



Department  
for Transport

**This document was withdrawn on 1 March 2018. The latest information on the government's [aviation and airports policy](#) is available on [GOV.UK](#).**

# Start-up aid: Guidance to Commercial, Economic and Strategic Appraisal Stage

# 1. Introduction

## Status of this guidance

- 1.1 This guidance is to be used for the commercial, economic and strategic appraisal of those routes that have been **successful in the initial application stage** of bidding for start-up aid funding (Annex A).
- 1.2 This guidance should be read in conjunction with the 'Appraisal framework for UK start-up aid for airports handling fewer than 3 million passengers per annum' and the 'Draft Protocol for UK start-up aid for airports handling fewer than 3 million passengers per annum'. Both are available via:

<https://www.gov.uk/government/publications/airports-with-fewer-than-5-million-passengers-per-year-start-up-aid>

## Background

- 1.3 In the 2014 Budget, the Chancellor of the Exchequer announced a £20 million per annum fund to support public service obligation (PSO) routes and start-up aid for new routes from regional airports which handle fewer than five million passengers per year, providing this meets new European Commission aviation State aid guidelines for airports and airlines<sup>1</sup>.
- 1.4 The Department for Transport has received clearance for its 'Protocol for UK start-up aid for airports handling fewer than 3 million passengers per annum'. The UK Government may now award start-up aid to an airline that complies with the protocol without further notification to the EC.
- 1.5 The EC guidelines also allow for start-up aid to be provided for air routes between 3-5 million passengers per annum but only in "duly substantiated exceptional cases". Cases will need to be individually notified to the EC and only upon receiving clearance can funding be made available.

## Who can apply for funding

- 1.6 Those bids that were successful in the initial application stage (Annex A). The bids should be submitted by the airline wishing to operate the route as, under the EC guidelines, funding can only be provided to an airline.

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<sup>1</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:C:2014:099:FULL&from=EN>

## Information required

**1.7** This guidance provides advice on the second stage and the assessment the Department will undertake.

- **Application letter from the airline:** The airline wishing to operate the route should provide a covering letter setting out the route they are seeking funding for and amount of funding required.
- **Route information:** The form is similar to the initial application form but with some additional information requested. See Section 2 of this document.
- **Ex-ante business plan:** Evidence how the route will be commercially viable at the end of the funding period. See Section 2 of this document.
- **Commercial Appraisal:** Each route will be independently assessed to establish whether the route will be commercially viable at the end of the funding period based on the information provided in the route information form and the ex-ante business plan. See Section 3 of this document.
- **Economic Appraisal:** Each route will be undergo a full economic and environmental appraisal, from which a benefits-costs ratio will be calculated and a quality score developed based on the information provided in the Economic and Strategic Appraisal Questionnaire. See Section 4 of this document.
- **Strategic Appraisal:** Benefits that cannot necessarily be monetised and meet the strategic aims of the scheme. See Section 5 of this document.

**1.8** Any information submitted by the applicant will be shared with York Aviation to allow the Department to assess the commercial viability of a route. Applicants should indicate what information they would be unwilling to share with York Aviation.

## Workshop

**1.9** The Department will run a workshop on 3rd September 2015 from 3-5pm at Great Minster House, 33 Horseferry Road, London SW1P 4DR to take applicants through the forms they will need to complete.

**1.10** Applicants wishing to attend this workshop should email [start-up.aid@dft.gsi.gov.uk](mailto:start-up.aid@dft.gsi.gov.uk) for more details.

## Bidding process timetable

**1.11** Table 1.1 sets out the timetable for bidding.

**Table 1.1 Timetable - Start-up aid**

| Step | Stage   | Time period                         |
|------|---|-------------------------------------|
| 1    | Initial application stage   | Complete                            |
| 2    | DfT publish successful bids at initial application stage                | 20th August 2015                    |
| 3    | Representation to be provided of any concerns regarding proposed routes | 10th September 2015                 |
| 4    | Commercial, economic and strategic appraisal stage                      | 20th August 2015 - 9th October 2015 |
| 5    | Workshop  | 3rd September 2015                  |
| 6    | DfT publish list of successful bidders                                  | November 2015                       |

### **Payment of funding**

- 1.12** Payment will be made to the airline via the appropriate regional body or Devolved Administration and will be paid quarterly in arrears upon receipt of evidence that the service was provided.
- 1.13** The maximum funding that can be provided is up to 50% of the total airport charges at UK airports with fewer than 3 million passengers per annum. In "duly substantiated exceptional cases" it might be possible to provide funding to cover airport charges at airports of between 3-5 million passengers per annum. However this would need to be cleared on a case-by-case basis by the European Commission and it is unlikely to be a quick process.
- 1.14** Therefore if a scheme requires funding to cover charges for airport of between 3-5 million passengers per annum we would advise you to contact the Department for Transport in advance so that we can advise on potential timescales.
- 1.15** **Although the Department for Transport intends to make financial payments to any proposal that passes this stage of the bidding process, under this funding scheme it reserves its full discretion not to make available some or all of the potential funds. Those who incur time or costs in making applications do so at their own risk and will not be reimbursed by the Department for Transport in any event.**

## 2. Route information and ex-ante business plan

### Route information

- 2.1** This contains similar information to the initial application form and will be used to assess the commercial viability of the route. The guidance provided for the initial application stage should be consulted for completing this form.

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/397875/start-up-aid-initial-application-guidance-2a.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/397875/start-up-aid-initial-application-guidance-2a.pdf)

### Ex-ante business plan

- 2.2** The EC guidelines on start-up aid require routes to have an ex-ante business plan. This should provide evidence that shows why the route is not commercially viable during the funding period, but will be commercially viable by the end of the funding period.

- 2.3** We would expect any plan to include at least the following information:

- Rationale for the route – what markets is it trying to serve, i.e. Point-to-Point, Onward Connecting, Business, Leisure, Inbound, Outbound.
- Why there is believed to be a 'gap' in the market.
- Strategic fit with other routes by the same airline.
- What other routes the aircraft will be used for.
- Fit with the origin airport route portfolio.
- Information regarding the route:
  - i. Airports being served.
  - ii. Distance between the two airports.
  - iii. Journey times by different modes.
  - iv. Proposed air service provision.
  - v. Aircraft type.
  - vi. Catchment area size.
- Any information regarding previous services run on the route.

- Explanation why the route is not commercially viable in the years funding is being sought for.
- Evidence that supports the passenger number forecasts for each of the four years, including supporting evidence / rationale in relation to the levels of stimulation.
- Evidence to support that the route will be able to cover fixed and operating costs by the end of the funding period.
- Fare Strategy - If the proposal is to increase fares to allow for increased revenue then evidence to support that the market can sustain such increases.
- Benefits the route will provide:
  - i. Business it will serve in the origin airport's catchment area, including examples of individual organisations expected to benefit/use the service (if available).
  - ii. Inbound tourism.
- Description of marketing strategy – who is paying for it, advertising channels, key partners, budget.
- Commitments of other bodies:
  - i. Regional government.
  - ii. Tourism boards.
  - iii. Local businesses.



# 3. Commercial Appraisal

## Introduction

- 3.1** The EC guidelines on start-up aid require routes to be commercially viable at the end of the funding period. Therefore all proposed routes will be subject to an independent assessment by York Aviation of both the passenger forecasts and commercial viability of the route at the end of the funding period. **Routes will not be funded** if they are considered to be either:
- viable without funding on the basis of the proposed discounted airport charges provided by the airport operator; or
  - not likely to be viable once the support for airport charges provided by this scheme ceases at the end of the funding period, taking into account any ongoing support from the airport operator.
- 3.2** Where this assessment indicates that route forecasts differ from those used in the initial commercial viability assessment, the potential viability of the service may need to be retested and applicants might be asked for additional information.
- 3.3** Requirements for route forecasts are, amongst others, as follows :
- Model Air Passenger Growth – the application of background growth rates and methodologies for forecast growth that do not conflict with those already used by the Department for Transport<sup>2</sup>.
  - Demand Stimulation – the application of transparent demand stimulation assumptions using parameters that are consistent with evidence on traffic stimulation rates for new routes at a regional and national level. The economic appraisal will require separate outputs for stimulated and diverted passengers and for sensitivity testing on stimulation rates.
  - Substitutable Destinations – there may be a need for a review of how the substitution of one destination for another by passengers impacts on stimulation rates and background growth.
  - Individual Routes – the route forecasting model must operate at an individual route, rather than a group of routes level, subject to the ability to assess substitutable destinations.

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<sup>2</sup> See [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/223839/aviation-forecasts.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/223839/aviation-forecasts.pdf)

- Economic Appraisal Outputs – as outlined in Section 4, the economic appraisal framework requires the following inputs from the route forecasting model:
  - passenger forecast (broken down by inbound and outbound, business and leisure, and diverted and stimulated);
  - journey time savings for outbound and inbound business and leisure passengers;
  - air fare savings for outbound business and leisure passengers and inbound business passengers;
  - base journey times and air fares for inbound business passengers.

### **Distortion of competition**

- 3.4** The Department will also look to see whether the proposed route is served by any airports within around a 100km radius. Where this is found to be the case the Department will look to assess whether the introduction of the route is likely to cause distortion to the market (i.e. possible loss of viability of route or existing frequency). Where this is believed to be the case the route will no longer be considered compliant for start-up aid.
- 3.5** The Department will also look at evidence supplied by other airports within the same catchment area of new routes being considered. Where the Department is presented with evidence that it believes shows the route is likely to be offered commercially either by another airline or from a different airport in the same catchment area the route will no longer be considered compliant for start-up aid.



## 4. Guidance on Economic Appraisal

### Background

- 4.1** The Department will undertake an economic appraisal to determine the value for money of proposed routes. This requires bidders to submit relevant information to the Department as set out in the Appraisal Guidance.
- 4.2** To help bidders structure their business case planning and analysis, and their answers to the Department, this Guidance will help explain the information that is required.
- 4.3** The Department will perform its own checks of the submitted information to ensure it is of appropriate quality. Additionally the Department has appointed York Aviation to independently model proposed routes to help verify the validity of the submitted information.
- 4.4** This Chapter relates to the Economic Appraisal Questionnaire which is available in Excel format.
- 4.5** You are encouraged to consult with the route airports, local authorities and industry experts where it might help you provide more robust information.

### Explanatory notes

- 4.6** In order to obtain a comparable set of answers all bidders are required to provide answers on an annual basis where applicable.
- 4.7** Bidders are required to provide one completed questionnaire for each separate proposed route.
- 4.8** In order to evaluate the benefits of connectivity to business and leisure passengers, please analyse and break down your data according to business and leisure travel (leisure travel is defined as all non-business travel) where applicable in the questionnaire.
- 4.9** Additionally please consider the breakdown of UK and non-UK passengers that will use the service. This is normally defined as those who are resident in the UK.

## Supplementary guide to questions

### *Section 1 - Journey time impacts*

**4.10** This section will be used to determine the impacts on time savings from the proposed route compared to alternative modes of transport. It will also capture the costs in terms of time and fares of airport surface access to passengers. These will be used to calculate passenger benefits by monetising the time savings.

**Q1 Please specify the number of journeys expected to be made per annum and the load factor for each type of journey.**

**4.11** This question seeks to determine the split between business and leisure passengers and furthermore between UK and non-UK passengers. This is required because the economic benefit of improved transport connectivity usually differs between these categories of passengers.

**4.12** Please provide expected passenger numbers for each year forecast. You should note that the number of business and leisure passengers should sum to the total passengers expected on the service in the given year. The share of UK and non-UK passengers should sum to 100% for each year.

**4.13** This information will help to determine the strategic importance of the route and distinguish between broad categories of passengers as they usually experience different levels of economic benefit from transport links. Please specify the breakdown of point-to-point (those who will use the service to travel from the origin to the destination only) and connecting passengers (those who will use the service to connect/transfer to other air services).

**Q2 Please specify the distance and the time length of the proposed service.**

**4.14** This information will help work out the time savings offered by the new route. Please specify the distance and time length of the journey. Specify the true distance of flight, including factors such as stacking, if known or the straight line distance over the map. The flight duration should be as it would be displayed to passengers purchasing a ticket.

**Q3 Please specify the alternatives to the proposed service, including travel distance, travel time, and the percentage of passengers you would expect to use each mode in the absence of the new air route.**

**4.15** This information will be used to work out the availability of existing transport routes to the destination and to compare it to the time saving benefit of the route. It could also be used to perform analysis of the environmental effects of the service. Please identify the best alternative modes of transport that passengers would be likely to use in the absence of the proposed service. Provide evidence for all modes that are relevant

to the service and state the expected share of journeys that would be made by each mode.

- 4.16** Please note the Department will perform analysis to determine the time savings compared to existing air and rail routes between the destinations on behalf of the bidders.

**Q4 Please specify the typical airport surface access mode, travel time, travel distance, and the proportion of passengers using each type of transport.**

- 4.17** This information is required to analyse the entire journey of passengers and compare to existing available routes. Please provide the time taken and distance travelled, a typical one-way fare and the share of journeys made by that mode. Please provide a breakdown for peak and off-peak services.

- 4.18** Please provide an assumption for the expected share of passengers who will use each surface access mode as well as the share who will travel to the origin airport directly.

- 4.19** Please note the Department will work out private car travel costs based on typical fuel consumption and fuel prices for the journey distance assumption provided by bidders.

**Q5 Please specify the typical processing time that passengers require at both the origin and destination airports. Please include check-in, walking to departure terminal, and departure lounge waiting in your overall figure.**

- 4.20** This information is required to analyse the time required for passengers to access the air surface and compare this to the time savings they would make from using alternative modes of transport.

*Section 2 - Fare impact*

- 4.21** This section will be used to determine the net effect on journey costs from the proposed route compared to alternative modes of transport. Please specify assumptions made when presenting costs of alternative modes of transport.

**Q6 Please specify the alternatives to the proposed service, including typical fares for each transport mode and the percentage of passengers you would expect to use each mode.**

- 4.22** This information is required to determine the fare savings made by customers who would use alternative modes of transport in absence of the proposed route. Please provide one-way fares for all relevant services and distinguish between peak and off-peak fares.

- 4.23** Please note the distinction between Advance and Anytime tickets as well as the peak and off-peak guidelines provided. This will help differentiate the fares that different groups of passengers typically pay.
- 4.24** Please note the Department will calculate private car costs of travel based on typical fuel consumption and fuel prices.
- 4.25** Please supply an assumption for the share of journeys which are newly stimulated by the proposed service and would not have been made in the absence of the proposed service.
- 4.26** The share of journeys made by each transport mode should be the same as in Question 3.

### *Section 3 - Environmental effects*

- 4.27** This information will help determine the environmental impact of the service. The analysis will consider emissions, noise and biodiversity impacts where possible.
- Q7 Please specify the extra air traffic movements (ATMs) that will be generated by the proposed service alongside the total ATMs at each airport.**
- 4.28** Please specify the additional air traffic movements at the origin and destination airports from the proposed service. This will help to give an indication of the extra flying activity from the new route in comparison to the typical activity in the origin and destination airports. This could give a rough indication of the likely extra environmental damage caused in relation to the typical activity in the airport area.
- Q8 Please specify where possible the extra fuel consumption (per single trip) from the proposed service in tonnes of fuel.**
- 4.29** Please specify the fuel consumption that will be brought about by the proposed service. The Department will consider whether it is feasible to calculate the extra greenhouse gas emissions and air quality damage costs from the proposed route.
- Q9 Please specify where possible the make and model of the aircraft that are likely to serve the proposed route and the share of trips that each aircraft is expected to make.**
- 4.30** Please specify the make and model of the aircraft that will serve the proposed route and their share of all flights. The Department could use this information to work out the typical fuel efficiency of the proposed aircraft and the effect from greenhouse gas emissions by the new route as above.



- Q10 Please provide any additional information you may have on the impact on the environment, such as noise, air pollution and biodiversity, as a result of the proposed service using the free space in the tab "Environmental Effects".**
- 4.31** Please use the "Environmental Effects" tab to provide additional information which could help to evaluate the environmental effects from the proposed service such as noise, air pollutions, and biodiversity. Where possible this information will be monetised using DECC appraisal guidance<sup>3</sup>.

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<sup>3</sup> <https://www.gov.uk/government/publications/valuation-of-energy-use-and-greenhouse-gas-emissions-for-appraisal>

## 5. Guidance on the Strategic Appraisal

**5.1** The aim of start-up fund is to create economic benefits for the region by improving the connectivity between UK regions or to their European counterparts. To allow the Department to assess whether a proposed route meets these aims it will be necessary for the route promoter to provide evidence against the following seven criteria:

- Service Frequency
- Business Centre Link
- Business Target Market
- Hub Connectivity
- Tourism Impact
- Direct Employment
- Social Impacts

### Service Frequency

**5.2** The availability of a greater range and frequency of direct air services will allow businesses located in the region to reach their customers, suppliers, partners and, for multi-national companies, other parts of their organisation more easily, quickly and cheaply. The same benefits will also accrue to customers, suppliers, partners and colleagues visiting the region. This will lead to increased business productivity and competitiveness, with resulting benefits for the economic prosperity of the region.

**5.3** Some of the economic benefits of the proposed services will accrue to business passengers. This reflects the greater ease with which outbound passengers can do business outside the country and inbound passengers can do business in the region. Both represent potential benefits for the regional economy through an increase in business efficiency, although it is also possible that increased efficiency for foreign businesses could result in a loss of competitiveness for regional businesses.

**5.4** An important criterion for European business connectivity is the ability to make a day return business trip to key centres, with sufficient time to reach the specific destination and to do business or at least allow a daily



flight. However benefits can still be derived from lower frequencies. One of the potential advantages of a new direct air service to/from a region is that, subject to the timing and frequency of flights, it will potentially allow business travellers to make day return trips to/from a wider range of continental European and UK centres. The outcomes are converted to a score on a scale of 1-5. Details of the scoring are provided in Table 5.1. For services not offered on a year-round basis (summer or winter only or part of season) the score will be halved.

**Table 5.1: Service frequency scoring system**

| Frequency                  | Score |
|----------------------------|-------|
| 1 weekly return flight     | 1     |
| 2 - 3 weekly flights       | 2     |
| 4 - 5 weekly flights       | 3     |
| 6 - 7 weekly flights       | 4     |
| More than 7 weekly flights | 5     |

## **Business Centre Links**

- 5.5** New direct air services to/from a region offer the potential for fast, frequent and efficient links to major business centres across Europe. The business centre links indicator measures the importance of a new service in terms of the significance of the city served by the destination airport as a business location.
- 5.6** The Business Centre Links indicator is based on the work undertaken by the Globalisation and World Cities (GaWC) network based at Loughborough University.
- 5.7** The GaWC ranks cities into 5 categories which we have converted into a score on a scale of 1-5 (Table 5.2). A bid will receive a score based on the destination city that the airport is serving.

| Table 5.2: Business centre link scoring system |       |
|--|-------|
| Destination City                               | Score |
| All cities not in any of the categories below  | 1     |
| Sufficiency / High Sufficiency                 | 2     |
| Gamma World Cities                             | 3     |
| Beta World Cities                              | 4     |
| Alpha World Cities                             | 5     |

Source: Globalisation and World Cities Network, 2014  
<http://www.lboro.ac.uk/gawc/world2012t.html>

## Business Target Market

**5.8** The previous Business Efficiency indicators are unlikely to reflect all of the wider business benefits of a proposed air service, especially in the context of the objectives of start-up aid. Scores will be awarded in line with Table 5.3 where a proposed service is assessed as being likely to have an impact in at least one of the following areas:

- Target Foreign Direct Investment (FDI) Markets - the key FDI market targets for a region can, for instance, be identified from an analysis of recent trends in the number of projects and the number of jobs created by the country of origin of the investing company, and discussions with the relevant agencies regarding specific country markets; and
- Export Market Targets - the key export market targets for a region can, for instance, be identified from an analysis of recent data on regional exports by country and discussions with the relevant agencies regarding specific country markets.

| Table 5.3: Business target market scoring system                       |       |
|--|-------|
| Evidence level   | Score |
| Limited evidence of impact   | 1     |
| Evidence of impact in one area   | 2     |
| Evidence of impact in both areas                                       | 3     |
| Strong evidence of impact in one area, evidence of impact in the other | 4     |
| Strong evidence of impact in both areas                                | 5     |

## Connectivity

- 5.9** New services to/from a region to airports that offer significant opportunities for onward connections (hubbing) can be valuable to businesses because they offer the potential of easier indirect links to a wide range of business destinations.
- 5.10** The Department expects bidders to work out the connectivity links available to passengers on proposed routes with the aid of the Department's guidance to be published in due course.
- 5.11** The connectivity score is calculated by summing the number of onward connections available at the destination airport within a three hour window of the arrival of a flight from the relevant UK regional airport, allowing for a 45 minute connecting time, across the 'typical' flight schedule. We would define a 'typical' flight schedule to be one outside of a school holiday period.
- 5.12** It is assumed that the number of inbound connections broadly matches the number of outbound connections, but the score is calculated in one direction only. The score is used as a relative measure to indicate the order of magnitude of the hub connectivity from any UK regional airport, thus all feasible connections are counted.
- 5.13** However full hub connectivity benefits to passengers are only likely to be realised when the service to the hub is offered by the hub carrier itself or a carrier aligned to the hub carrier or in an interline agreement/offering through fares. 'Low cost' carriers, in particular, seldom provide facilities for transfer passengers and, indeed, may often serve airports that do not function as hubs. Even where connections are not actively marketed or advertised by the airlines, some passengers may well use a service connecting to a hub to transfer, such as to other 'no frills' services at Stansted. However, in terms of placing a value on the hub connection, the full connectivity value will only count where the carrier operating the route is known to be marketing connections at the hub. Therefore evidence must be supplied so show that through ticketing to other flights at the destination airport within the three hour time window specified above, can be offered by the airline. Accordingly, scores will be awarded in line with Table 5.4.

| Table 5.4: Onward connectivity scoring system                |                         |                      |
|--|-------------------------|----------------------|
| Number of onward flights possible within a three hour window | No interlining possible | Interlining possible |
| <20  | 0.5                     | 1                    |
| 20-34  | 1                       | 2                    |
| 35-59  | 1.5                     | 3                    |
| 60-90  | 2                       | 4                    |
| 90+  | 2.5                     | 5                    |

## Tourism Impact

- 5.14** Air services are a fast way for business and leisure visitors to travel to an area and support employment in a wide range of facilities, including hotels, restaurants, shops, conference and exhibition centres and visitor attractions.
- 5.15** In economic terms, the proposed air services can generate additional benefits if leisure visitors generate greater expenditure, thus supporting greater employment, than would otherwise have occurred. Stimulated visitors to a region from overseas and other parts of the UK will be relevant in this context.
- 5.16** The tourism score will be derived by subtracting the number of outbound leisure passengers forecast by the independent route forecaster from the number of inbound leisure passengers. This will provide a net leisure passenger number.
- 5.17** The application with the highest net passenger number will receive the full score for tourism impact. The other applicants will be scored relative to that application. For example, the bid with the highest net leisure passengers (100 net leisure passengers) will received the maximum mark of 5, an application with 50 net leisure passengers will receive a score of 2.5 (50% of the full score) and a bid with 20 net passengers will a score of 1 (20% of the full score).

## Direct Employment

- 5.18** The direct employment supported by the proposed services is estimated on the basis of information provided by the airlines. Where an airline is proposing to operate more than one service from an airport, the estimated number of new jobs is divided pro-rata between the individual services. Where an airline is proposing to base a new aircraft at the airport that will also operate non-supported routes, if a majority of the routes are supported all of the projected employment should be included

in the route appraisal. If only a minority of the routes are supported, the number of new jobs is divided pro-rata between the individual services.

- 5.19** A job can only be counted if it is a totally new job that has been created rather than displaced jobs. For example an airline which makes use of existing flight crew to operate the route would not count, but if the airline has to employ new check-in staff this would count.
- 5.20** Accordingly, scores can be awarded in line with Table 5.5 where a proposed service is assessed as being likely to have an impact in at least one of the following areas.
- 5.21** The indicator has been based on the analysis undertaken by York Aviation for Scottish Enterprise, which used the maximum number of direct airline jobs that was created by a Route Development Fund route (the original Glasgow to Dubai Emirates service).
- 5.22** It is expected that route promoters will provide the following information:
- direct employment at the airline and airport; and
  - any other employment that can be directly linked to the new service that will be based at the airport.

**Table 5.5: Direct employment scoring system**

| Number of jobs supported      | Score |
|-------------------------------|-------|
| No additional employment      | 0     |
| Fewer than three jobs created | 1     |
| Three - five jobs created     | 2     |
| Six - eight jobs created      | 3     |
| Nine to ten jobs created      | 4     |
| More than ten jobs            | 5     |

## **Social Impacts**

- 5.23** In addition to economic impacts, air services also generate a number of social benefits. For example, air services are important, especially in remote areas, for links to health services and cultural and sporting events, whilst the ability to access convenient air services in order to take overseas holidays is a significant quality of life factor. The scoring reflects the proportionally larger impact of additional services at less well connected airports.
- 5.24** Therefore routes shall be assessed based on the percentage increase, in the number of direct destinations served by the airport, caused by the introduction of the new service.



- 5.25** The percentage increases in the social connectivity index are converted to a score on a scale of 1-5 (Table 5.6). The scoring reflects the proportionally larger impact of additional services at less well connected airports.

**Table 5.6: Social connectivity scoring system**

| <b>Increase in destinations with at least a weekly service</b> | <b>Score</b> |
|--|--------------|
| Fewer than 5%  | 1            |
| Between 5% and 9%  | 2            |
| Between 10% and 19%  | 3            |
| Between 20% - 30%  | 4            |
| Greater than 30%   | 5            |



## 6. Process for Economic, Strategic and Commercial Appraisal stage

### Application Process

- 6.1** Bids should be submitted by **12 noon on the 9th October 2015 by the airline wishing to operate the route.**
- 6.2** The information required is:
- **Application letter from airline:** Letter from the airline setting out the route they are seeking start-up aid funding for and amount of funding required.
  - **Route information:** Setting out information on the route and funding being sought. (See document: Route information application form).
  - **Ex-ante business plan:** Evidence how the route will be commercially viable at the end of the funding period. (See document: Route information application form).
  - **Economic Appraisal:** Each route will be undergo a full economic and environmental appraisal, from which a benefits-costs ratio will be calculated and a quality score developed based on the information provided in the Economic and Strategic Appraisal Questionnaire. (See document: Economic and Strategic Appraisal Questionnaire).
  - **Strategic Appraisal:** Benefits that cannot necessarily be monetised and meet the strategic aims of the scheme. (See document: Economic and Strategic Appraisal Questionnaire).
- 6.3** The application forms can be download from:
- <https://www.gov.uk/dft#publications>
- 6.4** All applications to the Fund will be assessed against the criteria set out in the Appraisal Framework.

### Workshop

- 6.5** The Department will host a workshop to take applicants through the process on 3rd September 2015. If you are interested in attending please send an email to: [Start-Up.Aid@dft.gsi.gov.uk](mailto:Start-Up.Aid@dft.gsi.gov.uk).

## **Submission of bids**

- 6.6** The Department only requires electronic version of bids which should be sent via email to: [Start-Up.Aid@dft.gsi.gov.uk](mailto:Start-Up.Aid@dft.gsi.gov.uk).

## **Annex A - Successful routes from the initial application stage**

| <b>Route</b>                    | <b>Airline</b> |
|---------------------------------|----------------|
| Durham TV - Belfast             | Links Air      |
| Carlisle - Belfast              | Stobart Air    |
| Carlisle - Dublin               | Stobart Air    |
| Carlisle - Southend             | Stobart Air    |
| Dundee - Amsterdam              | Flybe          |
| Doncaster Sheffield - Frankfurt | BMI regional   |
| Derry - Dublin                  | City Wings     |
| Newquay - Leeds Bradford        | Flybe          |
| Norwich - Charles de Gaulle     | Flybe          |
| Norwich - Dublin                | Flybe          |
| Norwich - Exeter                | Flybe          |
| Norwich - Newcastle             | Links Air      |
| Oxford - Edinburgh              | Links Air      |
| Southampton - Munich            | Flybe          |
| Southampton - Lyon              | Flybe          |