



Department
for Transport

GOVERNMENT PROGRESS UPDATE ON THE AIRPORTS COMMISSION'S INTERIM REPORT

The Secretary of State for Transport (Patrick McLoughlin): The Government established the Airports Commission in September 2012 to advise on the need for and location of future runway capacity. In December 2013, the Commission produced a comprehensive interim report that sets out the challenges we face in order to maintain the UK's status as an international hub for aviation. The Commission's report sets out a clear argument that continuing to rely solely on our existing airport infrastructure will have an increasingly detrimental effect on the national economy and our prospects for growth.

The Commission's report sets out the work it plans to undertake before the publication of its final report in 2015, but also identifies a range of measures which can be taken now in order to improve the efficiency and effectiveness of our aviation industry in the short to medium term. Today, I am providing an update on the progress we have made in addressing these more immediate recommendations. However, let me first address the Commission's approach and our position on its long term recommendations.

The Government welcomes the open and inclusive approach that Sir Howard Davies and his fellow Commissioners have taken on the first phase of their work. We also recognise the scale and depth of the Commission's analytical programme, which has significantly improved our understanding of the aviation landscape and the UK's capacity needs. The Commission's strong analytical approach has taken account of the extent of aviation demand and the UK's future requirements for international and domestic connectivity.

The Commission's report offers a high level assessment of the long term options for providing further runway capacity in the south east of England. It shortlists three options: two at Heathrow, one at Gatwick and identifies one option for further consideration in the inner Thames Estuary.

Promoters of shortlisted options have now provided more detailed proposals to the Commission. This autumn, the Commission expects to decide whether or not to shortlist an Estuary option, and will then undertake formal consultation on the shortlisted options. As we have said before, it will be for the Government of the day to respond to the Airports Commission's recommendations once it publishes its final report in summer 2015.

In the meantime, the Government, the Civil Aviation Authority (CAA) and the aviation industry are already making progress in responding to the Commission's short and medium-term recommendations for making better use of our existing airport capacity. Sir Howard Davies wrote to the Chancellor of the Exchequer on 26 November 2013 setting out the Commission's recommendations for improving airport surface access and the Government has set out its initial response to these recommendations in the National Infrastructure Plan, published in December 2013. Since then, good progress has been made in moving work forward on these surface access recommendations, which is important in helping to secure vital connections to emerging markets.

For example, the Government has committed £50 million towards a full redevelopment of the railway station at Gatwick Airport. This is intended to deliver a significantly enhanced experience to both airport and regional transport users and we are working with stakeholders to deliver this as soon as possible. The Government expects Gatwick Airport to make a significant contribution to this project. Since December 2013, work has been underway with Gatwick Airport and Network Rail on outline plans for the new station. Over the course of 2014, the Government will work with both parties to deliver these plans and reach a commercial agreement on funding.

The Commission's report recommended development of a broad 'Optimisation Strategy' to improve the efficiency of UK airports and airspace at congested airports, balanced against the needs of local communities. As recommended by the

Commission, I have asked the Chief Executive of the CAA to establish an industry focused Senior Delivery Group (SDG) to develop and where appropriate lead delivery of this strategy. The new group has now been established and is contributing to a range of different measures that aim to balance operational benefits, the timelines for delivery, community impacts and environmental improvements. Where changes are wholly within the responsibility of industry, we expect them to deliver. Where Government has regulatory responsibility or oversight, it will continue to discharge this, for example by undertaking further consideration and consultation in the light of views and priorities expressed in the SDG. Some of the measures considered by the SDG form part of the national Future Airspace Strategy (FAS) which is expected to deliver annual benefits of over £150m to the aviation industry and environment by 2020 and more than £2bn worth of cumulative benefits by 2030.

Progress is being made on delivering the benefits of FAS. Earlier this year a new arrival system was introduced allowing aircraft to absorb arrival delays more efficiently and reduce airborne holding by approximately 20%. Preparations are also well advanced to implement Time Based Separations from next year to increase resilience by allowing aircraft to fly closer in strong wind conditions. In addition, funding from the Government's Transport Systems Catapult has enabled the implementation of real time departure information sharing at airports like Stansted and London City, and over 20 UK airports are expected to adopt the solution by the end of next year. More information on progress can be found in the first report of the SDG's work which is being published today and can be found at www.caa.co.uk/cap1206

In relation to the Commission's recommendation for an Independent Aviation Noise Authority, the Government believes that it would be more appropriate to consider the role for such a body alongside the Commission's final recommendations on long term capacity. Similarly, we believe that any further Government decisions on using the runway designated for departures (e.g. enhanced TEAM) and for a trial of early morning schedule smoothing at Heathrow should also be considered at that point and in the context of the Commission's recommendations on long term capacity.

The Government is committed to ensuring regulatory stability at the southeast airports while the Commission pursues its important work. With this in mind, having also taken

account of other relevant factors, the Government is confirming today that we will be maintaining the existing restrictions on night flights at Heathrow, Gatwick and Stansted airports for a further three years until October 2017, as well as extending the ban on rare movements made by older noisier types of aircraft. This decision, which is published in a separate document, will help give certainty around the night noise environment for those living near the airports, as well as ensuring operational capacity at these airports is not affected pending decisions on any new airport capacity in light of the Commission's final report.

The Government is conscious of the potential concerns of those living near the sites that have been shortlisted for future runway development. However, the Government is also mindful that introducing inappropriate measures too early has the potential to increase uncertainty and create other negative outcomes. The Airports Commission recommended against a discretionary generalised blight scheme at this stage for similar reasons.

The Government has been working with the promoters of the shortlisted schemes to determine when measures might be put in place to address concerns and what these measures could consist of. I have written to the scheme promoters outlining the Government's expectations and asking them to ensure they actively involve and inform local communities. The Government will continue to work closely with scheme promoters on this issue and the Airports Commission has committed to a process that is transparent, fair and independent.

This Government has continued to demonstrate its support for airports outside the south east. In Budget 2014, the Chancellor announced that our Regional Air Connectivity Fund will be doubled to £20m per year and extended by a further three years up to March 2019.

The fund will continue to support Public Service Obligations (PSOs) to maintain existing air links to London where there is a risk of regional connectivity being lost. In June, the Government announced a PSO on the Dundee-Stansted route and the Government will be providing £2.85 million over two years to support the route.

Loganair has been operating two daily return flights under this PSO agreement since 1 July 2014. We are also in discussions with Cornwall Council on a PSO agreement for a Newquay-London air link from October 2014.

The Chancellor also announced in the Budget that the scope of the funding is extended to include Start-up aid for new routes from airports handling fewer than five million passengers per annum. Officials in my Department are developing guidance to clarify how we expect to implement EU aviation State Aid guidelines on Start -up Aid. I intend to publish this guidance in the autumn.

In the UK, we sometimes take for granted the benefits which come to us from having a well-connected nation and a strong aviation sector. The work of Sir Howard Davies and the Airports Commission is crucial if we are to retain these benefits. Publication of the Commission's final report in summer 2015 will be an important event not just for the aviation industry, but for the national economy more generally.