jobs – over 8,000 of which are in Scotland
- Annual turnover of £35bn, most of which comes from exports.
- Scotland has annual sales of £1.6bn
- UK investing £3.9bn to 2026 in development of new aircraft technology. £1.95bn of this from Gov.



UK Aerospace Companies



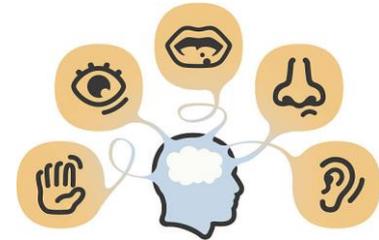
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Overcoming Barriers to Innovation

➤ The importance of agile regulation



➤ Public acceptance



➤ Working together





Technology Opportunities

Automation



Electrification

Digitalisation and Data



Future Flight Industrial Strategy Challenge

- £125m from Gov, matched by industry
- Developing demonstrators of new electric & autonomous aircraft
- New mobility modes, driven by drones, urban air mobility, small electric/hybrid regional aircraft
- Not just aircraft – building regulatory, airspace management, ground and digital infrastructure
- Positions UK to take advantage of global move towards electric and hybrid propulsion and exploiting new markets (drones, urban air mobility etc)



Some Food for Thought.....

- What are the opportunities new technology can bring for Scotland?
- How might new technology change travel within, to and from Scotland?
- What are the long term challenges which innovation can help address?
- What are the key regulatory, policy, financial or other barriers to focus on?
- How key is public attitude to the uptake of new technology – and what should Government's role in that be?
- How can better use of data help?



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Heathrow Expansion

Ian Elston – Head of Airport Policy





A new runway at Heathrow would bring real benefits to people across Scotland

- ▶ Maintaining and enhancing **domestic connectivity** is one of the key benefits of any expansion at Heathrow:
 - ▶ New connections;
 - ▶ Increased frequency; and
 - ▶ Greater competition for domestic routes, expected to drive down fares.
- ▶ With a greater choice of airlines at an expanded Heathrow, this will offer access to important global markets and international destinations for people going on holiday, visiting friends or family, or travelling for business.
- ▶ The Airports National Policy Statement requires Heathrow to work with airlines to strengthen existing routes and deliver new connections. Government expects Heathrow to deliver at least six additional domestic routes by 2030.
- ▶ Expansion is expected to deliver 100 additional flights per week between Scotland and Heathrow.
- ▶ It would also enable Heathrow to nearly double its capability to move cargo by air, offering businesses across Scotland the chance to increase their exports.





Next steps for Heathrow expansion

- ▶ Following the vote and subsequent designation in Parliament, **the NPS is now planning policy** for any application for development consent.
- ▶ **The next step is for Heathrow to develop their plans, including the scheme design, and hold a further consultation.** This allows the public a further opportunity to have their voices heard.
- ▶ Any application for development consent will be considered carefully and with an open mind, based on the evidence provided, and includes a **public examination by the independent planning inspectorate** before any final decision is made.



Illustrative timeline

2018-2019

Heathrow finalises its masterplan based on responses to its consultation held in January 2018.

Heathrow public consultation on its masterplan. Will include more details on airspace change process.

Winter 2019/20

Heathrow submit Development Consent Order (DCO) application to the Planning Inspectorate.

2021

If application approved, Heathrow's property compensation scheme becomes live and construction of the new runway begins.

2021

Anticipated timing for decision on Heathrow's DCO application.

2021-22

Heathrow consults on airspace change proposal and applies for consent.

2026

Potential introduction of western rail access to the airport. First phase of HS2 opens, offering quick connections via Old Oak Common.

2026 - late 2020s

Assuming the planning and construction process runs in line with the timetable set out by Heathrow, the new runway could be operational by 2026 - late 2020s



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Slot Allocation

Jasmine Banghard – Head of Regional
Airports





Slot Allocation



- As airports have become busier, guidelines have had some adaptation
- Where significant new capacity is released at a highly constrained airport (i.e. Heathrow), it is government's view that current guidelines and regulations may not promote fair and competitive growth

- Some UK airports are becoming highly constrained, so efficient use is more important than ever
- Slot guidelines were primarily designed for allocating capacity at airports that are at, or are reaching, high levels of congestion

STATUTORY INSTRUMENTS	
2006 No. 2665	
CIVIL AVIATION	
The Airports Slot Allocation Regulations 2006	
<i>Made</i>	5th October 2006
<i>Laid before Parliament</i>	11th October 2006
<i>Coming into force</i>	1st January 2007
<small>The Secretary of State for Transport is a Minister designated⁽¹⁾ for the purposes of section 2(2) of the European Communities Act 1972⁽²⁾ in relation to air transport.</small>	
<small>Accordingly, the Secretary of State makes the following Regulations in exercise of the powers conferred upon him by that section.</small>	



Potential Issues



- Airlines may prefer to hold onto slots and use them inefficiently rather than put them into the pool
- Lack of transparency

- Domestic routes can be crowded out
- The rules for new entrants can make it hard for them to come into a busy airports and operate at scale





What do we want to Achieve?

In considering reform, the government has two objectives:

- Primarily, to increase competition



Terminal	Flight	Destination	Time	Gate	Remark
Terminal 0	BA117	Edinburgh	06:45	1140	
Terminal 0	CX1947	Bucharest	06:50	122	
Terminal 0	BA165	Brussels	07:05	110	CHECK IN
Terminal 0	BA9925	Amsterdam	07:05	114	CHECK IN
Terminal 0	BA772	Istanbul	07:10	122	CHECK IN
Terminal 0	BA6706	Copenhagen	07:15	119	CHECK IN
Terminal Z	RY6554	Glasgow	07:25	112	CHECK IN
Terminal B	AF7651AY	Zurich	07:35	145	CHECK IN
Terminal 0	DL8611CO	Rome	07:40	101	CHECK IN
Terminal A	AZ 300RF	Newcastle	07:45	124	CHECK IN
Terminal A	EW107OL	Dusseldorf	07:50	125	CHECK IN
Terminal A		Berlin	07:55	146	CHECK IN
Terminal A		London	08:00	147	CHECK IN

- Increase connectivity, domestically and abroad



Developing our Evidence



- The government does not have a preferred option for reform
- Therefore, we are consulting on a wide range of options
- Stakeholder engagement is central to us understanding the potential implications for reform



Questions for Discussion:

- Is there a case for changing slot allocation where there's a significant new capacity?
- How could the government achieve its objectives of ensuring this capacity promotes competition and connectivity
- What measures should the government consider to support the regions?



Next Steps...

HM Government

Aviation 2050
The future of UK aviation

A consultation

Cm9714 December 2018

All of this is subject to consultation

The extended consultation period now runs until **20 June 2019** (11 April for airspace legislative proposals)

Visit: <https://aviationstrategy.campaign.gov.uk/>

Email: aviationstrategy@dft.gov.uk

Final white paper later in 2019

Thank you for helping to shape the future of aviation!