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22nd July 2014

Dear Sir Howard

Hillingdon's response to the 'Utilisation of the UK's Existing Airport Capacity Discussion Paper 06

We would like to thank you for the opportunity to respond to the Discussion Paper on 'Utilisation of the UK's existing airport capacity'.

Whilst recognising that the focus of this Discussion Paper is on the connectivity and capacity provided by airports outside of the ones shortlisted we believe the comments below are relevant and, we hope, helpful to the Commission.

The Discussion Paper asks for evidence to help shape the long term strategic context in relation to regional airports in terms of how they interrelate with the final expansion option chosen. The comments below relate to specific questions and how they would relate to the option to expand at Heathrow. You will note that we have only commented on those matters which have a particular relevance to Hillingdon.

Para 7.3 (point 3)

Is the Commission's analysis of the multiple factors influencing domestic air connectivity between London and the UK regions accurate? Of the factors outlined, which are the most significant or important for explaining how the market has developed?

We note that there is reference in paragraph 1.17 to the decline in domestic links into Heathrow being the product of its capacity constraints. The Discussion Paper states "*Heathrow argues that its lack of runway capacity has particularly hurt regional growth in the UK by squeezing out regional routes*". The Airports Commission's Interim Report, (para 3.85), indicates that "*By 2040, unless capacity is expanded, the Commission forecast that the number of domestic destinations served from Heathrow will have fallen further*". This

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could be interpreted that, in the Commission's view, expansion is the only answer to Heathrow being better connected to the rest of the UK.

The Discussion Paper (para 1.7) states that this 'squeezing out' of regional routes is said to occur because in a capacity constrained system airlines, will prioritise the operation of larger aircraft, in order to maximise revenue. The 'squeezing out' of routes could therefore be seen as a product of airlines and airport operators ensuring increasing profits. If there is a more lucrative demand on a route, the airline will follow what gives the greatest yield.

The Council has grave concerns that basing a decision to expand Heathrow as a means to overcome this issue of regional connectivity will not be borne out as a long term solution. The Airports Commission's own technical assessment (Northwest Runway at Heathrow, Assessment 62) indicates that a third runway at Heathrow opening in 2026 would be 80% full by 2030. Under such conditions the scenario of airlines squeezing out less lucrative routes for ones with more profit yield will simply occur again.

Para 7.3 (point 8)

What future trends do respondents envisage in domestic air connectivity, excluding routes into London?

The Discussion Paper (para 1.31) suggests that demand for regional routes may have declined due to numbers of passengers from regional airports now choosing to connect with flights at hub airports outside of the UK, i.e. transferring elsewhere. The Airports Commission's Interim Report (para 4.7, bullet 4) indicated that re-capturing the majority of this traffic could be alleviated by removing capacity constraints at the UK hub, Heathrow. We believe that there are several other more significant aspects to consider.

The emergence of new generation aircraft such as the A350 and the B787 are being termed "hub busters" due to their range capability. With more passengers from regional airports now able to fly direct to long haul destinations, there may be less need for the hub model style of operation. This is demonstrated in a recent report "Supply Side Considerations" by CTAIRA, July 2014 (para 7.1) which suggests that connecting traffic is likely to reduce for all European airlines, not just across London, as North American airlines start to buy their own "hub-buster" aircraft and as the main Gulf carriers and Turkish airlines begin to compete for the North American market. In addition, the proposed new six runway airport in Istanbul, predicted to open in 2018 to cater for 150 million passenger per annum, will bring another major international competing hub into the global market. Our discussions with the 'FLAP' councils, representing Frankfurt, London, Amsterdam and Paris, have indicated that in the future, the world will be dominated by a small handful of mega hubs, including Dubai and Istanbul.

We would ask that as the Commission contemplates its decision as to whether it is extra hub capacity or extra point to point capacity that is required long term, that these points are taken into consideration. An attempt to increase capacity at Heathrow in order to re-capture traffic from other major international hubs, may be a futile and unsustainable exercise in the long term because these other competing hubs are likely to have greater geographical advantages, plus competitive services and a less constrained space than West London in which to increase their numbers of runways and passenger throughput. If

Heathrow does not succeed in recapturing traffic from other hubs, a very high price will have been paid by the substantial numbers of people living in one of the most densely populated, congested parts of the UK who would be significantly detrimentally impacted.

Para 7.7 (point 5)

Is there a current case for lifting planning caps for any airports in London or the South East? If not now, when should these caps be reviewed?

The Discussion Paper (para 6.10) rightly acknowledges the valuable part planning has to play in ensuring that local communities and their elected representatives can be properly engaged in decisions that will have a significant impact on their local area and quality of life. Planning caps have been used to protect the quality of life of the surrounding communities and we strongly recommend that any lifting of a planning cap needs careful consideration on an airport-specific basis.

In the case of Heathrow, the planning cap on aircraft movements was set as a maximum throughput for a two runway airport operating in segregated mode. It was set to protect local communities from unacceptable levels of noise and emissions. The T5 Inspector's view on setting the planning cap of 480,000 ATMs was that:

"any further increases in flights, however it may be achieved, would rapidly become intolerable" (para 32.5.40, T5 Inspector's Decision).

He concluded that the imposition of such a planning condition could help:

"restore public confidence that Heathrow would be properly controlled" (para 32.5.40, T5 Inspector's Decision).

To lift the cap at Heathrow would need a full detailed assessment and consultation process to ascertain whether the reasons for which it had been originally set were now no longer needed. Unfortunately, it is clear that the planning cap was in fact set too high. The airport now operates beyond its operational resilience levels to the detriment of the smooth operation of the airport; it also impacts on local air quality to the extent of triggering exceedences of European legislation; and the impacts arising from aircraft noise affect the largest number of people across Europe. This suggests that the cap should have been set at a more stringent level and reviewed periodically to ensure it is still serving the purpose for which it was designed i.e. protecting the communities from intolerable environmental conditions.

From our experience at Heathrow, we would urge the Commission to ensure that where planning caps are set to protect the quality of life of the surrounding communities, that there must be a process in place to ensure they are set at a level to ensure an acceptable level of protection, and that this is periodically reviewed in light of newly emerging health evidence.

Para 7.7 (point 12)

Are there any topics or areas of further study beyond those set out in the Appraisal framework, that would allow the Commission to understand the impact of development at Heathrow or Gatwick on the other London Airports?

We have consistently asked that the Commission examine the issue of health and social impacts within its process. We formally responded to the Appraisal Framework and requested the inclusion of a separate health module to ensure that such aspects were given equal weight and scrutiny in the appraisal process of the long term options. We were disappointed this was not taken forward and reiterate our request that this topic is looked at in a more detailed way to ensure the full community impacts of the long term options are fully understood prior to any final decisions.

Once again we would like to thank you for the opportunity to respond to the Discussion Paper on 'Utilisation of the UK's existing airport capacity' and we would be happy to discuss these issues further if you feel that would be helpful. Should you have any queries on this, please do contact me.

Yours sincerely

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Deputy Director, Environmental Policy and Community Engagement