

THE NEW GOVERNMENT – AN UPDATE

What this paper is about

The papers for consideration at the Annual Meeting had to be finalised for printing before too much was known of the new coalition Government and its policies with respect to aviation and related matters. This paper is intended to update members on developments since the original papers were closed for printing.

Points for Discussion

The original papers list the points for possible discussion

Points for Possible Action

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Introduction

1. As mentioned in paragraphs 1-9 of the UK Aviation Update paper (Agenda Item 3) there was a general election on 6th May 2010 which resulted in a new Conservative/Liberal Democrat coalition government.
2. The new Secretary of State for Transport is Philip Hammond, MP for Runnymede and Weybridge which is very close to Heathrow Airport. He will take personal responsibility within the Department for High Speed Rail and Transport Security – including *Transec*.
3. The Minister of State in the Department will be Theresa Villiers (Con - Chipping Barnet) who will also be responsible for aviation including the AAIB. The Parliamentary Under Secretaries of State are Norman Baker and Mike Penning representing Lewes and Hemel Hempstead respectively. For short biographical information on these new ministers visit the DfT's website¹. The new Secretary of State and Ministers are all Conservatives except Norman Baker who is a Lib-Dem. Theresa Villiers was formerly the Conservative shadow Secretary of State for Transport.
4. Other new Ministers with interests in Aviation are:
 - Caroline Spelman, Secretary of State for Environment, Food and Rural Affairs, is the Conservative MP for Meriden in the West Midlands not far from Birmingham Airport
 - Chris Huhne, Secretary of State for Energy and Climate Change, is the Liberal Democrat MP for Eastleigh which is close to Southampton Airport.
 - Vince Cable, Secretary of State for Business, Innovation and Skills, is the Liberal Democrat MP for Twickenham which is close to Heathrow Airport.

Policy

5. The detail of the policy of the new Government towards aviation and airports remains to be seen but some idea of the direction of future policy can be gained from the note² issued on 11th May 2010 of the agreements reached by the two parties in their coalition discussions and in the new Government's subsequent document *The Coalition: our programme for government*³ (the programme document).
6. Below we offer updates to the papers already on the Agenda for the meeting.

National Policy Statement for Airports

- paragraphs 10-14 of the UK Aviation Update paper (Agenda Item 3)

7. It is noted that in section 4 on page 11 of the programme document the new Government says it will “publish and present to Parliament a simple and consolidated national planning framework covering all forms of development and setting out national economic, environmental and social priorities.” It is assumed that this, together with the abolition of the *Infrastructure Planning Commission* (see paragraphs 10 and 11 below), will obviate the need for a National Policy Statement for Airports.

Climate Change

- paragraphs 24-43 of the UK Aviation Update paper (Agenda Item 3)

8. The new Government says in section 10 on page 16 of the programme document that it believes that climate change is one of the gravest threats we face, and that urgent action at home and abroad is required. The programme document states " We need to use a wide range of levers to cut carbon emissions, decarbonise the economy and support the creation of new green jobs and technologies. We will implement a full programme of

¹ <http://www.dft.gov.uk/press/ministers/>

² <http://www.ukaccs.info/coalitionagreement120510.pdf>

³ <http://www.ukaccs.info/coalition-programme200510.pdf>

measures to fulfil our joint ambitions for a low carbon and eco-friendly economy." In this same section of the programme document the Government says it will cancel the third runway at Heathrow, refuse permission for additional runways at Gatwick and Stansted and replace Air Passenger Duty with a per-flight duty.

Added Capacity at Heathrow

- *paragraphs 44-51 of the UK Aviation Update paper (Agenda Item 3)*
9. As expected the new Government says it will cancel plans for third runway at Heathrow and refuse permission for new runways at Gatwick and Stansted –see section 10 on page 16 of the programme document. The new Government does, however, say it will establish a high-speed rail network - see below.
 10. On 24 May 2010 BAA announced that it would stop work on the planning application for a third runway at Heathrow⁴ and that was withdrawing its application to build a second runway at Stansted⁵. In making the announcements BAA said it continued to believe that new airport capacity is needed in the South East of England, to strengthen the UK's international trading links.

Infrastructure Planning Commission

- *paragraphs 58-60 of the UK Aviation Update paper (Agenda Item 3)*
11. The new Government confirms it "will abolish the unelected Infrastructure Planning Commission and replace it with an efficient and democratically accountable system that provides a fast-track process for major infrastructure projects" - see page 11 of the programme document.
 12. In relation to planning issues it is interesting to note the changes planned by the new Government – see the article in the *Planning Portal* at Annex A

High Speed Rail

- *paragraphs 15-19 of the Preservation of Slots for Domestic Services at London Airports paper (Agenda Item 4)*
 - *paragraphs 24-28 of the Improving Surface Access to Airports paper (Agenda Item 5)*
13. The programme document confirms (section 30 on page 31) the new Government will establish a high speed rail network as part of its programme of measures to fulfil their joint ambitions for creating a low carbon economy. Their vision is of "a truly national high speed rail network for the whole of Britain". Given financial constraints, they will have to achieve this in phases.
 14. High speed rail was also referred to in the Queens Speech on 25th May. The Government subsequently issued a note and this is attached at Annex B,
 15. The new Government also supports Crossrail and further electrification of the rail network.

Airport Regulation

- *paper Reform of the Framework for the Economic Regulation of Airports (Agenda Item 6)*
16. The new Government's legislative programme for the first session of Parliament was announced in the Queen's Speech on Tuesday 25th May 2010. Among the bills announced then was an *Airport Economic Regulation Bill* which will replace the existing system for setting price caps at airports subject to economic regulation with a more flexible framework focused on the outcomes which matter to passengers. The new

⁴ [Click here](#) to see the Heathrow press release

⁵ [Click here](#) to see the Stansted press release

Government is considering the detailed content of these reforms and will say more in due course. The bill would apply across the UK, except Northern Ireland, which regulates its own airports. The government is in discussions with Northern Ireland over whether to adopt the reforms there. A DfT note about the new Bill has been posted to the UKACCS website.⁶

17. There is also to be a *Public Bodies Bill* which will give Ministers the power to abolish, merge or transfer the functions of public bodies. It is not clear yet whether this will have any impact on *Passenger Focus*. It is noted that in section 30 on page 31 of the programme document the new Government says it will “turn the rail regulator into a powerful passenger champion”. It remains to be seen whether this might have any impact on *Passenger Focus* which, according to the proposals of the last Government, would have gained new functions to represent the interests of air passengers – see paragraphs 23-31 of the *Regulation of Airports* paper.

Aviation Security

- *Aviation Security Update paper (Agenda Item 7)*
18. In the programme document the new Government says (section 17 on page 21) it supports E-Borders and will reintroduce exit checks.
 19. In the same section the new Government says it will also create a dedicated *Border Police Force*, as part of a refocused *Serious Organised Crime Agency*, to enhance national security, improve immigration controls and crack down on the trafficking of people, weapons and drugs. And they say they will work with police forces to strengthen arrangements to deal with serious crime and other cross-boundary policing challenges, and extend collaboration between forces to deliver better value for money.

UK Identity Cards

- *paragraphs 36/38 of the Aviation Security Update paper (Agenda Item 7)*
20. The programme document confirms (section 3 on page 11) that the new Government will scrap the ID card scheme along with the National Identity register, the next generation of biometric passports and the Contact Point Database.

Air Passenger Duty

- *Air Passenger Duty paper (Agenda Item 10)*
21. The new Government confirms in its programme document (section 10 on page 16 and section 29 on page 30) it will replace Air Passenger Duty with a per flight duty. The programme document added that a proportion of any increased revenues would be used to help over time to fund increases in the personal allowance.
 22. There was no indication that any of the proceeds from the new tax (which some reports say might be as much as £6bn) would be used directly for environmental mitigation measures perhaps by way of a trust fund. Members have noted previously that such arrangements have been made in other industries, for example the taxes from landfill and quarrying activities are used to mitigate the detrimental effect on local communities.

Air Quality

- *paragraphs 23-25 of the European Aviation Update paper (Agenda Item 11)*
23. The programme document says (in section 11 on page 17) that the new government “will work towards full compliance with European Air Quality standards”.

⁶ <http://www.ukaccs.info/airportbill2010.pdf>

Local Referenda

24. The proposed *Devolution and Localism Bill* will include provision giving residents the power to “instigate local referendums on any local issue”. There is, as yet, no detail but it is to be hoped the new Act will include provision to prevent abuse by those with an axe to grind on particular local issues - including planning applications for the development/expansion of local airports.

Stuart Innes
May 2010

ANNEX A

Article in the *Planning Portal* – see 12 above

Ministers have confirmed that “radical” reform of the planning system will be central to the new coalition Government’s programme with the scrapping of Regional Spatial Strategies, the abolition of the Infrastructure Planning Commission and the adoption of the Conservative’s ‘localism’ agenda.

Details of what the coalition plans to do have been set out today in the manifesto agreement between the Conservative and Liberal Democratic parties. Planning reform is also highlighted in the new Government’s Big Society programme.

The document setting out the coalition’s agreement stresses that the Government would “promote the radical devolution of power and greater financial autonomy to local government and community groups. This will include a review of local government finance”.

The 30-page paper also says that the administration will “rapidly abolish Regional Spatial Strategies and return decision-making powers on housing and planning to local councils including giving councils new powers to stop ‘garden grabbing”.

It adds: “In the longer term, we will radically reform the planning system to give neighbourhoods far more ability to determine the shape of the places in which their inhabitants live, based on the principles set out in the Conservative Party publication *Open Source Planning*”

The new Government also promises to “publish and present to Parliament a simple and consolidated national planning framework covering all forms of development and setting out national economic, environmental and social priorities”.

In addition the administration has committed to creating a new designation - similar to SSSIs - to protect green areas of particular importance to local communities.

Also set out in the agreement are pledges to provide incentives for local authorities to deliver sustainable development and to abolish the Government Office for London

ANNEX B

The Queens Speech: High Speed Rail – see paragraph 14 above

“My Government will...enable the construction of a high-speed railway network.”

Demand for travel between major British conurbations is expected to increase significantly over the next twenty to thirty years. High speed rail appears best placed to provide significant and sustainable additional capacity to meet that demand, whilst also improving journey times.

The Government’s vision is for a truly national high speed rail network as part of its programme of measures for creating a low carbon economy, although it recognises that this would need to be achieved in phases. Such a network would include links to Heathrow and potentially other airports to provide an alternative to short-haul aviation.

HS2 Ltd (the company set up by Government to investigate the case for High Speed Rail) has calculated that a high speed line to Birmingham could reduce journey time from London by around half an hour. Connections to existing main lines would enable high speed services to run on to other destinations, including Manchester and Glasgow. We will also actively study the options for a link between the new high speed line and the existing High Speed One line – which links London to the Channel Tunnel.

A wider network could offer still more significant journey time savings – for instance reducing the journey time to Manchester to around 80 minutes.

A new high speed line could potentially treble maximum capacity on the crowded London-Birmingham rail corridor. HS2 Ltd have estimated the cost of a London-Birmingham line as around £17 billion, though the bulk of this expenditure would not be incurred until construction begins, and calculate that such a line could provide high value for money with more than £2 of benefits for every £1 spent.

The construction of a high speed rail line will require the introduction of a hybrid High Speed Rail Bill in due course.