

REPORT TO: ECONOMIC DEVELOPMENT COMMITTEE - 11TH NOVEMBER 2002
REPORT ON: THE FUTURE DEVELOPMENT OF AIR TRANSPORT IN THE UNITED KINGDOM
REPORT BY: DIRECTOR OF ECONOMIC DEVELOPMENT
REPORT NO.: 774-2002

1. PURPOSE OF REPORT

1.1. The purpose of this report is advise the Committee of the implications of a major consultation exercise on the future of air transport in the United Kingdom, currently being carried out as a combined initiative by the UK Department for Transport and the Scottish Executive.

2. RECOMMENDATIONS

2.1 It is recommended that the Committee approves the submission of a detailed response to the consultation, derived from the main themes of the report below.

3. FINANCIAL IMPLICATIONS

3.1 There are no direct financial implications from this report.

4. LOCAL AGENDA 21 IMPLICATIONS

4.1. This report does not have any direct Local Agenda 21 implications.

5. EQUAL OPPORTUNITIES IMPLICATIONS

5.1. The report does not have any direct implications for equal opportunities.

6. IMPACT ON ANTI-POVERTY STRATEGY

6.1. None.

7. REPORT

7.1 The UK Government and the Scottish Executive have been engaged for some time on an exceptionally detailed and complex consultation on options for the Future of Air Transport in the UK, and are now awaiting responses from the full range of public and private interests by 30th November 2002, before embarking on the preparation of a UK White Paper on the Future of Air Transport, which is expected to be published some time in 2003. The quantity of published material involved in this consultation is exceptionally large. There are seven regional consultation documents covering the UK, of which Scotland is one subject region. The Scottish consultation document of some 300 pages is backed up by a further 600 pages or so, of appendices and supporting material. That volume of printed material is duplicated for each of the other 6 UK regions, -and exceeded for some. This report to the Council must therefore be highly selective and concentrate on what the officers of the Council see as the key issues for Dundee and the surrounding area, served by Dundee Airport.

Copies of the main Scottish consultation document, and its 60-page summary, have been placed in the Councillors' Lounge.

- 7.2 The Government should be congratulated on the thoroughness, and even-handedness of the consultation. While Dundee is a very small player within the scale of civil aviation, the officers of the Council have been enabled to play a very full part in the large number of technical working groups, discussion groups and consultation conferences that have been part of this process over a period of nearly two years. No small part of the value in this participation has lain in the opportunity for Dundee's interests to become much better known throughout the aviation sector, both commercially and within Government. The very least that has come out of this exercise so far is that many more of the key players in the aviation industry, both in Government and in the private sector now have a much better understanding of our views and our particular issues, needs, and potential.
- 7.2.1 The main premise of all of the consultation documents is that civil air traffic is almost certain to undergo a massive expansion during the 30-year period that the consultation seeks to take into account. The expansion levels estimated by the studies amount to a trebling or quadrupling of air passenger volumes over that period - depending on the assumptions built into the various forecast options. Many people have questioned the merits of making projections over such a long period, but it would be fair to say that even critical scrutiny of the projections has been unable to produce any conclusion other than that a very large increase in UK air traffic is highly probable in the medium term, even if quite substantial negative factors should emerge to repress natural growth.
- 7.2.2 Against this background, airports throughout the UK and ground transport links to those airports, are predicted to suffer overloading, and the selective exclusion of air traffic demand - unless very substantial investment takes place in the expansion of existing key airports, or the creation of new airports.
- 7.2.3 In the face of those predictions, the key issue that emerges for the City of Dundee is that of maintaining easy and rapid business access to London - because of London's business-critical role as the capital city and main financial centre of the UK. The economy of Dundee will suffer if such access is curtailed. As the officers of the Council have pointed out repeatedly at Government consultation seminars, only air travel from Scotland to the capital can ever achieve the times needed for business access to London, and only air access directly from Dundee can enable the business community of Dundee and Tayside to avoid congestion at the Forth Bridge and on the M8 in Central Glasgow that adds such burdens of time, uncertainty and stress to any peak journey to Edinburgh Airport or Glasgow Airport.
- 7.2.4 However slots at London Airports are controlled by private sector companies within both the airport and airline sectors. These organisations have no public remit, and they stand to make very large amounts of money from the dedication of airport slots to long haul flights by large aircraft. There is apparently reluctance on the part of Government, partly influenced by EU Regulations, to intervene in what is currently an entirely commercial market, albeit distorted by historical rights, for the ownership of slots. As the demand for air travel increases year-by-year, the current commercial pressure upon slots at all of the London Airports will increase greatly, unless there is a very substantial creation of new aerodrome capacity in South-East England. The South-East England consultation document puts forward a range of options for the future, ranging from an embargo on new airport capacity on one hand, to the provision of a substantial number of new runways within the London area. Options for new runways have been studied at Heathrow, Stansted and a new site at Cliffe on the south side of the Thames, East of London.

- 7.2.5 For environmental reasons there is a large amount of public opposition to new runway capacity in the London area, with public protest already having taken place even at this early stage. There is a real possibility that the airport constraint lobby in South East England could win the argument, with potentially disastrous consequences for air access to the capital city of the UK from the more distant and lightly populated regions of the UK. Dundee comes very much into that category. However if the forthcoming White Paper should come down in favour of tight constraint on London Airport capacity, there could, in the long term, be reductions in the number of slots available even to much larger scale Scotland-London services than those from Dundee.
- 7.2.6 It should be underlined that these threats do not exist immediately nor will they emerge in the short term - although it is true to say that Dundee-London air services are already handicapped by less-than-ideal slot times and high airport charges at London-City. Pressures upon limited slot capacity will increase gradually through rising market prices for the slots that are available, until modest sized regional services are eventually unable to operate profitably in the face of the costs involved.
- 7.2.7 In the event of constrained airport capacity in London, the only way in which air services to London could survive in the long term, from regional centres such as Dundee, would be through some form of Government control upon slot allocation to ensure that a reasonable number of London slots, (*at attractive airports, affordable prices and commercially useful times of day*), is dedicated to providing domestic access to London from the smaller centres in the UK regions.
- 7.2.8 The view of the officers is that the consultation process is unlikely to result in White Paper proposals that will produce sufficient additional runway capacity in South East England to give a reasonable long-term assurance of London slots for the smaller airports in the UK Regions.
- 7.2.9 The first recommendation of the officers, indeed their key recommendation, is that Dundee's response to the consultation should stress the importance firstly of providing substantial new runway capacity in the London area and then making provision for a small element of London slot capacity to be dedicated to the more remote parts of the UK, with conditions on price, location and timing to ensure that the regions don't just get allocated the slots that no one else wants. Our case is likely to get lost in the sheer volume of responses to the consultation - much of it from very large and influential organisations, unless these key points are persistently pressed and repeated at officer level, at Westminster, in the Scottish Parliament, and in concert with other similar interest groups, especially during the run-up to the publication of the White Paper.
- 7.2.10 There is believed to be a commonality of interest in pressing this case within a number of the smaller regional aviation centres, including the Highlands and Islands, Northern Ireland and the West Country. With the agreement of the Committee, the officers will seek a consistency of response among these interests with a view to improving the profile of the case we wish to make. It is also believed that there is likely to be significant support for our standpoint at the Scottish Executive and at Scottish Enterprise, and it is recommended that this should be explored and developed as much as possible.

- 7.3 Within the Scottish volume of the consultation documents there is a projection that, in the 15-30 year period, additional runway capacity will be required at either Edinburgh, or Glasgow - or by replacing them both with a completely new Central Scotland Airport. Having attended a number of seminars at which these options were discussed in detail, the recommendation of the officers is that Dundee should generally support the provision of additional long-term capacity at Edinburgh. The option of replacing Glasgow and Edinburgh Airports with a very large new airport -somewhere midway between the two, has had some support from influential sources in recent weeks. However the general consensus within the aviation industry seems to be that the great cost, uncertainty, and disruption to jobs and businesses, would far outweigh the potential benefits - which are themselves questionable. Perhaps the key issue is that such an airport would take 12-15 years to create. During the interim period there would be a suspension of major investment at Edinburgh and Glasgow Airports, and considerable uncertainty among airlines over a period in which air passenger number are forecast to double. Thus any long-term advantages from a new Central Scotland Airport would very likely be bought at the price of poor facilities and congestion during the time that it would take to create it, and that would be a high price for the Scottish economy to pay - to achieve long-term benefits that are far from certain.
- 7.3.1 Dundee Airport has a vital role to play in the provision of key business routes for the local economy, but some of the broader air travel needs of the city will always have to be accessed through a larger airport. This means that quality surface access to a major Scottish Airport will always be of importance to Dundee. Asked to choose between the expansion of runway capacity at Edinburgh or Glasgow, *(and given that the Scottish Executive is giving positive indications of creating direct rail links to both of these major airports)*, Dundee's best interests must lie in supporting the expansion of Edinburgh, because it is much closer, because it prospectively lies directly on the main rail line from Dundee to Edinburgh *(as opposed to the much more complex arrangements proposed for Glasgow)*, because there are about twice as many trains from Dundee to Edinburgh each day as there are to Glasgow, and not least because Edinburgh Airport seems likely to develop a stronger portfolio of direct international services in the long term.
- 7.3.2 However the officers would recommend that strong representations should be made to the Scottish Executive as to the importance of much improved road access to Edinburgh Airport - difficult though that may be in the context of the Forth Bridge. Improved rail access to Edinburgh Airport is very welcome and should be strongly supported, but for business travel it will always be second-best in comparison to direct airport access by car. The reasons are that the rail track from Dundee to Edinburgh is inherently very slow, and travellers will be dependent on train frequencies that are unlikely to suit early morning and late evening flights. Then again, much of the city's key business community lives in suburban or rural locations from which they would face a drive to Dundee Station, and a need to park all day in central Dundee, before they could even start their rail journey to Edinburgh.

- 7.4 With regard to Dundee Airport itself, the Scottish consultation document suggests that, over the next 30 years, passenger numbers at the airport could rise to as much as 400,000 from the present level of 50,000. Officers of the Council feel that this estimate is on the high side, but they have identified development scenarios that could accommodate such a throughput by incremental development within the current airport site, if it should ultimately prove to be necessary. It should be emphasised that eight times the number of passengers would not involve anything like eight times the number of scheduled flights, because such strong growth in passenger numbers would certainly result in a sharp increase in average aircraft capacity - to perhaps double the present level. Dundee Airport is now fully able to accommodate some jet aircraft of up to 110 seats operating at maximum weight, and will be able to accept further new jet aircraft in the 70-90 seat size range, that are now approaching first certification for service.
- 7.5 The Scottish consultation volume also mentions the current interest of the Ministry of Defence in exploiting spare capacity at RAF Leuchars for civil use. Officers of the Council have been consulted by MOD on this issue. The opening of RAF Leuchars as a full unrestricted-use public aerodrome seems very unlikely. At the lower end of the range of possibilities, there could be little quarrel with proposals for Leuchars to develop golf and business-related executive flying for North Fife. Indeed there might be a potential for combined working with Dundee Airport in such a context. The only potentially harmful option, would be any limited introduction of scheduled flights to London from Leuchars, because this would have the potential to do critical damage to services from Dundee Airport without producing the flexibility and time-range of services that is needed by business travellers.
- 7.6 While the report above discusses a few of the key issues in this very complex consultation, it will be necessary for the Council to respond in detail to the full range of issues that have been raised. It is therefore recommended that a detailed response should be prepared by the Economic Development Department and submitted to the Chief Executive for his approval, with a view to its subsequent submission to the Department for Transport and the Scottish Executive prior to 30th November 2002.

8. **CONSULTATIONS**

- 8.1. The Chief Executive and the Director of Finance have been consulted on the terms of this report.

9. **BACKGROUND PAPERS**

- 9.1. No background papers, as defined in Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

DOUGLAS A A GRIMMOND
DIRECTOR OF ECONOMIC DEVELOPMENT

DATE: 1ST NOVEMBER 2002