



## Call for Suggestions for sifting criteria to be used in developing the interim report: Response from Manchester Airports Group (M.A.G)

### 1 Introduction and Context

- 1.1 The Airports Commission 'Guidance Document 01' invites suggestions for criteria that should be used to assess and evaluate the different options for future airport development. M.A.G welcomes the opportunity to respond.
- 1.2 M.A.G is the UK's second largest airport operator, handling in excess of 42 million passengers and 600,000 tonnes of freight per year, carried by over 80 airlines to around 220 destinations worldwide. We currently own four airports – Manchester, London Stansted, East Midlands and Bournemouth.
- 1.3 Our recent £1.5bn acquisition of Stansted was funded in part through IFM taking a 35.5% stake in M.A.G. IFM are a global investment management firm that holds over \$40 billion in funds across a range of asset classes. It has interests in 13 airports in the UK and Australia. Manchester City Council (35.5%) and the 9 Manchester District Councils (29%) retain the balance of the equity.
- 1.4 Formulation of evaluation criteria for appraising different airport runway development options is not new to the UK. The South East and East of England Regional Air Services Study (SERAS) which informed the preparation of the 2003 Air Transport White Paper, *The Future of Air Transport*, extensively evaluated different proposal and combinations of proposals for new runway development. In addition, the Mayor of London has also recently undertaken a consultation on assessment criteria.
- 1.5 Stansted Airport has considerable experience of working with criteria at an airport-level to help evaluate potential two-runway master-plan options, developed during the preparation of the Planning Application for the Stansted Generation 2 project. We believe the Commission can usefully build on existing experience such as that developed at Stansted in developing its own criteria for assessing options; it is not necessary to '*re-invent the wheel*'.
- 1.6 We believe that the purpose of the criteria and associated indicators should be to allow the Commission to identify a robust short list of credible options for further evaluation. The criteria should be comprehensive enough to ensure that they encompass the key metrics that will enable the Commission to make objective and unbiased recommendations to the Government.
- 1.7 The criteria should also enable the Commission to identify quickly those options that are not worthy of further study so that they can be eliminated at an early stage, thus avoiding nugatory expenditure, as well as uncertainty and blight, for those who would otherwise be affected by such proposals.

1.8 M.A.G broadly agrees with the six categories set out in *Guidance Document 01: Submitting evidence and proposals to the Airports Commission*, namely:

- Economic factors;
- Social factors;
- Climate change impacts;
- Local environmental factors;
- Accessibility; and
- Feasibility considerations.

1.9 The remainder of this submission sets out:

- Proposed additional criteria; and
- Comments on proposed criteria.

## 2 Proposed additional criteria

2.1 In addition to the six criteria set out in the Guidance document, M.A.G would also suggest consideration be given to the following: contribution to the policy objective of maintaining and enhancing connectivity (particularly to emerging markets), impact on consumers and competition, promoting regional growth and development, and sub national planning implications.

Contribution towards UK Connectivity objectives	
Sub Criteria	<ul style="list-style-type: none"> <li>• Does the proposal offer a solution that will make a material contribution to meeting UK's connectivity needs over the relevant period?</li> <li>• Will it offer sufficient capacity and accessibility to meet the identified need?</li> <li>• Will it be a sufficiently attractive proposition to airlines and passengers such that airlines will operate or move there, taking into account other existing and planned aviation capacity?</li> <li>• Are there any major barriers or hurdles that could prevent it being delivered in time to meet policy requirements?</li> </ul>

2.2 M.A.G considers that there should be an over-riding criteria relating to whether a proposal as set out in a 'Statement of Intent' or otherwise identified by the Airports Commission is capable, in itself or in combination with other options, of fulfilling the high level 'brief' for "what is required to maintain the UK's position as Europe's most important aviation hub".

2.3 In testing these criteria, the Commission should also consider how the term "hub" is defined. Connectivity can be delivered by a range of capacity options, both in the South East and elsewhere. For instance, policy levers could be used to make greater use of capacity outside the South East, whilst maintaining the UK's position as Europe's most important aviation hub could be achieved without necessarily concentrating growth in one location in the South East.

- 2.4 The criteria must therefore be set such that the advantages and disadvantages of a single hub in the South East are compared to a system of airports, which may each have additional runways.

<b>Consumer impacts and competition</b>	
Sub Criteria	<ul style="list-style-type: none"> <li>• Would the option increase or decrease consumer choice and competition between airports and/or between airlines?</li> <li>• What impact would the option have on the level of airport charges at the airport in question?</li> <li>• What impact would the option have on airfares, given view on airport and airline competition and the impact on airport charges?</li> <li>• Would the option increase the level of market power held by an airline?</li> </ul>

- 2.5 M.A.G suggests that consumer choice and competition between airports and/or airlines be considered as stand-alone criteria, rather than as a subset of Economic factors. There has been a fundamental change in the competitive environment for consumers and airlines from that which existed at the time of the Air Transport White Paper. These factors should be considered with equal weight when formulating aviation policy. Thus, the Airports Commission should ensure that any preferred option supports a competitive environment.

<b>Promoting regional growth and development</b>	
Sub Criteria	<ul style="list-style-type: none"> <li>• Proximity / availability of employment and resources</li> <li>• Opportunity to support economic and social regeneration of nationally identified deprived areas</li> <li>• Compatibility with / contribution to regional development objectives</li> <li>• Opportunity to address North / South divide and promote economic rebalancing</li> <li>• Implications of hub growth on other UK regions</li> <li>• Avoid over reliance on congested South East airports and spread economic benefits of aviation</li> </ul>

- 2.6 We believe that there should be a specific factor covering aviation's contribution to **promoting regional growth and development**. There is cross party consensus about the need to address the gap between the South East and other UK regions, and aviation has a key role to play in this. In addition there is a need to rebalance economic activity within London and the South East.
- 2.7 Moreover, if the Commission's findings are to set the scene for national policy going forward, then it is essential that a truly national approach is taken, one which recognises that global connectivity can be provided from regional airports either direct, or via hubs in Europe, Middle East or United States.

2.8 Therefore when assessing the proposed options in the South East, it will be important to consider the implications of these on other parts of the UK. For instance options which concentrate activity on one hub might result in a loss of aviation activity in adjacent regions, with no net overall economic benefit to the UK. It will therefore be necessary to consider whether a particular option offers economic benefits to a region where economic regeneration is needed, or does it exacerbate existing problems of economic over heating? In addition, the Commission should consider the impact of a large hub airport on lost connectivity, especially long haul, from other UK airports and the surface access consequences.

<b>Sub National Planning Implications</b>	
<b>Sub Criteria</b>	<ul style="list-style-type: none"> <li>• Integration of new facility with existing environment</li> <li>• Housing and development pressures and opportunities (e.g. homes, schools, employment land required by workers and related businesses, areas in need of economic stimulus)</li> <li>• Impact of closure / decline of existing airports</li> </ul>

2.9 The Commission should take account of the likely employment requirement of specific proposals, to consider the availability and proximity of sources of labour. Such a process would also identify whether an option in a particular location could offer opportunities for economic regeneration and consider the additional housing and employment pressures that would be created.

### 3 Comments on proposed criteria

#### ECONOMIC

<b>Economic factors</b>	
<b>Sub Criteria</b>	<ul style="list-style-type: none"> <li>• Economic Benefits to UK plc</li> <li>• Capacity to deliver global connectivity</li> <li>• Enabling the swift accessibility of goods to market</li> <li>• Benefit to all UK Regions, not just South East</li> <li>• Support for local economic regeneration and leverage of private sector investment</li> <li>• Impacts on inward investment and inbound tourism</li> </ul>

3.1 The economic benefits of aviation are well documented, and we strongly agree that economic factors should be a primary focus when assessing the various options. We would add a specific reference to the role of air freight in supporting international connectivity, getting goods to market swiftly and supporting inward investment.

#### SOCIAL

<b>Social factors</b>	
<b>Sub Criteria</b>	<ul style="list-style-type: none"> <li>• Employment and wealth creation</li> <li>• Economic regeneration and social cohesion</li> <li>• Skills agenda and supply chain</li> </ul>

	<ul style="list-style-type: none"> <li>• Impact on quality of life – visiting friends and relations, accessibility of overseas holidays</li> </ul>
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3.2 The guidance document makes important references to the role airports can play in terms of economic regeneration and wealth creation. We believe this could go further, in terms of positive impacts on upskilling local workforces and providing quality jobs, and benefits to creating and sustaining airport related local supply chains.

3.3 Social factors should also include aviation’s role in improving people’s quality of life. We know that UK citizens place huge importance on their ability to access foreign holidays – research has demonstrated that the summer holiday is firmly entrenched in the British way of life<sup>1</sup>. Similarly, recent growth trends in VFR traffic underline the importance of maintaining links with friends and relatives overseas, as well as access to foreign cultures, languages and ‘broadening the mind’ through international travel.

#### CLIMATE CHANGE

Climate change impacts	
Sub criteria	<ul style="list-style-type: none"> <li>• Any proposal must be compatible with the Government’s commitments on reducing CO2 emissions</li> <li>• Relative impact – airspace efficiency, reduction of stacking</li> </ul>

3.4 M.A.G broadly agrees with the proposed criteria relating to climate change. However, we would express concern at the suggestion that any assessment is based on a basket of six Kyoto gases. Our concern is that this would be too ambitious. Given that an assessment based on CO2 as a proxy for the likely impact would produce similar results, we would prefer to see a CO2 based methodology.

#### LOCAL ENVIRONMENTAL IMPACTS

Environmental Impact	
Sub Criteria	<p><b>Noise contours</b></p> <p><i>Daytime</i></p> <ul style="list-style-type: none"> <li>• 57dB<sub>LAEQ</sub> 16 hours</li> <li>• 66dB<sub>LAEQ</sub> 16 hours</li> <li>• 72dB<sub>LAEQ</sub> 16 hours</li> </ul> <p><i>Night-time</i></p> <ul style="list-style-type: none"> <li>• 48dB<sub>LAEQ</sub> 8 hours</li> <li>• 57dB<sub>LAEQ</sub> 8 hours</li> <li>• 66dB<sub>LAEQ</sub> 8 hours</li> </ul> <p><b>Air Quality</b></p> <ul style="list-style-type: none"> <li>• Compliance of proposals with EU limits for NO<sub>x</sub> and PM<sub>10</sub>.</li> <li>• Provided proposals can operate within the EU Limits the relative effects on air quality in terms of the number of people exposed to</li> </ul>

<sup>1</sup> *Holiday Value Report*, ABTA, 2009

	<p>benchmark levels of NO<sub>x</sub> and PM<sub>10</sub>.</p> <p><b>Biodiversity, Landscape and Heritage</b></p> <ul style="list-style-type: none"> <li>• Impacts on internationally and nationally designated habitats</li> <li>• Impacts on national landscape designations</li> <li>• Impacts on nationally designated buildings and ancient monuments</li> </ul> <p><b>Land take</b></p> <ul style="list-style-type: none"> <li>• The number of homes, businesses and community facilities that would be lost directly as a result of the land take of any proposed development</li> </ul>
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*Noise*

- 3.5 When requiring airports to develop noise action plans, the Government referred them to the long standing guidance in Planning Policy Guidance Note PPG24. Whilst this guidance is no longer in force, the noise assessment it sets out is well established, based on social impact studies, and has been tested many times at public inquiry. We would suggest therefore that noise contours are plotted to the values set out in the former PPG24, as set out above.
- 3.6 We are also mindful that these noise measures will reflect the scale of the operation that is proposed and that the Commission will also wish to assess the relative impact of proposals on a genuine like for like basis. To do this we would recommend that the population impacted by noise from a common 'worst case' aircraft such as a Boeing 747-400 is assessed in each of the settings where additional capacity is proposed. To do this the CAA provide guidance in CAP725. They suggest noise is mapped at 80 dB (A) SEL and 90 dB (A) SEL. Without including a single event noise metric such as this it will not be possible for the Commission to consider noise on a like for like basis.

*Air quality*

- 3.7 In respect of air quality, any proposition must be able to comply with EU air quality standards / limits, but also consider the number of people exposed to higher levels of emissions. The regime for assessing air quality in the UK is clearly set out in the Air Quality Strategy and National Air Quality Objectives. We would suggest that this framework of limit values is applied to all settings where additional capacity is proposed to ensure that growth can be accommodated without compromising these legally binding air quality limits. We would suggest that particular emphasis is placed on the pollutants of greatest concern, namely nitrogen dioxide and particulate matter.

*Biodiversity, Landscape and Heritage*

- 3.8 We believe that the criteria set out by the Commission are appropriate and that any proposal taken forward to Phase 2 should undertake a screening assessment to identify any local factors of particular significance. Any factors likely to be significant can then be assessed to an appropriate level of detail.
- 3.9 The Commission should identify the direct loss of nationally or internationally important habitats or protected sites and landscape designations. It should also

consider whether there would be indirect impacts on nationally or internationally important landscape or nature conservation by reason of proximity of flight paths.

- 3.10 Similarly, consideration should be given to the physical land take needed for particular proposals, identifying the number of properties directly affected and implications such as the potential loss of schools, hospitals or particular communities.
- 3.11 The provision of surface access and utilities, especially in the case of a wholly new development, also has an environmental impact. While these are touched on under other criteria (surface access, feasibility), the Commission should not lose sight of their environmental impact as well.

#### ACCESSIBILITY

<b>Surface Access and Accessibility</b>	
Sub Criteria	<ul style="list-style-type: none"> <li>• What capacity exists or is required in surface access networks?</li> <li>• What new road and rail links would be needed?</li> <li>• Public transport travel time / connectivity to the main centres of population</li> <li>• Range and frequency of surface access options</li> <li>• Integration between modes; airport as a transport interchange</li> <li>• Number of UK residents within 2-hour catchment (workers and passengers)</li> </ul>

- 3.12 As well as the points identified in the Guidance Document, we believe the Commission should also examine: the scale and complexity of new surface access infrastructure required, connectivity to main centres of population and access to public transport options.

#### FEASIBILITY CONSIDERATIONS

<b>Commercial viability</b>	
Sub Criteria <b>Commercial</b>	<ul style="list-style-type: none"> <li>• Is the proposition commercially viable taking into account capital cost, risk, future operating costs and revenues etc.?</li> <li>• What financing mechanisms are proposed to fund new capacity?</li> <li>• What is the relative financing risk of each mechanism?</li> <li>• What impact is there on user charges of each option?</li> <li>• Is the capital cost of developing related facilities (e.g. surface access connections, flood protection, power, and utilities) also likely to be secured?</li> </ul>
<b>Feasibility</b>	<ul style="list-style-type: none"> <li>• Can it be delivered on time (including in phases) to meet policy objectives?</li> <li>• Does the proposition command broad stakeholder support?</li> </ul>

Operational considerations	
Wider impacts	<ul style="list-style-type: none"> <li>• To what extent could the new airport and surface access infrastructure be phased and delivered in increments so as to maximise viability and flexibility of delivery?</li> <li>• Would a particular proposal have an impact on existing airport operations at other airports, either on a temporary or permanent basis that could impact consumers or threaten wider UK connectivity? e.g. airspace impacts</li> </ul>
Safety & airspace	<ul style="list-style-type: none"> <li>• <b>Utilities</b> – capacity and costs of provision (drainage, power, water etc) – cost and environmental impacts.</li> <li>• <b>Safety:</b> Any option must be manifestly safe. The Commission should assess the relative safety of each option having regard to:               <ul style="list-style-type: none"> <li>• Risk of bird strike;</li> <li>• Risk of an aircraft accident;</li> <li>• Compliance with CAP 168;</li> <li>• Number of properties within Public Safety Zones; and</li> <li>• Cost of mitigating these risks.</li> </ul> </li> <li>• <b>Airspace:</b> <ul style="list-style-type: none"> <li>• Implications for wider UK and international airspace, including implications for capacity and routings</li> <li>• How would any alterations to airspace affect wider communities in terms of flight paths and noise?</li> <li>• Are there any new centres of population that would be overflowed?</li> </ul> </li> </ul>

3.13 This set of criteria is essentially about ensuring any shortlisted proposal is not only *capable* of being delivered but whether it will *actually* be delivered. The feasibility considerations are so wide ranging that M.A.G believes they could usefully be divided into commercial viability and operational viability, the latter covering airspace and safety considerations.

3.14 It will be essential that if, at the end of Davies Commission process, an option is recommended in a Statement of UK Aviation Policy, there is a commitment from sponsors (as well as long term commitment from Government) that the option is deliverable, and will be delivered.

3.15 Thus consideration will be needed of the viability or otherwise of the business case for any option, the regulatory framework within which it will be delivered, and the mechanism for ensuring planning consent for any development. Given the considerable risks associated with airport development, it will be imperative that certainty that any option can be delivered is a key criteria when undertaking the appraisal.

3.16 Finally, the criteria may also assess whether policy support for a particular option could harm the interests of another airport operation in the interim period, thereby undermining the long term policy objective. For example, policy support for the development of a brand new hub (whether it is delivered or not) could lead to lack



of confidence for further investment at existing airports. This could in turn damage UK plc as a whole.

#### **4 Summary**

- 4.1 M.A.G broadly supports the sifting criteria suggested by the Airports Commission and welcome the fact that a systematic and consistent approach to assessing each option is proposed.
- 4.2 We have put forward some useful new additions, as well as some points to consider under the criteria suggested. We look forward to working with the Commission to refine and finalise the criteria as part of our on-going engagement with the process.

M.A.G  
15<sup>th</sup> March 2013