

<b>UK AVIATION UPDATE</b>
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**What this paper is about**

To provide, for the information of Conference, a brief round-up of current UK activity in the field of aviation *not* covered by reports which appear elsewhere on the Agenda for this meeting including:

- New Aviation Minister – para 1
- White Paper *Future of Air Transport* – adding capacity at Heathrow – para 2
- Airport Master Plans – para 5
- Sustainable Development Commission – para 11
- UK air passenger demand and carbon dioxide forecast – para 15
- Price Controls at BAA's London Airports and Manchester – para 22
- Review of the economic regulation of UK airports – para 29
- BAA Market Investigation – para 34
- Review of PSZs – para 43
- Planning Bill – para 45
- Airspace Change Proposals – London's Terminal Control North – para 48
- Aviation Duty – para 54
- Windfarms – Effect on Radar – para 57

**Points for Discussion**

- *Para 9 – Airport Master Plans:* Delegates to tell the meeting where at present the Airport is not taking forward plans for development in line with a Master Plan and the reasons for not doing so
- *Para 32 - Review of the economic regulation of UK airports:* Should the Liaison Group reiterate its view that the £1million turnover threshold for economic regulation under Airports Act 1986 is now out of date and that consideration should be given to raising it?
- *Para 39 – BAA Market Investigation:* Does the Liaison Group wish to raise with the CC the importance of respecting local agreements (such as that relating to the second runway at Gatwick) in managing airport growth responsibly.
- *Para 50 - Airspace Change procedures:* The members representing the Heathrow, Luton, Stansted and London City Consultative Committees may wish to comment on how well the new procedure is working and to examine whether thus far there are any general lessons to be learned about the CAP 725 process.
- *Para 54 - Aviation Duty:* Members may wish to talk about the proposed new Aviation Duty. There is a feeling that some at least of the proceeds from the new duty should be used directly for environmental mitigation – perhaps via a trust fund.
- *Para 61 – Windfarms:* Members may wish to tell the meeting about any problems with windfarms to see if there are any common themes which need to be addressed.

**Points for Possible Action**

The meeting will wish to decide whether to submit any representations in respect of:

- Para 32 – Raising the £1million turnover threshold for economic regulation under Airports Act 1986
- Para 39 - Respecting local agreements
- Para 42 – Public Safety Zones
- Para 46 - Airspace Change procedures
- Para 54 - Aviation Duty
- Para 61 – Windfarms – Effect on Radar

**Note:** Most of the regulations, directives, consultation papers and reports referred to in this report can be readily accessed from the Wider UK Issues page of the Liaison Group's website at <http://www.ukaccs.info/issues.htm>. The Secretariat is happy to provide electronic or hard copies of any of these documents if required. The web page is regularly updated and is a ready source of current information on UK initiatives in aviation.

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## **New Aviation Minister**

1. Jim Fitzpatrick, MP for Poplar and Canning Town since 1997, became responsible for Aviation at the Department for Transport in June 2007. His constituency includes London City Airport.

## **White Paper *Future of Air Transport* – adding capacity at Heathrow**

2. The 2003 White Paper promised further work and consultation on a number of issues relating to Heathrow Airport. In the light of that work, the Department in November 2007 launched a consultation<sup>1</sup> on how Heathrow could be developed over the next 20 years or more. The ideas for development included:
  - adding a third *runway* north of the A4 with associated passenger terminal facilities and access to the road and rail networks. Potentially this might allow the airport to handle around 700,000 air transport movements (ATMs) a year, nearly 50 per cent more than today.
  - introducing *mixed mode* working on the existing two runways, either with or without additional ATMs, as an interim measure ahead of a third runway. Runway alternation would have to cease during mixed mode operations. It was an important aim of the consultation to gain a better understanding of the importance attached by local communities to the benefits of runway alternation, and the time of day it is of most value, so that this can be taken into account in the decision-making process; and to understand the wider benefits of the various options.
3. The White Paper's support for these developments was conditional on:
  - a noise limit - no increase in the size of the area significantly affected by aircraft noise (as measured by the 57dBA L<sub>eq</sub> noise contour in 2002);
  - air quality limits - being confident of meeting European air quality limits around the airport, in particular for nitrogen dioxide (NO<sub>2</sub>) which is the most critical local pollutant around Heathrow; and
  - improving public transport access to the airport.
4. Members will be well aware that this consultation, which came to an end on 27 February 2008, stirred up considerable controversy which is still being felt.

## **Airport Master Plans**

5. The *Future of Air Transport* White Paper of December 2003 set out a 30-year strategic framework for the development of airport capacity across the UK. The White Paper did not authorise or preclude any particular development, but set out a policy framework to guide decisions of future planning applications.
6. The White Paper invited airport operators to publish master plans explaining how their development proposals would help inform the regional and local planning process, and how they take account of local impacts and the wider environmental impacts of air travel. The Department for Transport, Scottish Executive and Welsh Assembly Government jointly published guidance on the preparation of master plans in 2004. Airport operators will bring forward development proposals through the statutory land-use planning system in the normal way.
7. Master plans are developed and owned by airport operators, and the Department has no formal role in assessing or approving them. However, the White Paper committed the Government to monitor and evaluate the effectiveness and impact of the policies set out in

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<sup>1</sup> <http://www.dft.gov.uk/consultations/closed/heathrowconsultation/consultationdocument/summary?page=1#a1001>

the White Paper. The Department has therefore commissioned independent experts to develop a framework setting out possible methodologies for evaluating White Paper policies, including master plans.

8. More than twenty of the 30 airports identified for significant development in the White Paper have now either consulted on a draft master plan, or produced a final plan. Others have made statements of intent summarising the issues their master plan will cover.
9. Of the airports that have not yet completed final or draft master plans, or made statements of intent...
  - Exeter and Plymouth Airports have not yet committed to master plans because of ownership uncertainties;
  - Robin Hood Airport Doncaster Sheffield is refining its passenger and air traffic movement forecasts before producing its master plan.
  - Kent International and Glasgow Prestwick are expected to publish their plans later this year
  - Luton Airport published a master plan in 2005 but withdrew it in 2007 to refocus future development proposals on making the most of the existing site.
10. It may be of interest to delegates to know which airports, if any, represented in the Liaison Group are not at present taking forward plans for development in line with a Master Plan and, if not, the reasons for not doing so.

### **Sustainable Development Commission**

11. On 21st May 2008 the Sustainable Development Commission published a report, prepared jointly with Institute for Public Policy Research, which calls for a special commission to establish the true benefits and impacts of aviation.
12. Drawing on a twelve-month process of dialogue, the report, entitled *Breaking the holding pattern - A new approach to aviation policy*<sup>2</sup> making in the UK, argues that there is widespread controversy over key data on air travel in the UK, including the benefits to the UK economy, its contribution to climate change, noise and air pollution, and the potential for technology to reduce aviation's environmental impacts. It concludes that the high levels of conflict around the effects of aviation are bad for government, the industry, and citizens, creating rising distrust and undermining policy decisions.
13. The Report recommends that the government should:
  - Convene a special commission to compile an updated evidence base on the economic, social and environmental benefits and costs of UK aviation, seeking maximum consensus amongst stakeholders
  - Consult the public and key stakeholders on the future of air travel in the UK, setting out policy options to stimulate a national debate
  - Incorporate the findings and recommendations of the special commission into the Air Transport White Paper.
14. It is also suggested that the proposed expansion at Heathrow should be put on hold until the Air Transport White Paper has been reviewed. The review would also have implications for decisions on expansion at other UK airports, including Stansted.

### **UK air passenger demand and carbon dioxide forecasts**

15. In December 2003, the Government set out a sustainable long-term strategy for the development of air travel to 2030 in the White Paper *The Future of Air Transport*. This was supported by forecasts of demand for air travel at UK airports which were reported in *Air Traffic Forecasts for the United Kingdom* in 2000. Further supporting analysis of demand and carbon emissions forecasts from UK aviation were set out in *Passenger Forecasts: Additional Analysis and Aviation and Global Warming* in 2004.
16. These forecasts have been used to inform and monitor long term strategic aviation policy, and wider government policy on tackling climate change. They are also inputs to the

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<sup>2</sup> <http://www.sd-commission.org.uk/publications.php?id=727>

appraisal of airport developments supported by the Air Transport White Paper, the results of which were set out in *Passenger Forecasts: Additional Analysis*.

17. The 2006 *Progress Report* on the White Paper included updated passenger demand forecasts and committed the Government to publish in 2007:
  - a technical note on our passenger demand forecast methods and results; and,
  - revised UK aviation emissions forecasts.
18. The 140 page Report was published in November 2007. It can be seen on the DfT's website<sup>3</sup>. It sets out their latest demand, CO<sub>2</sub> forecasting, and appraisal methods; gives updated passenger demand and CO<sub>2</sub> forecasts; and updates its economic appraisal results.
19. The headline findings are:
  - If unconstrained by airport capacity, air travel demand at UK airports is forecast under the central case to grow strongly from 228 million passengers per annum (mppa) in 2005 to 495mppa in 2030 (within the range 460-540mppa).
  - UK aviation CO<sub>2</sub> emissions are forecast to grow from 37.5MtCO<sub>2</sub> in 2005 to 59MtCO<sub>2</sub> in 2030 (within the range 55MtCO<sub>2</sub> to 63MtCO<sub>2</sub>). After 2030, the growth in emissions is projected to slow, partly due to capacity constraints slowing demand growth. By 2050 emissions are projected to flatten and reach 60MtCO<sub>2</sub>, within the range 53MtCO<sub>2</sub> to 67MtCO<sub>2</sub>.
  - An updated analysis shows that the development of a new runway at Stansted, and at Heathrow (subject to noise and air quality conditions), supported in the Air Transport White Paper, would deliver a net economic benefit of £21-22bn (net present value, 2006 prices). The development would have a strong Benefit-Cost Ratio in the range 2.8-3.0.
20. The DfT say that since 2004 there have been a number of developments relevant to their forecasts of passenger demand and CO<sub>2</sub> emissions, and appraisal results:
  - In 2006 the Government published the *Stern Review on the Economics of Climate Change* and the Eddington study. Following the recommendations in these reports, the DfT has revised its Transport Appraisal Guidance to include a requirement that economic appraisal of transport schemes should include quantification and monetisation of impacts on carbon emissions.
  - The Department for Business, Enterprise & Regulatory Reform (BERR) has revised its projections of oil prices, while the Treasury and the IMF have updated their forecasts of UK and international economic growth.
  - DEFRA has revised its guidance on the shadow price of carbon dioxide.
21. The Department adds it has updated its airport capacity assumptions in line with the latest plans indicated by airport operators, and the Department's process of continual development has delivered a number of incremental improvements to their forecasting methodology.

### **Price Controls at BAA's London Airports and Manchester**

22. Under the Airports Act 1986, the CAA is charged with setting price controls every five years at the BAA's London Airports (Heathrow, Gatwick and Stansted) as well as at Manchester.
23. On 15th January 2008 the Secretary of State for Transport, Ruth Kelly, in response to earlier recommendations of the CAA, announced that:
  - Manchester will be de-designated so that at the end of the present (extended) price review period in April 2009 the Airport will be able to set its own charges.
  - Stansted would continue to have the maximum level of its charges set by the Civil Aviation Authority (CAA). The Government, she said, believes that this remains the best way of protecting passengers who use the airport.

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<sup>3</sup> <http://www.dft.gov.uk/pgr/aviation/environmentalissues/ukairdemandandco2forecasts/airpassdemandfullreport.pdf>

24. After a long three year review the CAA on 11<sup>th</sup> March 2008 published its decisions<sup>4</sup> for price controls for Heathrow and Gatwick airports for the five years ending on 31 March 2013. The CAA's package of price caps and incentives aimed to "encourage BAA to deliver genuine service quality improvements and to invest to raise the level of facilities and service that can be delivered to passengers and airlines. The outcome for passengers should be decently modern airports and consistently high service standards".
25. The maximum charges set by the CAA were:
  - Heathrow: £12.80 per passenger in 2008/09, an increase of £2.44 on a like-for-like basis, representing a 23.5 per cent increase in real terms from the current (2007/08) price cap, with allowed charges subsequently increasing in each of the following four years by no more than retail price index (RPI) inflation plus 7.5 per cent each year.
  - Gatwick £6.79 per passenger in 2008/09, an increase of £1.18 on a like-for-like basis, representing a 21.0 per cent increase in real terms from the current (2007/08) price cap, with allowed charges subsequently increasing in each of the following four years by no more than RPI inflation plus 2.0 per cent.
26. There is a press briefing with more details on the CAA's website<sup>5</sup>
27. Members will be well aware that the CAA's decisions have stirred up considerable controversy. No doubt this will be among the matters covered by Heathrow Airport and the Heathrow Airport Consultative Committee (HACC) when the meeting is briefed on LHR issues on 11<sup>th</sup> June. The representatives of the Gatwick Airport Consultative Committee (GATCOM) may likewise wish to comment
28. The pre-April 2008 price controls applicable at Stansted Airport have been extended for a further year until April 2009. The CAA issued a consultation paper<sup>6</sup> on the options for price control at Stansted on 25 January 2008 and on 29<sup>th</sup> April it made a formal, mandatory reference to the Competition Commission (CC) and has set out a number of options for the price control design.<sup>7</sup> The same day the CC invited evidence from interested parties to be submitted by 13<sup>th</sup> May<sup>8</sup>. Any further developments will be reported to the meeting.

### **Review of the economic regulation of UK airports**

29. On 22<sup>nd</sup> April the Secretary of State for Transport, Ruth Kelly, announced a review of the economic regulation of the UK airport system. The review will be carried out by the Department supported by a panel of experts.
30. The work is expected to cover three key areas:
  - What should be the objectives of effective economic regulation of airports?
  - What are the weaknesses in the current systems of regulation?
  - What lessons can be learned from alternative regulatory systems?
31. The Review will "take into account the Department's commitment to the aims of the Government's better regulation strategy and the work will ensure that the need for sector-specific regulation and the administrative costs of that regulation are kept to the minimum necessary".
32. If legislation is required as a result of the Review it will be taken forward in a future legislative session. There will thus be no changes to the basis on which the current price caps at Heathrow and Gatwick airports are set. This applies also to the cap which will take effect at Stansted from 1 April 2009.
33. At the last Annual Meeting members considered the draft EU Directive on Airport Charges<sup>9</sup> and in this connection it was suggested the thresholds for the present system of economic regulation under the Airports Act 1986 should be reviewed. It was felt that the £1million turnover threshold was now out of date and that it should be reviewed so as to release

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<sup>4</sup> [http://www.caa.co.uk/docs/5/ergdocs/heathrowgatwickdecision\\_mar08.pdf](http://www.caa.co.uk/docs/5/ergdocs/heathrowgatwickdecision_mar08.pdf)

<sup>5</sup> [http://www.caa.co.uk/docs/5/ergdocs/heathrowgatwickpresentation\\_mar08.pdf](http://www.caa.co.uk/docs/5/ergdocs/heathrowgatwickpresentation_mar08.pdf)

<sup>6</sup> [http://www.caa.co.uk/docs/5/ergdocs/stanstedconsultation\\_jan08.pdf](http://www.caa.co.uk/docs/5/ergdocs/stanstedconsultation_jan08.pdf)

<sup>7</sup> [http://www.caa.co.uk/docs/5/ergdocs/stansted\\_reference\\_apr08.pdf](http://www.caa.co.uk/docs/5/ergdocs/stansted_reference_apr08.pdf)

<sup>8</sup> [http://www.competition-commission.org.uk/press\\_rel/2008/apr/pdf/13-08.pdf](http://www.competition-commission.org.uk/press_rel/2008/apr/pdf/13-08.pdf)

<sup>9</sup> For more on this proposed Directive see the European Aviation Update paper elsewhere on the Agenda for this meeting

some airports from CAA regulation. It is for consideration whether the Liaison Group should feed in a possible raising of the threshold as part of the present review? In any event the Liaison Group will want to be kept informed and consulted on any proposals coming forward as part of the review.

### **BAA Market Investigation**

34. Under the Enterprise Act 2002 the Office for Fair Trading (OFT) can make a market investigation reference to the CC if it has reasonable grounds for suspecting that competition is not working effectively in that market.
35. On 30th March 2007, following a market study, the OFT referred to the CC for further investigation the supply of airport services by the BAA in the UK. BAA, part of the Spanish infrastructure Grupo Ferrovial, owns Heathrow, Gatwick, Stansted and Southampton in South East England, and Edinburgh, Glasgow and Aberdeen in Scotland. These airports have an annual turnover of £2 billion and handle over 60 per cent of all air passengers in the UK.
36. There is more information about OFT's referral on its website<sup>10</sup>. They took the view that enhanced competition between airports would create better incentives to ensure that expansion takes place in a timely, cost effective manner focussed clearly on the needs of airlines and the travelling public. It could also deliver lower prices and a higher quality of service. They felt that in the short term, the lack of competition between BAA's airports in both the South East of England and Lowland Scotland might lead to higher charges, or higher yields, and ultimately higher costs than would be the case if these airports were owned by separate firms.
37. Following an initial period of information gathering, including visits to airports and holding hearings with interested parties, the CC in August 2007 published an *Issues Statement*<sup>11</sup> which identified the key questions to be addressed. The CC said it would like to hear views on the Issues Statement from all interested parties by 28 September 2007.
38. On 22<sup>nd</sup> April, the CC published a report on its 'emerging thinking' on the investigation in which it set out its current view on competition in the relevant UK airports markets on the basis of the evidence (responses) it received and also identified areas where it was seeking further evidence. An outline of the CC's views is given at Annex A to this paper. No conclusions have been reached at this stage but the CC expects to publish its provisional findings in August 2008. If competition problems are identified, it intends to set out its possible remedies at the same time, whether requiring the sale of one or more of BAA's airports or otherwise. The CC is seeking further views on its emerging thinking and the closing date for responses is 30<sup>th</sup> May, 2008.
39. The main points in the "emerging thinking" document are:
  - The CC is inclined to the view that common ownership of the BAA airports is a feature of the market that adversely affects competition between airports and/or airlines. It is also inclined to the view that shortage of airport capacity, government policy and the regulatory system for airports might also be features that adversely affect competition or exacerbate other features which do so.
  - The CC has considered each of BAA's airports individually and it is currently inclined to the view that:
    - (a) There is potential for competition between Edinburgh and Glasgow airports, hence common ownership adversely affects competition between them, although it is currently less clear to us whether there is a competition problem deriving from BAA's common ownership of Aberdeen together with its other airports.
    - (b) There is a real possibility of competition between the BAA London airports given the willingness of passengers to switch between them, although the scope for that competition is also restricted in the short term by capacity constraints. Common ownership therefore adversely effects competition between them. We

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<sup>10</sup> [http://www.offt.gov.uk/shared\\_offt/reports/transport/oft912.pdf%20](http://www.offt.gov.uk/shared_offt/reports/transport/oft912.pdf%20)

<sup>11</sup> [http://www.competition-commission.org.uk/inquiries/ref2007/airports/pdf/statement\\_of\\_issues.pdf](http://www.competition-commission.org.uk/inquiries/ref2007/airports/pdf/statement_of_issues.pdf)

also currently see the potential for competition from Heathrow and Gatwick to Southampton, if not vice versa; hence competition problems also derive from BAA's ownership of Southampton.

- (c) The capacity constraints adversely affect competition; but nonetheless may well result from aspects of planning restrictions and of government policy which may well also therefore adversely affect competition, and from the way BAA has conducted its business taking account of planning considerations.
  - (d) The regulatory system applied to the BAA London airports and/or the way it operates may also reinforce or exacerbate other features which adversely affect competition; but BAA's own ownership of the designated airports in turn exacerbates the inadequacies of the regulatory system, reducing the benefit of regulation.
- The CC also expresses concern that BAA has a financial structure with a dependence on a single group parent balance sheet that could constrain the ability of the airports adequately to invest or maintain service standards.
40. Among the respondents to the CCs "emerging thinking" was the Civil Aviation Authority who sent in a paper on 24th May 2008<sup>12</sup>. According to their press release<sup>13</sup> the CAA agree that the common ownership of Heathrow, Gatwick and Stansted by BAA "is likely to prevent, restrict and/or distort competition". It is "now important to consider the appropriate 'remedy' to the adverse effects of this common ownership, including divestment of airports and consequent reforms to the framework of economic regulation".
41. In respect of sub-paragraph 38(c) above, Consultative Committees should be aware that the CC's view about BAA's approach to developing its airports has been cited as a factor hindering the provision of additional capacity, as has the Government's Air Transport White Paper and economic regulation. In particular, there has been criticism that BAA:
- "240...(f) did not take any step to seek to discharge the particularly restrictive section 52 agreement which prevented the construction of a second runway at Gatwick, even though this would have been essential to develop Gatwick as a credible hub airport".

In addition, the CC has stated

"It appears to us that these restrictions, in particular the restriction on runway development at Gatwick, have not only restricted BAA's freedom of decision in responding to the need for additional runway capacity in the South-East, but may also have been an important factor in influencing government policy, such as not considering the option of expanding Gatwick in *The Future Development of Air Transport in the United Kingdom*, the original 2002 consultation paper on the future development of air transport in the South-East referred to above."

While these statements are of particular concern to the Gatwick Committee, they do raise points of principle in respect the Government's policy and the value of local agreements in respect of managing airport growth responsibly. This may be an issue which the Liaison Group should make its views known to the CC.

42. Meanwhile, there has been a good deal of speculation in the media some of it linked to reports that Ferrovial is having problems in the current financial climate in renewing loans acquired for its purchase of the BAA Group. It is said they will need to sell assets in order to reduce its burden of debt.

### **Review of Public Safety Zones (PSZs)**

43. The technical refresh of the PSZ Model has been completed by the Department's contractors, National Air Traffic Services (NATS), and the review of existing PSZs will start later this year. The initial scope of the review will focus largely on those airports which have shown, from the CAA Airport statistics, the strongest increase in aircraft movements since the current PSZs were established.

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<sup>12</sup> [http://www.caa.co.uk/docs/5/ergdocs/ccsubmission\\_may08.pdf](http://www.caa.co.uk/docs/5/ergdocs/ccsubmission_may08.pdf)

<sup>13</sup> <http://www.caa.co.uk/application.aspx?catid=14&pagetype=65&appid=7&newstype=n&mode=detail&nid=1615>

44. Meanwhile, it is understood that as the number of flights at an airport increases the area covered by a PSZ gets larger. Thus, people living in homes built outside the current PSZ can find themselves living within the new PSZ flowing from the current review. It is understood that in such circumstances the planning status of homes is not affected but concerns have been expressed whether such dwellings are blighted by the new PSZ reducing their value and making them difficult to sell. This is, perhaps, a concern which might be raised with the Government?

### **The Planning Bill**

45. The Planning Bill was introduced on 27th November 2007. It introduces a new system for nationally significant infrastructure planning, alongside further reforms to the town and country planning system. The full text of the Bill<sup>14</sup> can be seen on Parliament's website along with a schedule<sup>15</sup> showing Parliament's progress in considering it.
46. The Bill builds on the proposals set out in the *Planning White Paper*<sup>16</sup> on which members were briefed<sup>17</sup> at the Annual Meeting on 13/14 June last year at Stansted. The paper was debated at that meeting at some length and delegates highlighted a number of points of concern which are set out in more detail in Annexe A to this paper along with the Government's response.
47. The Secretariat will report to the meeting where consideration of the Bill by Parliament has reached by that time.

### **Airspace Change Proposals – London's Terminal Control North**

48. The Annual Liaison Meeting at Manchester Airport on 21/22 June 2006 considered a report<sup>18</sup> on the CAA's proposals for changes in the way in which proposed changes in airspace would be processed in future
49. On 30th March 2007 the CAA issued an *Airspace Change Process Guidance Document* (CAP 725)<sup>19</sup> which provides guidance on the various stages of the change process.
50. This procedure is now being used in the consideration of proposals by the National Air Traffic Services (NATS) to re-draw the routes taken by aircraft in London's Terminal Control North This one of the most complex areas of airspace in the world, with routes in and out of major airports including Heathrow, Stansted, Luton and London City as well as smaller airports such as Southend and RAF Northolt.
51. Full details of the proposals can be seen on a special website set up by NATS for the purposes of the consultation<sup>20</sup>. The consultation period closed on 22<sup>nd</sup> May 2008.
52. It may be that members representing the Heathrow, Luton, Stansted and London City Consultative Committees will want to comment on how well the new procedure is working and, perhaps, to ask whether thus far there are any general lessons to be learned about the CAP 725 process.
53. London City Airport Consultative Committee was concerned to be offered a briefing on the proposals but only for 10 members and in private. No such requirements were imposed on a similar briefing for Stansted Airport Consultative Committee which held a special meeting for the purpose on 9<sup>th</sup> April. After representations NATS lifted the limit on the number attending the LCY briefing but insisted that it must be a closed meeting (no public, no media). Such a meeting was held on 9<sup>th</sup> May 2008.

### **Aviation Duty**

54. In the pre-Budget Report in 2007, the Government announced that it intended to replace air passenger duty with a duty payable per plane, rather than per passenger. The idea is that this reform will take effect on 1 November 2009 and have the objective of sending better

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<sup>14</sup> <http://services.parliament.uk/bills/2007-08/planning.html>

<sup>15</sup> <http://bills.parliament.uk/IP.asp?title=i#71>

<sup>16</sup> [Click here](#) to see the White Paper

<sup>17</sup> <http://www.ukaccs.info/07almfiles/07planning.pdf>

<sup>18</sup> <http://www.ukaccs.info/06almfiles/06airspacechange.doc>

<sup>19</sup> <http://www.caa.co.uk/docs/33/CAP725.PDF>

<sup>20</sup> <http://www.consultation.nats.co.uk/>

environmental signals, and “ensuring that aviation makes a greater contribution to covering its environmental costs, while ensuring that a fair level of revenue continues to be raised from the sector in order to support public services”.

55. In January 2008 the Government launched a consultation on this proposal. The consultation paper<sup>21</sup> which set out options for the detailed design of the new per plane duty, put forward a number of proposals for how it would operate, and sought views on the proposed options. The design issues to be considered included the basis of the duty, exemptions, general aviation, impact on the freight and transit/transfer industry and administrative details. The consultation closed on 24<sup>th</sup> April 2008.
56. Notwithstanding that the consultation period has come to an end it maybe that members will wish to talk about this. There is a feeling among some members that some at least of the proceeds from the new duty should be used directly for environmental mitigation – perhaps via a trust fund.

### **Windfarms – Effect on Radar**

57. Since 1992 members have been expressing concerns about the impact which wind farms on the operation of radar installations and thus on the safety of aircraft.
58. In their White Paper *The Future of Air Transport* issued in December 2003 the Government acknowledged concerns about the effect of wind farms close to airfields, both civilian and military - see para. 12.6. They noted that this is sometimes "difficult to reconcile with our aim to increase renewable energy, and we are working on this with industry and the research community".
59. In July 2006 the CAA issued CAP 764<sup>22</sup> which sets out its policy and guidelines on wind turbines. The aim is to provide assistance to aviation stakeholders when addressing wind energy related issues, thereby ensuring greater consistency across the whole aviation industry in the consideration of the potential impact of proposed wind turbine development.
60. Also in 2006 the Department for Communities and Local Government published *Planning Policy Statement 22 (PPS22): Renewable Energy*<sup>23</sup> to which planning authorities should have regard in preparing local development documents and when taking planning decisions – note in particular paragraphs 90-98 to the *Technical Annex* starting on Page 156
61. And in May 2008 the Department for Business, Enterprise and Regulatory Reform issued a report entitled *Resolution of Radar Operation Objections to Wind Farm Developments*<sup>24</sup>. This identifies “solutions to the problematic interference that wind farms cause to radars”. It also considers the use of advanced digital trackers for mitigating air traffic control radar interference from wind turbines
62. The growing emphasis on wind farms as a source of renewable energy has renewed worries about their impact on airports. Newcastle is a case in point – see the April 2008 press item at Annex B. The Chairman of the Newcastle Airport Consultative Committee, Dorothy Craig, writes, “I think the real problem for Newcastle is that the CAA expects them to be responsible for taking action over each and every proposal – this is very costly for a small lean organisation, both in terms of time and money. Moreover, she says, developers are not properly consulting the Airport before making a planning application.
63. It is acknowledged that Newcastle is probably in a unique position because of its remoteness and lack of development. Nonetheless it may be that there are problems at other airports which can be shared at the meeting to see if there are any common themes which need to be addressed.

**Stuart Innes**  
**May 2008**

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<sup>21</sup> [http://www.hm-treasury.gov.uk/media/E/2/consult\\_aviation310108.pdf](http://www.hm-treasury.gov.uk/media/E/2/consult_aviation310108.pdf)

<sup>22</sup> <http://www.caa.co.uk/application.aspx?catid=33&pagetype=65&appid=11&mode=detail&id=2358>

<sup>23</sup> <http://www.communities.gov.uk/documents/planningandbuilding/pdf/147447>

<sup>24</sup> <http://www.berr.gov.uk/files/file46234.pdf>

## Annex A

### Planning White Paper – UKACCs Representations

At the Annual Meeting on 13/14 June last year at Stansted members were briefed<sup>25</sup> on the proposals set out in the *Planning White Paper*<sup>26</sup>. The paper was debated at some length and Members *highlighted* the following points of concern:

- *The statutory threshold for projects* to be subject to a National Policy Statement – it was felt that the proposed threshold for airports i.e. projects that would increase capacity over 5 million passengers per annum, although relevant to regional airports would not be appropriate for the larger airports. As currently drafted the proposed threshold for the larger airports would mean that planning applications for many infrastructure development projects would not be determined locally. It was suggested that the threshold should be based on a percentage increase in passenger throughput/capacity.
- *Infrastructure Planning Commission* - there was much concern that the proposed new approach would strip democratic accountability out of the system, handing decisions to a centralised and undemocratic planning body. It was unclear to whom the Commission would be accountable in respect of the decisions it made. It was also commented that the role of the Commission should not be viewed as a 'rubber stamping' body and that proper account needed to be taken of regional and local issues and impacts when reaching decisions.
- *Consideration of local impacts* – there was much concern about the weight the Commission could give to local impacts against the national need as set out in the National Policy Statement. The Commission would have powers to refuse a project but only where local impacts were in breach of EC and national human rights law, or where the cumulative local adverse impacts outweighed the local and national benefits. It was felt that the criteria should be further clarified and drawn less restrictively.
- *Integration between National Policy Statements* - it was felt that further clarification was needed with regard to the linkages across a range of national policy statements and whether a national spatial strategy should be developed. It was also questioned how national policy statements would integrate with regional spatial strategies.

In its 76 page Response<sup>27</sup> the Government says in different places:

- The *Infrastructure Planning Commission* will be required to take decisions within a clear framework of legal duties set by Parliament and policy set by Government. It will also be subject to requirements designed to ensure full accountability to Ministers, Parliament and the public.
- We have also noted concerns that the factors that the Commission should consider when taking decisions, including the definition of 'adverse local consequences', may be too narrow. The Planning Bill will therefore make clear that the IPC should have discretion, when deciding applications, to take into account any other matters not specified in legislation or the relevant national policy statement that it considers to be important and relevant to its decision
- The *Government* recognises the importance of setting thresholds that avoid capturing small schemes that should not be considered nationally significant infrastructure. Following the consultation we have made changes to a number of thresholds in response. For example, we have raised the threshold for airports from five million passengers per annum to ten million passengers per annum.
- The *Government*'s aim is to establish a suite of national policy statements that will comprise:.....a statement for aviation incorporating the 2003 Air Transport White Paper in a way which meets our proposed policy and statutory requirements for National Policy Statements; we are already committed to produce a further progress report between 2009 and 2011, which would provide a good opportunity to designate the ATWP in conjunction with that report;

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<sup>25</sup> <http://www.ukaccs.info/07almfiles/07planning.pdf>

<sup>26</sup> [Click here](#) to see the White Paper

<sup>27</sup> <http://www.communities.gov.uk/documents/planningandbuilding/pdf/governmentresponse>

- The *Planning* Bill ...will therefore contain provisions for the Secretary of State to designate an existing statement as a national policy statement; that he or she can treat an appraisal of the sustainability of such a policy as meeting the required standards for national policy statements; and that he or she may take account of consultation carried out earlier.
  - We ... *note* concerns that appropriate weight should be given to environmental and social factors and to other relevant planning policy. Our intention is that national policy statements will integrate all relevant environmental, social and economic policy to provide a single policy framework for decision making. This is necessary to provide certainty for applicants and clarity for decision makers. We therefore consider it appropriate for them to be the primary consideration in the determination of applications.
  - We do not believe that allowing extensive cross examination at hearings is either necessary for good decision making, or to making the process more open and accessible to members of the public. We intend that, as far as possible, the commission should question witnesses and test the evidence itself and not relying on third parties to do the job for it.
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## **Annex B**

### **Press Item about Wind farms at Newcastle Airport**

#### ***Wind farms risk Newcastle Airport growth***

*News @ UK Airports - 13.04.08*

Newcastle Airport bosses are to demand the Government introduces stricter planning rules that would force wind farm developers to consider radar concerns when applying to build turbines, the Journal reports. The airport is in consultation with Government officers in an attempt to end the costly legal battles that they say could threaten the airport's expansion.

With more than £400m a year brought into the North East economy from the airport, staff believe the time has come for developers to consider the wider impact of their airspace, restricting turbines.

The newspaper reports that aviation groups are currently fighting a legal battle against three energy companies which want to build 59 turbines north of Hexham. The airport, the Ministry of Defence and air traffic control bosses objected to the proposals, saying the turbines show up on radar, with the resulting safety concerns severely limiting flightpath expansion.

The airport's head of planning and corporate affairs, Graeme Mason, said that it was in talks with Government departments and development agency One NorthEast in an attempt to strengthen regional planning powers. He said: 'In terms of overall flight safety and our capacity, these turbine proposals are raising real concerns. We cannot go on like this. It costs a lot of money to fight these proposals and yet this could be avoided.'

A Government planning guideline, PPS22, states renewable-energy companies should check with airports before submitting plans to local councils. This in theory should allow developers to see the problems their turbines could create and avoid lengthy planning battles. But because it is just guidance, developers can still launch a planning proposal even if the airports have concerns.