

4b National Connectivity Task Force

o Purpose of Report

To advise Members of the progress of the National Connectivity Task Force in preparing a report for consideration by the Airports Commission.

o Background

In their submission to the Airports Commission in the summer of 2014, Heathrow Airport included a commitment to create a regional connectivity task force to address assessment criteria stated by the Airports Commission in their consultation on how the remaining options for runway capacity in the south east of England would be assessed. The original intention had been to create a report that would be useful in setting out Heathrow's proposal to the Commission and to that end a draft remit had been prepared.

Lord Shipley agreed to Chair the task force subject to certain conditions, including that the task force would be independent of Heathrow and that it would directly report to the Airports Commission.

Nestrans approved Derick Murray accepting an invitation to become a member of the task force. This was as a regional representative, joining six others from across the UK along with a number of academics and industry specialists.

The task force firstly changed its name to the National Connectivity Task Force to reflect that regional connectivity to international flights is a national rather than regional issue. The task force also amended the remit to reflect its independent status and to reflect that it would examine all the options left on the table by the Airports Commission.

It set out a list of research papers to be commissioned and a series of meetings to be held with stakeholders. The results of this research and consideration by the Task Force resulted in a submission to the Airports Commission on 3 Feb 2015. This has been followed by the public launch of the full public report at an event in London on 16 March 2015.

The report and its sixteen Appendices, providing the background supporting evidence, can be found at:

<http://www.nationalconnectivitytaskforce.co.uk/report.php>

o Principal findings

The Task Force's report contained a number of research facts, conclusions and recommendations. The following is a short highlight of a number of pertinent issues:

- Although arriving in significantly smaller numbers than those arriving at the hub airport by road or train, the passengers arriving from domestic airports by air produce less CO2 emissions. This is true for the total output although the output per person is greater from flying but this provides a context for more remote peripheral airports using air as a means of access to a national hub.

- In terms of international access for the regions of the UK (and as the report describes them as the nations, regions and crown dependencies), Heathrow provides significantly better options and benefits
- In terms of noise impact, Gatwick provides significantly better options for those under flight paths
- In terms of freight movement, Heathrow provides significant benefits
- The instructions for how the Civil Aviation Authority interpret their obligations from Parliament can be amended by a letter from the Minister – therefore an instruction to them to take account of regional access to a national hub is relatively simple
- The Department for Transport’s policy to date has been to encourage new flights to long haul destinations. This has been based on:
 - A desire to not interfere in the market
 - *This despite interfering by not permitting any increase in runway capacity to meet demand*
 - An encouragement to regional airports to pursue access to continental hubs to improve regional connectivity and relieve pressure on Heathrow and Gatwick
- Heathrow is full in terms of air traffic movements and has been for some time
- Gatwick is practically full
- Research has determined that:
 - Schipol will be full in 2018 resulting in similar pressures in Holland that have been experienced at Heathrow
 - Although Paris and Frankfurt have capacity until 2030, in the peak hours, important for onward connecting flights, both are reaching practical capacity
- To provide a good and sustainable level of regional access to any increased capacity would only require some 5 to 10% of the new capacity to be reserved for the regions
- The report discusses an interim option that could be used until the new runway capacity is available

o **Report conclusions and recommendations**

The report concludes that there is a strong case for reserving regional access at any new runway capacity. It determines that the barriers to this are not legislative but interpretation of legislation and current Department for Transport policy. The report’s recommendations include:

- That the Department for Transport determines a new policy to reflect the new situation where there is available capacity
- That the Department for Transport redefines its instructions to the Civil Aviation Authority to take account of the needs of the whole country in delivering its remit
- That the Department for Transport consider options for using legislation to promote regional access to an increased hub capacity
 - This could include considering options such as limiting planning permission for a percentage of new terminal capacity to domestic passengers
- That the Government set up a ‘board’ to ensure that regional access is included in any new release of capacity
- That the regions be required to put in place plans to maximise the regional economic impact of any new capacity released.

o **Response from Heathrow Airport**

Heathrow Airport have responded to the Task Force’s report. A copy of their press release is attached as Appendix A.

Highlights of the response include:

- A commitment to reduce landing charges for domestic regional aircraft
- A commitment to, subject to expansion being authorised, work with airlines to improve landing times and frequency for the seven existing airports with landing rights
- A commitment to, subject to expansion being authorised, working with the airlines to extending landing rights to four other UK airports (including Inverness)
- A commitment to, subject to expansion being authorised, working with airlines to explore the possibility of a further five UK airports gaining landing rights with the creation of a £10m route development fund
- A commitment to, subject to expansion being authorised, look at the two existing PSO's to examine whether these could be amended to access Heathrow (including Dundee)

● **Response from Gatwick Airport**

Gatwick Airport produced a response prior to publication of the Task Force's report publication. That response is attached as Appendix B.

● **Recommendation**

It is recommended that the Board:

- a) Consider the contents of the National Connectivity Task Force report and whether to endorse the report by recommending it to the UK and Scottish Governments and the Department for Transport.

RGM/23 March 2015

Heathrow Airport response to the Task Force's report

Heathrow announces new measures to connect UK nations and regions to global growth.

- **New package of commitments conditional on expansion enabling up to nine new air links to Heathrow and increased frequency on seven existing routes**
- **New £10 million Heathrow Route Development Fund**
- **A review of airport charges to help play our part in keeping existing domestic routes commercially attractive to airlines**

❖ Heathrow has announced a new package of commitments deliverable with expansion, designed to connect the UK's nations and regions to growth markets around the world. Taken together they have the potential to deliver billions of pounds worth of trade and investment opportunities, reversing a lost decade of connectivity which has seen regional connections to long-haul markets squeezed out of the UK's hub airport.

❖ The move comes at a time when Amsterdam Schiphol has more links to the UK's nations and regions than Heathrow and Gatwick combined. As a result, Schiphol has gained traffic that would otherwise support new long haul routes, jobs and economic activity in the UK.

❖ The measures would boost the seven existing routes, offering the potential for better timed and more frequent flights. In addition, our analysis indicates that passengers would be able to fly from nine domestic airports not currently served by Heathrow, meaning that a total of at least 16 regional airports will have the opportunity of direct links to the UK's hub.

❖ The commitments include:

- A review of airport charges to help play our part in keeping existing domestic routes commercially attractive to airlines from January 2016.
- Establishing a new Heathrow Route Development Fund. £10 million in start-up capital for airlines to support five new routes for three years.
- Partnering with UK airports, LEPs, Chambers of Commerce, national and regional governments to work with airlines to establish new domestic routes through Heathrow.
- Working with government to re-designate public service obligation (PSO) routes to Heathrow, the only airport that can connect them to and through London to growth markets across the globe.
- Working with any organisation that wants to operate Northolt as a satellite runway for UK routes until Heathrow is expanded.

❖ The commitments announced today have been informed by the recommendations of the National Connectivity Task Force, set up in May 2014 with a remit to recommend how connectivity between the UK's nations and regions and the major airports in the South East can be enhanced. They build on a previous announcement by easyJet that it plans to operate from an expanded Heathrow, competing on several existing domestic routes and providing new links to four airports across the UK.

❖ Airports Commission analysis has already revealed that an expanded Heathrow will deliver up to £114bn in economic benefit outside London and the South East, double the amount that would be delivered by an expanded Gatwick.

❖ **Commenting on the commitments, John Holland-Kaye, Heathrow CEO, said:**

❖ *"Expanding Heathrow could deliver close to 80,000 jobs and up to £114 billion of GDP outside London and the South East. We have been listening to businesses, politicians and now to the National Connectivity Task Force, and today's announcement shows that we have a plan to deliver what Britain needs. Only Heathrow can connect all of Britain to global growth. That's why we are best for Britain and backed by Britain. Let's get on with it."*

❖ **Saad Hammad, Chief Executive of Flybe said:**

❖ *"Flybe welcomes the commitment of Heathrow to enhance regional connectivity both within current runway capacity constraints and in the event of new runway development. As the UK's largest regional airline, operating Flybe services from 37 UK airports, we are in a prime position to connect the country via Heathrow.*

❖ *Our national hub in the South East must address the needs of all the nations and regions of the UK not just those living within the boundary of the M25. Key to this is an airport pricing regime that encourages regional connectivity alongside guaranteed slot availability for regional connecting services. We are delighted that Heathrow has listened to the issues faced by the UK regions and is taking practical steps to be more inclusive."*

Gatwick Airport response to the Task Force's report

Connectivity Taskforce set up *by Heathrow for Heathrow*

❖ 16/03/2015

- **Taskforce was set up and resourced by Heathrow to serve its own ends**
- **Connectivity is of national importance and stretches far beyond just Heathrow**
- **Other large UK airports say Heathrow expansion will not support regional growth**
- **Three biggest airports outside London – Manchester, Birmingham and Edinburgh – did not take part in Heathrow taskforce**

Gatwick Airport today responded to the release of the findings of the 'National Connectivity Taskforce' dismissing it as an exercise in manufacturing an outcome to support Heathrow's third runway ambitions.

Gatwick Chairman Sir Roy McNulty has also today written an open letter to Lord Shipley who heads the taskforce, calling for greater transparency from the Heathrow-commissioned taskforce and noting that the three biggest airports outside London – Manchester, Birmingham and Edinburgh – did not take part. [View the letter here.](#)

A truly independent [report issued by the OECD](#) last month found that the increased charges an expanded Heathrow would charge would discourage more flights to other UK airports. The report also said a bigger Heathrow would also 'diminish' the chance of new long haul services flying directly out of other UK airports.

Gatwick expansion is best for the UK and regions because it supports not only the growth of connectivity to London, but also more competition between UK airports – one of the great successes of recent industrial policy. Expanding Gatwick would therefore enhance the growth and business development of other UK airports, and deliver more choice for passengers in other parts of the UK.

While Gatwick recognises the importance of regional connectivity within the runway debate, it did not participate in Heathrow's taskforce. Neither did the three biggest airports outside London – Manchester, Birmingham and Edinburgh - which represent over 40 million passengers a year.

Gatwick Airport CEO Stewart Wingate said:

"This taskforce has been set up by Heathrow, for Heathrow, and solely to serve its own ends. Despite its claims to some objectivity, this is clearly an exercise in manufacturing an outcome that suits Heathrow's ambitions for a third runway.

"We know others in the industry, including other significant UK airports share this view. In fact, we estimate that passenger numbers at UK airports - other than Gatwick - that are opposed to expansion at Heathrow are more than double those at airports cited by Heathrow as in support.

"The issue of connectivity is crucial for the UK and is one that stretches far beyond just Heathrow.

"People across the country have told us that – important as connections to London and destinations beyond are – they also want more direct flights to more global destinations from regional airports.

"For the UK, an expanded Gatwick would mean a stronger system of regional airports, more competition and choice, quicker transfers here, more cost-effective fares, and a better customer experience."