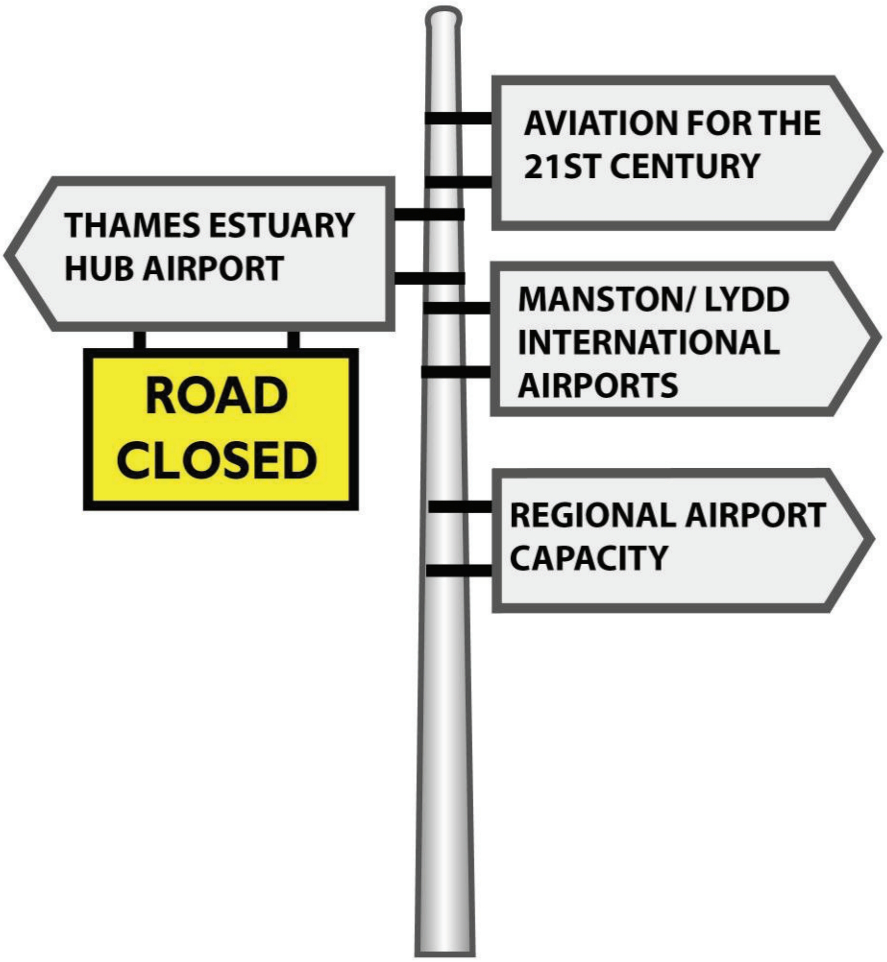

Bold Steps for Aviation

Discussion document

Kent County Council

May 2012

Contents

Executive summary

In *Bold Steps for Aviation* Kent County Council discusses how the UK can meet its aviation needs through the connection of Gatwick and Heathrow with a high speed rail link; better use of Manston and Lydd Airports and other regional airports, including London City, Southend, Stansted, Luton, Southampton and Birmingham; and improved connections of these regional airports with London.

In doing so it recommends to Government:

- The construction of a high speed rail link connecting Gatwick and Heathrow.
- Improved rail connectivity of other regional airports (Manston, Lydd, London City, Southend, Stansted, Luton, Southampton and Birmingham) with London, Gatwick and Heathrow.
- Further development of Manston Airport, other existing regional airports in the South East (Lydd, London City, Southend, Stansted, Luton and Southampton) and those with good connections to London (Birmingham).
- Capacity growth at Gatwick through the addition of a second runway after 2019.
- Any proposals for a Thames Estuary airport are not progressed any further.
- No action is not an option but action to address capacity issues must been taken quickly; rather than depending on an estuary airport that will take years to develop and may not even succeed, better use of our existing hub and regional airports NOW will ensure that the UK retains its premier position as a hub airport.

1 Introduction

The UK's position as a premier world aviation hub is threatened by its ability to meet increasing capacity demands. Heathrow is operating at 98.5% of its capacity and there is a significant lack of runways in the south east, meaning that the UK economy is losing £1.2 billion a year to the Netherlands, France and Germany[1].

Adjusting schedules and changing flight slots will not solve Heathrow's lack of capacity but neither will building a new multi runway hub airport in the Thames Estuary, which cannot be delivered in time to stop the UK's continued slide against its competitors[2]. The UK needs to be able to connect with emerging markets now and the quickest way of addressing this is to build on our current aviation infrastructure.

As also recently proposed by Victoria Borwick (London Assembly Member)[2], Terry Farrell, Medway Council and other like minded individuals and organisations, Kent County Council considers that the way forward is to adopt an integrated aviation strategy that builds on, and improves, existing airport infrastructure and links Heathrow and Gatwick with a high speed rail link, effectively creating one airport.

This document discusses how the UK can take **Bold Steps for Aviation**.

[1] Frontier Economics, Connecting for growth: the role of Britain's hub airport in economic recovery, September 2011
[2] Protecting London's position as a world city: creating the first "virtual hub airport", Victoria Borwick, March 2012

2 Background to aviation in the UK

2.1 The importance of aviation to the UK economy

A healthy and dynamic aviation sector is vital to the UK economy. In 2009, aviation contributed around £18 billion to UK output. The aviation sector employs over 250,000 people directly and supports an estimated 200,000 additional jobs through its extensive supply chain. The value added by employees in the sector is around one-and-a-half times the economy-wide average, amounting to 2% of Gross Value Added (GVA)[3]. Economically, the aviation industry is pivotal to the UK's growth and employment opportunities.

The UK has the sixth highest number of international visitors in the world; and in 2009 approximately 22 million foreign tourists visited the UK by air, generating some £14 billion of annual expenditure across the economy[4]. Tourism directly provides 1.5 million jobs in the UK, representing 5% of employment nationally.

Good air connectivity is frequently cited as an important factor in business location decisions and companies' ability to attract highly skilled labour from abroad. The growth of regional airport services across Europe has helped to attract inward investment and, together with complementary road and rail improvements, has enabled the integration of many previously peripheral cities and regions into the global economy. The ongoing expansion of these services in the UK can play a significant role in rebalancing regional economies in favour of the private sector.

2.2 The demand for air travel

Overall, global aviation is expected to grow at an average compound annual growth rate of 5.6% for the period to 2025[5]. Rising incomes in the UK and internationally will result in higher rates of business and tourist travel to and from Britain, while the emergence of greater wealth in China, India, Russia and Brazil will further increase worldwide demand for aviation. The DfT's 2011 aviation passenger demand forecasts indicated that, in a scenario without capacity constraints, UK-wide demand for air travel would almost double between 2007 and 2030, increasing from 211 million passengers per annum (mppa) in 2010 to approximately 335 mppa in 2030[6]. The propensity to fly is significantly higher for residents of London and the South East than for other regions of the UK and demand at London's airports represents some 60% of UK-wide demand[7].

[3] HM Treasury, Reform of Air Passenger Duty: a consultation, 2011
[4] Office for National Statistics, Travel Trends, 2009
[5] Greater London Authority, A New Airport for London, 2011
[6] DfT, UK Aviation Forecasts, 2011
[7] Civil Aviation Authority, 2009 Demand

2.3 Airport capacity

It is irrefutable that existing runway capacity at London's airports acts as the primary constraint on their ability to accommodate future demand for air travel. No new runways have been added since 1988 (at City Airport) and those at Heathrow and Gatwick are operating at capacity for much of the day. London's airports collectively accommodate more passengers than those of any other city in the world and this, along with the lack of excess capacity, means that they are particularly susceptible to disruption and delays.

Heathrow is currently handling 75,000 more passengers a day than it was built for[8]. Its runways operate at 98.5% capacity, compared to 70-75% at other European hub airports and during busy periods, aircraft can be held in one of its four stacks for 30 to 45 minutes awaiting a landing slot. Heathrow also suffers from lengthy queues for take-offs slots. These delays have environmental costs and financial costs to both airline and passenger.

	Current passenger numbers (m ppa)	Runways	Destinations served	Percentage of capacity used
Heathrow	67.3	2	180	98.5%
Frankfurt	51.9	3	262	74.2%
Paris CDG	53.5	4	223	73.5%
Amsterdam Schiphol	44.1	5	222	70%

Table 1 – Illustration of Heathrow's capacity in comparison to other Northern European hub airports[9]

As table 1 shows, Heathrow currently handles the largest proportion of passenger numbers out of Europe's major hub airports and is Europe's busiest airport but by 2021 is predicted to fall to third place behind Frankfurt and Paris Charles de Gaulle[10]. However, as demand increases Heathrow has little room to accommodate additional passengers whereas Frankfurt, Paris CDG and Amsterdam Schiphol have sufficient available capacity (between 25-30%) to continue to take advantage of this growing market. This severely disadvantages Heathrow in supporting UK businesses to trade with growing markets.

A recently commissioned report by airport operator BAA and carried out by Frontier Economics, found that UK businesses trade 20 times as much with emerging market countries that have direct daily flights to the UK[11]. Paris and Frankfurt already have 1,000 more annual flights to the three largest cities in China than Heathrow[11]; Heathrow has five flights per day to China serving two destinations, whilst Paris has 11 serving four

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8 Greater London Authority, A New Airport for London, 2011

9 Bridget Roswell, Chairman, Volterra Partners - Why we need to be visionary and think big. A presentation to the Transport Times Conference - A New Strategy for Aviation - The case of new hub capacity. London, 18 April 2012

10 Protecting London's position as a world city: creating the first "virtual hub airport", Victoria Borwick, March 2012

11 Frontier Economics, Connecting for growth: the role of Britain's hub airport in economic recovery, September 2011

destinations and Frankfurt 10 serving 6 destinations[12]. Sao Paolo is the only South American destination served directly from London. These startling comparisons clearly illustrate the difficulties the UK is facing right now in remaining competitive and taking advantage of emerging markets.

This lack of capacity does not only affect UK passengers wising to connect with these new markets but also overseas customers who cannot directly access Heathrow.

Similar problems are experienced at Gatwick, which operates at 78% of capacity (33.64 mppa in 2011[13]) and is the busiest single-runway airport in the world. Growth forecasts project Gatwick carrying 40 mppa by 2020.[14]

If additional runway capacity is not provided in anticipation of forecast demand growth, then delays and disruption at London's airports will steadily worsen. As a result the UK will become less accessible than its rivals to strategically important locations in the developing world and future economic prosperity will be threatened. With the current UK economic forecast, it is all the more important that this industry, so vital to our country's economy, is invested in, protected and expanded to meet needs.

Proposals for the development of a new hub airport within the Thames estuary area have been proposed as a solution to this capacity issue. However this will be costly and take at least 10-15 years to develop; it is likely that in this time the UK will have already missed out. We need to act quickly and find a more immediate and cost effective solution. This need gives rise to an opportunity for our regional airports to take more of a share of the capacity, particularly domestic and short haul flights, allowing Gatwick and Heathrow to focus on the long haul international market. And this approach has wider benefits than addressing the capacity issue – development of regional airports will provide local benefits through increased employment opportunities, at a time when unemployment is a significant concern for the country.

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[12] A new Airport for London, Greater London Authority, 2011
[13] Civil Aviation Authority
[14] Stewart Wingate, Chief Executive Gatwick Airport

3 Background to Bold Steps for Aviation proposals

Kent County Council (KCC) recognises that future demand for aviation cannot be met by the existing airport infrastructure as it currently stands. The authority also recognises the need to meet this demand if we are to remain competitive.

An airport within the Thames estuary has once again been put forward for consideration. The authority does not consider this a viable solution and remains opposed to any airport within this location.

Of key concern is the cost of a new hub airport – estimated at £20bn for the airport and £30bn for the associated infrastructure. Aside from issues of whether these estimates are accurate, the proposals assume that private investment will be forthcoming, which is by no means guaranteed. It also does not address the public funds required for the infrastructure costs. Further to this, it is likely the project would not be completed for 10-15 years therefore not addressing the immediate capacity issues. In the time it takes for the project's completion, London will have already lost its premier position as a hub.

The proposed estuary hub airport would only succeed if Heathrow were closed, with the loss of 116,000 jobs in west London and a significant detrimental effect along the M4 corridor. It has also been shown that nine of the ten major airlines currently based at Heathrow do not want to move.

The development on the Isle of Grain would result in the removal of whole communities, some 40,000 people (homes and businesses), who would need to be re-homed within the Medway area. This is in addition to the employees of the new airport, for who an estimated 70,000 new homes would be required. Such significant housing levels are not currently available and there has been no suggestion as to where this would be located. The existing road infrastructure would not be able to cope with the additional burden a hub airport would place and the Foster's proposal has not made any attempt to address this issue, instead focussing on rail.

There are also significant risk issues associated with locating the airport in the Thames estuary. Richard Deakin (Chief Executive Officer of National Air Traffic Services) has stated that the proposed airport in the Thames estuary would be in the 'very worst spot' for the south-east's crowded airspace, directly conflicting with Heathrow, Gatwick, Stansted, Luton and London City flight paths (in addition to Schiphol). Further to this, the estuary airport has been assessed to have the highest risk of bird strike in the UK (twelve times higher), even with extensive management measures.

KCC's final point of objection is that the **estuary airport would be situated in an area of international environmental importance. The area falls under the EU Habitats Directive and the airport would need to satisfy a number of tests in order to proceed, not least of all that the favourable conservation status of the European Protected Species is maintained within their natural range. In addition the area has significant marine, inter-tidal and terrestrial based heritage assets, some of international importance.**

Given all the above, it is difficult to see how an estuary airport could be a viable option. If the UK is to act quickly in order to address current issues and meet future aviation demand in order to retain its premier position as a hub, KCC does not consider that time should be spent on a new airport proposal that will not be able to proceed. Instead the authority proposes that a more strategic approach, that makes better use of our existing airports (in particular, Manston Airport – see 3.2.1) and represents a more pragmatic and deliverable medium-term solution, warrants immediate investigation.

4 Bold Steps for Aviation proposals

Bold Steps for Aviation is based on the following recommended courses of action:

- **The construction of a high speed rail link connecting Gatwick and Heathrow.**
- **A more strategic approach to the use of our airports, maximising the capacity of Manston Airport and existing airports in the South East (Lydd, London City, Southend, Stansted, Luton and Southampton) (and other regional airports, such as Birmingham).**
- **The construction of high speed rail links connecting Manston Airport (and other regional airports including Lydd, London City, Southend, Stansted, Luton, Southampton and Birmingham) to London.**
- **Capacity growth at Gatwick through the addition of a second runway after 2019.**

KCC considers these courses of action will enable us to respond more immediately to the capacity issues facing aviation and ensure we remain competitive. Each of these courses of action are discussed in detail below.

4.1 Construction of a high speed rail link connecting Gatwick and Heathrow

Although London's airports are relatively well connected to central London via the **strategic road and rail networks, they are poorly connected to each other. This impacts negatively on the extent to which existing airport capacity can be maximised. In 2007, around 1.5 million passengers connected between flights at different London airports; of these, the greatest proportion travelled between Heathrow and Gatwick[15]. However, there is no direct rail service between them and, whilst the motorway route is regularly served by express coach services, journey times are unreliable. Without sustained investment in transport** infrastructure, there is little scope for London's airports to act in a more coordinated way.

A high-speed rail link (with an estimated travel time of 15 minutes) between Gatwick and Heathrow would effectively provide a hub airport with easy access to central London. This would complement the Crossrail high speed rail connectivity already planned between London and Heathrow and also Birmingham Airport with High Speed Two (HS2).

The cost of providing the high speed rail link between the two airports would be approximately £5.5billion, based on the unit costs of the current HS2 programme, and could be completed within five to ten years. This offers a more cost effective and time efficient option to that of the Thames Estuary airport proposal.

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[15] **Civil Aviation Authority, Connecting Passengers at UK Airports, 2008**

The success of connecting these two airports would be dependent on refocused use of the airports (3.2), increased use of regional airports (3.2) and a further runway at Gatwick (or Heathrow) (3.3).

4.2 Strategic management of existing airports

A more strategic approach to managing our airports should be applied, focussing charter, low-cost and short haul point to point flights at currently under-used regional airports; thereby freeing up capacity to allow Heathrow to take more long haul flights. With Gatwick and Heathrow linked by a rail line, Gatwick could exist as a feeder airport, with Heathrow focussing on long haul. Regional airports considered appropriate for this use because of existing good connections to London include:

- Manston
- Lydd
- London City
- Southend
- Stansted
- Luton
- Southampton
- Birmingham

In effect, the regional airports around the capital would become point-to-point airports. Such airports have low levels of transfer flights and instead focus on direct services. By absorbing most of the South East's demand for point-to-point operation, capacity would be released at Heathrow and Gatwick to enable a large volume of passengers to make a wide range of connections. The nature of a hub operation is maximised when there is around 25% spare capacity through a number of runways operating simultaneously. This runway capacity is required to facilitate the 'waves' of arriving and departing aircraft.

The increased use of regional airports would be more in line with Government policy and legislation on emissions reduction while also addressing the need for growth and jobs creation in the south east and other areas across the UK.

The capacity of regional airports to assist in meeting increasing demand is discussed further in section 3.2.2.

4.2.1 Increased use of Manston Airport

In Kent, Manston Airport has the potential to make a significant contribution, providing excellent connections to Europe destinations and reduced flight times. Manston has one of the longest runways in Europe (at 2,752 metres) and is therefore able to cater for all modern jet aircraft. The airport operates in Class G airspace, outside of the London Control Zone, and has sufficient capacity for the 4.7 mppa and 400,000 tonnes of freight anticipated by the Airport Master Plan by 2033[16]. Its local environmental impacts are greatly reduced by its location on the Thanet Peninsula, with much of its uncrowded flight path located over water to the east of Ramsgate. There is a fully-equipped passenger terminal facility with a capacity of around 1 mppa subject to the aircraft used and scheduling arrangements.

Manston enjoys good strategic road links to London and the wider South East via the A299 dual carriageway, which joins the M2 motorway approximately 19 miles west of the airport. There are also three primary rail routes to Ramsgate, located 3 miles east of Manston, which serve the London termini of St Pancras International via domestic high speed services on High Speed One (HS1), Charing Cross and Victoria, therefore offering a total of five trains per hour during off-peak periods.

However these connections will need to be improved if Manston is to truly succeed as a regional airport. Research commissioned by KCC (through an EU funded project seeking to improve sustainable surface access to regional airports) reveals evidence that with a fixed rail link passenger numbers increase as it enables a wider catchment of people to use the airport. Newcastle Airport's passenger numbers increased by 27% after the first full operational year of the Metro link to the airport and passenger numbers have continued to grow year on year. A station near to Manston Airport served by high speed rail services to London will increase the attractiveness of the airport to airlines and passengers.

Line speed enhancements have been secured through a successful Regional Growth Fund bid and should be operational by 2015; and work is underway to take forward the provision of the proposed Thanet Parkway rail station, which subject to funding could also be operational by the end of 2015. KCC is also pushing for improved rail connection (using existing lines) between Ashford and Gatwick, which would link Manston to both Gatwick and Heathrow.

Manston would strongly complement Heathrow and Gatwick as they increasingly focus on accommodating long-haul flights at the expense of domestic and near-European services.

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[16] Infratil Airports Europe Ltd, Manston Airport Master Plan, 2009

Development of Manston as a regional airport would create employment opportunities in one of England's most disadvantaged areas; the airport's Master Plan forecast for 2033 would see up to 6,000 additional direct and indirect jobs within the area, development for which is generally supported by the local community.

4.2.2 Other regional airports with the ability to serve London and support the wider network

Other regional airports (see map on p15) also have the potential to increase capacity.

Regional airport	Current capacity (mppa)	Current usage (2011) (mppa)	Available capacity (2011) (mppa)	Potential future additional capacity (mppa)	Potential future additional (spare) capacity (mppa)	Potential additional jobs to be created by future additional capacity[17]
Heathrow	89	69	20[18]	-	20	20,000
Gatwick	40	34	6	43[19]	49	49,000
Manston	1	-	1	5[20]	6	6,000
Lydd	0.1	-	0.1	2[21]	2	2,000
London City	5	3	2	3[22]	5	5,000
Southend	2	-	2	-	2	2,000
Stansted	35	18	17	-	17	17,000
Luton	10	10	0	21[23]	21	21,000
Southampton	7	2	5	-	5	5,000
Birmingham	12	9	3	32[24]	35	35,000
TOTAL	201.1	145	56.1	106	162	162,000

Table 2 – Available capacity at selected UK airports[25]

As table 2 shows there is potentially in excess of 160 mppa available capacity from airports with good connections to London. This compares favourably with the Thames Estuary

[17] Based on 1mppa creates 1,000 jobs.
[18] With 'mixed mode' operations on its two existing runways
[19] With a new wide-spaced runway in addition to the existing runway - DfT (2003) The Future Development of Air Transport in the UK: South East, 2nd Edition
[20] Manston Airport Master Plan (2009)
[21] Lydd Airport is currently awaiting the decision of a Public Inquiry to permit runway and terminal extensions to allow 500,000ppa; aspiration for 2mppa
[22] London City Airport Master Plan (2006)
[23] With either a relocated or realigned runway - DfT (2003) The Future Development of Air Transport in the UK: South East, 2nd Edition
[24] With a new wide-spaced runway in addition to the existing runway - DfT (2002) The Future Development of Air Transport in the UK: Midlands.
[25] Figures based on the 2002/03 Consultation documents for the 2003 Future of Air Transport White Paper (as this is Government Policy until superseded) unless otherwise stated

airport proposal, which states it would be capable of serving 150 mppa. Furthermore, airports such as Liverpool, Doncaster and Blackpool could collectively accommodate tens of millions of extra passengers a year.

In addition to meeting capacity needs, better utilisation of our regional airports would result in the creation of much needed employment opportunities. Huw Thomas, of Foster and Partners, made clear at a recent public event[26] that the Foster's estuary airport proposal was not about expanding jobs but about protecting those that currently exist because of our hub status. It has also been made clear that the development of a new hub airport in the estuary would result in the closure of Heathrow; therefore, the estuary airport is unlikely to result in a significant net gain of jobs just a relocation of where they are based. However, as the table above shows, if we invest in, and make better use of, our regional airports we could potentially see some further 162,000 job opportunities shared across a region which would be delivered in a shorter timescale.

Lydd Airport, near Ashford in Kent, is awaiting the decision of a Public Inquiry to permit a runway and terminal extension that would allow it to accommodate up to 2 mppa. With improved connections to the high speed international station at Ashford, the airport would be within an hour's travel time of London.

The Stobart Group has invested significantly in Southend Airport with a new terminal with integrated rail station providing rail connectivity to London in under an hour. A modest runway extension will allow the airport to accommodate up to 2 mppa and a major low-cost carrier has already relocated services from Stansted to Southend in time for the 2012 Olympics.

Birmingham Airport is in a position to take an additional 3 mppa immediately and a further 32 mppa in the medium term following the completion of a modest runway extension, for which planning consent has already been granted. Once the initial phase of HS2 between London and the West Midlands has been completed, the airport will be within 38 minutes of the capital, making it an increasingly realistic alternative to Heathrow and Gatwick for air passengers travelling to and from the South East. The completion of the High Speed 2 network would also link up with Manchester (whose own airport could handle 50 million passengers a year by 2050) and Leeds.

Stansted is also operating under capacity by 17 mppa and could therefore meet some of the demand without any need for further development. And with either a relocated or realigned runway, Luton could increase its capacity to 31 mppa.

[26] Institute of Civil Engineers, ICE Thames Hub Airport Debate, Monday 23 April 2012, One Great George Street

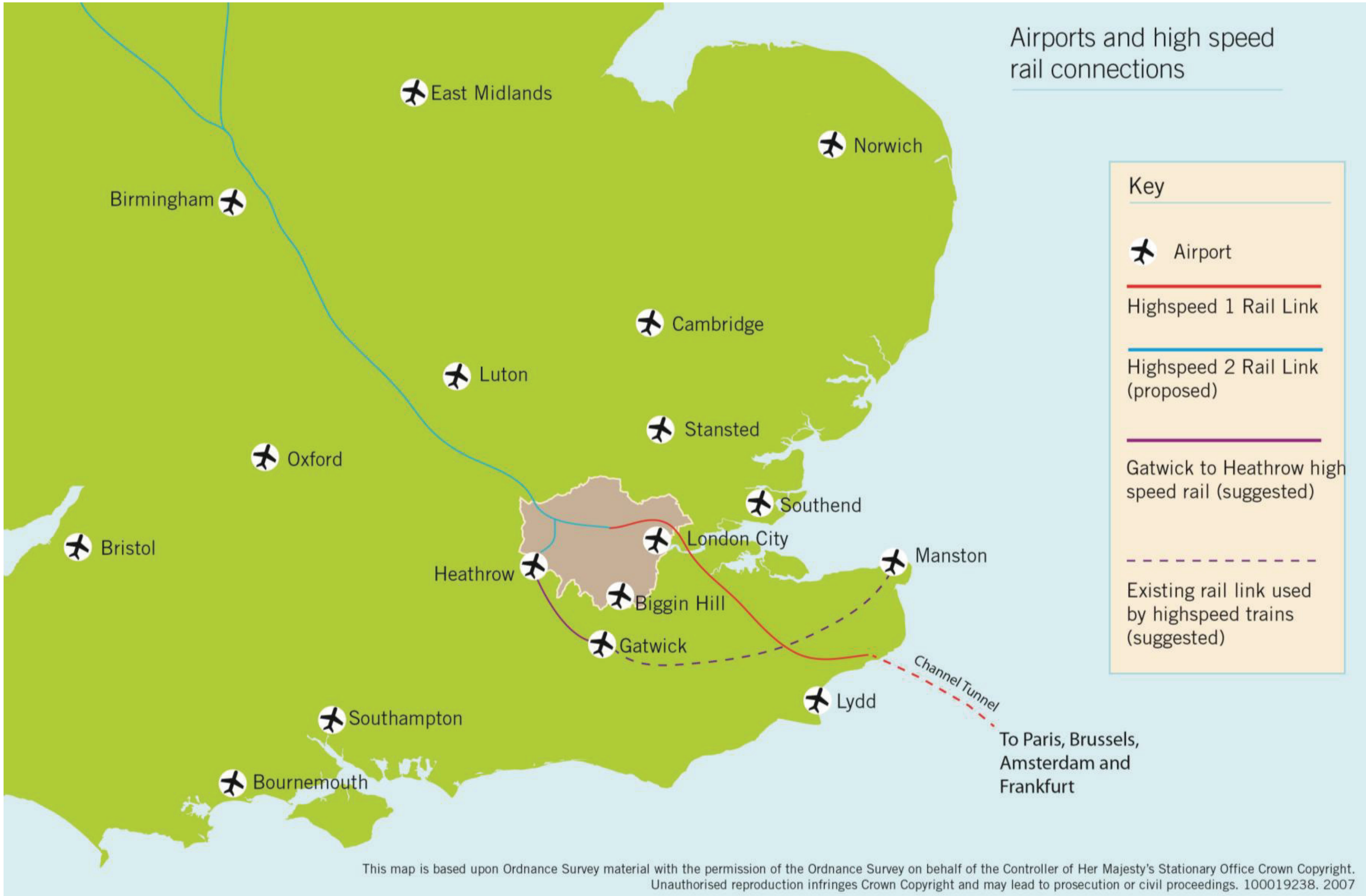

Figure 1 – Map of airports serving the South of England and high speed rail and train links

4.3 Capacity growth at Gatwick

The potential for Gatwick and Heathrow to complement each other as connected airports can only be realised if a second runway is provided at Gatwick when the present moratorium on planning expires in 2019. Capacity growth at Gatwick represents a more acceptable long-term solution than expansion at Heathrow, due to the significantly lower number of people that would be overflown by arriving and departing aircraft, the relatively good rail and road access enjoyed by Gatwick, and the huge economic benefits that this solution would bring to deprived communities in Kent, Sussex and South London.

Currently expansion at Heathrow has been ruled out across all political parties. However, at the beginning of March in an open letter to the Sunday Telegraph, seventy business leaders, MPs and trade unionists called on the Government to re-open the debate about building a third runway at Heathrow, suggesting that it should not be excluded from the current review and forthcoming consultation. Following this, Sir Richard Branson announced a willingness to invest £5bn in expansion at Heathrow should the decision on the third runway be reversed. It is necessary for the Government to reconsider its position, including Heathrow when assessing options in its forthcoming consultation, and listen to the requirements of the UK's businesses when deciding **on a way forward.**

5 Recommendations to Government

To conclude, Kent County Council commends the following recommendations to Government to facilitate Bold Steps for Aviation:

- The construction of a high speed rail link connecting Gatwick and Heathrow.
- Improved rail connectivity of other regional airports (Manston, Lydd, London City, Southend, Stansted, Luton, Southampton and Birmingham) with London, Gatwick and Heathrow.
- Further development of Manston Airport, other existing regional airports in the South East (Lydd, London City, Southend, Stansted, Luton and Southampton) and those with good connections to London (Birmingham).
- Capacity growth at Gatwick through the addition of a second runway after 2019.
- Any proposals for a Thames Estuary airport are not progressed any further.
- No action is not an option but action to address capacity issues must been taken quickly; rather than depending on an estuary airport that will take years to develop and may not even succeed, better use of our existing hub and regional airports NOW will ensure that the UK retains its premier position as a hub airport.

The Government is also urged to deliver an aviation strategy that is clear, answers all questions and obtains cross-party support. This is the only way to ensure that the issues are properly resolved, the UK remains competitive and that any plans for aviation development are future-proofed against changes in Government.