

## **POLICY SUBMISSION**

AIRPORTS COMMISSION: CONSULTATION ON  
SHORTLISTED OPTIONS FOR A NEW RUNWAY

February 2015

SCDI is an independent and inclusive economic development network which seeks to influence and inspire government and key stakeholders with our ambitious vision to create shared sustainable economic prosperity for Scotland.

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## Consultation on Shortlisted Options for a New Runway

1. SCDI is an independent membership network that strengthens Scotland's competitiveness by influencing Government policies to encourage sustainable economic prosperity. SCDI's membership includes businesses, trade unions, local authorities, educational institutions, the voluntary sector and faith groups.
2. The recommendations in this submission are based on a substantial body of work with SCDI members since 2011. SCDI has undertaken detailed research of our membership around Scotland to provide evidence and case studies for submissions to the UK Government and then the Airports Commission<sup>1</sup>. SCDI has organised a range of policy events for members to discuss aviation issues, including meetings with the leaders of Heathrow and Gatwick in Edinburgh, and the Chair of the Commission, Sir Howard Davies, in Inverness and Aberdeen, culminating with an aviation conference in Glasgow at the end of last year at which the Chief Executive Officers of the shortlisted airports made their cases.
3. Scotland is a relatively small, open economy on the periphery of Europe. SCDI members understand the importance of Scotland's airports and air travel to the Scottish economy. Scotland is home to some of the UK's leading exports and internationalisation will be key to generating long-term sustainable economic growth. SCDI members welcome the growth in international route networks at Scotland's major airports which has again become evident post-recession, and strongly support efforts to develop new long-haul services to large and/ or emerging overseas markets for Scotland. However, they understand that, with Scotland's relatively small population size, direct links with many cities and countries will not be viable. For instance, there are very few routes between Scotland and UK Trade and Investment's top 20 emerging markets. Good connections with London are and will remain essential for point-to-point travel to both this world mega-city and for interlining to its wide range of international routes. Loss of access to Heathrow and, in some cases, Gatwick and London's other airports, therefore, has been and is a significant concern to SCDI members, given the impact that this has had or may in the future have on their connectivity.
4. Both Heathrow and Gatwick are important to the Scottish economy, particularly the UK's existing hub airport at Heathrow. SCDI's surveys of our members have shown that a minority of passengers are choosing other hubs to make connections, sometimes because capacity constraints at Heathrow have either 'squeezed out' their services or have reduced the standard of overall service at Heathrow so that others are more attractive. While these new routes are very welcome, the numbers using them to interline are still far less than those using London airports and the overall connectivity that they provide for the regions of the UK is significantly less if measured in terms of the number of flights and ease

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<sup>1</sup> <http://www.scdi.org.uk/images/document/SCDI-Response-on-Airport-Operational-Models-July2013.pdf>

of onward connections. Of those who do choose them, some would rather opt to fly via Heathrow if that opportunity existed or it was a more attractive experience.

5. While services have been reduced or cancelled, it is very important to note that profitable routes are being withdrawn because other, long-haul routes are more profitable. This is due to a market which is being constrained by Government policy on capacity and, until that is changed, the situation will deteriorate further.
6. Heathrow is full and the Commission has forecast that Gatwick will be full by 2020. The Commission has concluded that there is a clear case for one net additional runway in London and the South East, to come into operation by 2030 and that there is likely to be a demand case for a second additional runway in London and the South East in operation by 2050 or, in some scenarios, earlier.
7. SCDI recommends that the title of the Sir David Higgins', Chair of HS2 Ltd, most recent report on HS2, *Rebalancing Britain: from HS2 toward a national transport strategy*, is at the forefront of the Commission's final recommendations.

## Key Conclusions and Recommendations

8. The Commission's recommendations should be **a pillar for a national, long-term transport strategy**. There is a need for joined-up UK and Scottish aviation strategies, both within multi-modal strategies and both supporting regional rebalancing of the economy. With consistency and coherence in mind, the key principles which Sir David suggests for HS2 could be applied across strategies:
  - Test of time
  - Strategic answer
  - Integrated transport – with existing and future transport services
  - Economic value – maximise value added to local and national economies
  - Catalyst for change – both locally and nationally
9. The Commission's recommendations should include **measures to support international routes from regional airports**. Direct connectivity from Scotland's airports is, generally, the first preference of SCDI members. The introduction of new planes should enable growth of these services. There are signs in Scotland that the major airports are being more successful in attracting new long-haul services and in expanding existing long-haul services. The agreement by all the major Scottish parties in the Smith Commission and the commitment by the UK Government coalition parties and the Labour Party to devolve Air Passenger Duty are welcome and will give the Scottish Parliament an important tool to support Scotland's connectivity and develop key routes for the economy.
10. The Commission's recommendations should **link the global competitiveness of the UK economy and the regional rebalancing of the UK economy as they are related**. The Commission's increasing emphasis on regional

connectivity in its assessments and improvements in engagement by the promoters on how to realise the possible regional benefits around the UK have been welcomed by SCDI and need to be followed-through in the final report.

11. The Commission's recommendations **must link additional capacity and regional utilisation as both are essential**. These are national assets and the new runway needs to meet the regional needs of the UK economy. The Commission's recommendations should provide sufficient capacity in the right location to maintain the UK's position as a focal point for the global aviation industry in the long-term, and ensure protection and enhancement of regional access to that capacity at a cost which is not prohibitive. The aim must be to enable the growth of global connectivity for the UK and for the regions of the UK. For Scotland, **the priorities for connectivity to the capacity are Edinburgh, Glasgow, Aberdeen and Inverness airports, and SCDI's support for a new runway is conditional on the expansion guaranteeing access for them.**
12. Hub access is currently very important for Scotland's international connectivity. Over 40% of international and 70% of long haul passengers transfer to reach their final destination. Over 30% of all long haul passengers connect at Heathrow, while around 40% of those international passengers travel through Heathrow. It serves 75 destinations that cannot be reached from any other UK airport. Heathrow handles 26% of all of the UK's exports by value, with Scottish salmon its biggest by tonnage. The Commission's analysis forecasts significantly greater economic benefits and jobs created in Scotland with the expansion of Heathrow. Based on Heathrow's established importance to Scotland for passengers and freight, its status as the UK's only hub airport in a competitive global aviation market, the economic potential to Scotland of a new runway, and feedback from SCDI members, SCDI favours a Heathrow option. SCDI is aware of the work of Heathrow's National Connectivity Task Force, which is looking at the issues around maximising the benefits of expansion of capacity to the whole of the UK, and has provided evidence and comments to it. **SCDI's support for Heathrow is conditional on there being a clear obligation and commitment to good connectivity for Scotland's major airports. Heathrow and the UK Government must respond positively to the recommendations from the Task Force on how additional runway capacity would serve the needs of the whole of the UK economy, not just those of the South East.**
13. Whichever option is recommended by the Commission, capacity issues also need to be addressed at the other option. Should Heathrow be selected for the first, the Commission **also needs to publish analysis of the demand case and timescales for the second net additional runway to come into operation.**
14. The Commission previously made constructive comments about the need to improve surface transport access to airports, including a rail option to Glasgow Airport. This is now being developed as part of Glasgow's City Deal. City Investment Plans/ City Deals offer a new opportunity to fund integrated, intra-city

travel and they need to be joined-up with national planning and infrastructure investment. While the Commission will not want to comment on every airport, **a reinforcement of its earlier comments on improving surface transport access to airports and the opportunities in cities policy would be welcome.**

15. SCDI welcomed the establishment of the Airports Commission by the UK Government to bring a strong and independent evidence base to what will ultimately be a political decision, one which has been delayed for far too long. **The SCDI position is primarily to support the retention of Scottish slots through the London Hub** whilst reflecting our members view that, on balance, Heathrow currently offers the optimum option for the first additional runway. However, after two years of evidence gathering, consultation around the UK and detailed consideration by the independent Airports Commission, **all political parties should commit now to implementing its report after the General Election and publish a timetable for its deliverability, whilst guaranteeing the slots which Scotland needs to maintain international connectivity.**



Scottish Council for Development and Industry