

**SOUTH EAST ENGLAND COUNCILS
SOUTH EAST STRATEGIC LEADERS
JOINT TRANSPORT MEETING**



Date: 20 June 2013

Subject: The future of UK airport capacity

Report by: Heather Bolton, SEEC Director

Recommendations:

Members are asked to:

- i) Discuss the options for potential expansion of the UK's airport capacity and their implications for the South East
- ii) Consider whether to make a submission on these issues to the Airports Commission via SEEC and SESL and individually.

1. Introduction

- 1.1 Airports are important for the UK and South East as they generate economic benefits for their local areas by creating jobs and supply chain opportunities. As gateways for international passenger and freight transport, they also attract businesses to locate nearby.
- 1.2 The Airports Commission has been set up by Government to review what is needed to maintain the UK's status as a global aviation hub. This includes examining whether there is a long term need for additional UK airport capacity and – if so – how this could be met.
- 1.3 Philip Graham, Airports Commission Head of Secretariat, will speak at the meeting to outline the Commission's work and timescales.

2. An overview of the Airport Commission role

- 2.1 The Commission will submit an interim report by the end of 2013, identifying and recommending options for maintaining the UK's status as an international hub for aviation. The 2013 report will also recommend immediate actions to improve use of existing runway capacity in the next 5 years. By summer 2015, the Commission will submit a final report covering:
 - a detailed assessment of options and their environmental, economic and social impacts
 - recommendation(s) on the optimum approach to meeting any needs identified in the required timescale.
- 2.2 The Commission is considering options against the following criteria:
 - strategic fit (eg with the aim of maintaining the UK's global hub status)
 - economy
 - surface access (eg any new infrastructure required)
 - environment
 - people (eg social impacts, the passenger experience)
 - cost
 - operational viability
 - delivery.

2.3 The Commission has published 4 discussion papers to date. The latest, *Airport Operational Models*, is open for comments and submissions until 11 July 2013, giving member local authorities an opportunity to influence the Commission's thinking.

3. Impacts of expansion on the South East

3.1 Obviously aviation is a controversial topic so there are wide ranging views on possible expansion and the likely economic, social and environmental impacts.

3.2 If expansion is deemed necessary, media discussions have highlighted three high level options, all of which are discussed broadly in the Commission's *Airport Operational Models* paper:

- A single 'focal' or hub airport.
- A 'dispersed system' or network of airports to spread capacity over a number of sites
- A 'dual' or joint hub linking two airports.

All three options would impact the South East but the nature, scale and location of impact would differ according to which, if any, expansion options go forward. The following paragraphs give an overview of likely impacts.

3.3 Single hub

A focal or hub airport would be expected to handle most of the UK's long-haul flights. It would need to be well-connected to other parts of the country by excellent surface transport and air connections to smaller regional airports. Media speculation points to Heathrow, Stansted or a new Thames Estuary airport as candidates for a UK single hub.

- Single hub - strengths and opportunities
 - An international centre offering an extensive range of long-haul flights for freight, passengers and transfer passengers, supporting the UK as a globally competitive economy.
 - For the South East, a hub at Heathrow or in the Thames Estuary would be expected to deliver jobs and economic growth.
- Single hub - weaknesses and threats
 - Potential for concentration of economic benefits in one area.
 - Potential for concentration of congestion, noise and air quality concerns in one area.
 - Potential cost of delivering effective surface transport links to the hub.
 - Potential to discourage competition between UK airports, which may lead to higher costs passed on to customers.
 - For the South East, a hub at Stansted or in the Thames Estuary could mean a decline in economic buoyancy in the west of our area. A recent Independent Transport Commission report *Flying into the Future* (May 2013) argued that Heathrow may have to close if it was not the hub in order to give investors confidence that airlines would move their business to a new hub elsewhere.

3.4 Network

A dispersed network of airports would bring an element of competition, giving greater customer choice for departures to popular destinations. There

is a risk that a network may not be seen as globally competitive and could be unpopular with transfer passengers if they need to switch airports to find connecting flights.

- Network - strengths and opportunities
 - Economic benefits spread across a number of areas.
 - Congestion, noise and air quality issues dispersed across a number of areas.
 - Competition between UK airports could help reduce costs for passengers and freight.
 - For the South East, if Heathrow and/or Gatwick were part of the network it is likely that many current economic benefits would be maintained.
- Network - weaknesses and threats
 - Potential that the UK is not seen as globally competitive due to lack of a single destination and potential to deter transfer passengers.
 - Need to invest in improved transport links between network airports.
 - For the South East, dispersal of economic benefits could see a potential decline in economic buoyancy generated by the current status of Gatwick and Heathrow as the UK's two largest airports.

3.5 **Joint hub**

Two airports could be linked to form a dual or joint hub. They would need to be connected by a high-speed transport link to serve transfer passengers. Media speculation has pointed to 'Heathwick' as an option, connecting Heathrow and Gatwick via a high-speed rail link.

- Joint hub - Strengths and opportunities
 - A combined offer to the global market, spreading capacity across two nearby locations.
 - Dispersal of economic benefits, congestion, noise and air quality issues over two locations instead of one.
 - For the South East, the Heathwick option would make it likely that current economic benefits from Heathrow and Gatwick would be maintained.
- Joint hub - weaknesses and threats
 - Potential that the UK is not seen as globally competitive due to lack of a single destination and potential delays to transfer passengers moving between two sites.
 - Need to invest in a high speed transport link between the two airports.
 - Limited dispersal of economic benefits nationally.
 - In a Heathwick option, passengers could see the distance and travel time between the two airports as a weakness, however fast the link.
 - For the South East, development of a Heathwick option would present challenges around the location and disruption caused by the need for a high speed transport link between the two airports.