

_Index - Transport Select Committee (Manston).txt

The Transport Select Committee spent 2 days discussing Manston Airport, its ownership (not all questions were answered) and the reasons for its closure, which again was murky.

No Night Flights, Save Manston Airport, and Why Not Manston ? all gave evidence.

Meeting 2015-02-02/

Meeting 2015-02-23/

2015-03-13 - Smaller airports final report - 713.pdf

2015-07-24 - Government responds to the TSC recommendations.pdf



House of Commons
Transport Committee

Smaller airports

Ninth Report of Session 2014–15

*Report, together with formal minutes relating
to the report*

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Summary

Smaller airports are economic and social enablers. They facilitate vital national and international connections for people and businesses in the UK.

We found that Air Passenger Duty (APD) is the principal threat to the smaller airports sector. APD cannot be amended to support people, businesses and regional economies because of the operation of European competition law, while proposals to devolve it to the regions would serve only to spread a patchwork of market distortions across the UK. It was disappointing that the concerns we raised about APD in our First Report of Session 2013-14 on *Aviation strategy* were ignored by the Treasury. We urge Transport Ministers to pursue those recommendations and the important concerns raised by smaller airports with the Treasury.

The Airports Commission will publish its final report on expanding hub airport capacity in the south-east shortly after the general election. The whole country will only be able to share the economic benefits if airlines secure slots to provide services to UK airports outside London. The DfT needs to assess how new slots might be allocated and whether slots could be ring-fenced for domestic services.

The DfT recently began to promote the use of Public Service Obligations (PSOs) to subsidise existing and new air routes from smaller airports. This is an interesting new initiative to facilitate regional connectivity, but the European Commission rules governing PSOs are opaque. The DfT needs to seek clarification from the Commission as a matter of urgency to allow airports and airlines to plan effectively and to engage with this policy.

Manston airport closed just before the start of our inquiry in May 2014. We considered this case in detail both to inform our wider recommendations and because the Kent public are concerned. We found a relatively small district council grappling with complex questions in relation to the current and future use of the airport which were beyond its expertise and resources. We welcome the DfT's recognition of that point and subsequent intervention, which we hope will provide the district council with access to the necessary advice. To ensure that similar cases do not arise in future, the Government needs to review the backing provided by higher-tier local government and central Government to small district councils in complex, one-off cases and examine whether it has the necessary powers to protect strategic transport assets.

1 Introduction

Scope

1. In this inquiry, we defined a smaller airport as one with a Civil Aviation Authority (CAA) licence which handled fewer than 5 million passengers per annum. The nine busiest UK airports—London Heathrow, London Gatwick, Manchester, London Stansted, Edinburgh, London Luton, Birmingham, Glasgow and Bristol—fell outside the scope of our inquiry. The 40 or so smaller airports that were in the scope of the inquiry ranged in size from Newcastle, which handled 4.4 million passengers in 2013, to Lydd, which handled 1,000 passengers.¹ We also considered smaller airports which did not handle scheduled passenger flights but which hosted services such as business aviation, express air freight, general aviation or helicopter operations.

2. Smaller airports host a range of aviation services including scheduled services to domestic and international destinations, lifeline passenger services to geographically isolated locations, chartered holiday flights, freight and cargo operations, flying schools, helicopter operations and aircraft maintenance.

Value

3. Smaller airports are economic enablers. They allow businesses and people to transport themselves, visitors, customers and products nationally and internationally, which facilitates both exports and internal investment. In addition, smaller airports are themselves employers and often provide a focus for clusters of aviation-related businesses. For example, Newcastle airport provides 3,200 onsite jobs and supports a further 8,000 jobs in the north-east region. It generates some £650 million each year for the north-east economy. Similarly, more than 2,000 people work at Liverpool John Lennon airport, which contributes around £170 million annually to the local economy.² Smaller airports are crucial to the maintenance and growth of regional economies.³

4. Smaller airports also provide essential lifeline connectivity for geographically isolated locations such as Orkney, Shetland and the Hebrides. Such services are generally not commercially viable and require state support. In 2014, we examined the social and political case for subsidising such services in our Report on *Passenger Transport in Isolated Communities*.⁴

Viability

5. Smaller airports grew rapidly in the late 1990s and early 2000s. Over that period, airports outside London grew more rapidly than those serving the capital, because passenger numbers increased in line with the expansion of low-cost, short-haul airlines. Passenger

1 Civil Aviation Authority, *UK Aviation Statistics 2013*

2 Q10

3 Airport Operators Association (SMA 020); Department for Transport (SMA 039) paras 19 to 21

4 Transport Committee, Fourth Report of Session 2013-14, *Passenger transport in isolated communities*, HC 288

numbers at smaller airports began to decline in 2005. That trend was exacerbated by the 2008 recession, since when smaller airports have suffered disproportionately compared with larger airports.⁵ John Spooner, Chairman, Regional and Business Airports Group, observed that “small airports caught pneumonia when the rest of the country caught a cold.”⁶ The Department for Transport (DfT) acknowledged that “recent economic conditions have been challenging for the UK’s aviation sector.”⁷

6. Smaller airports are relatively fragile commercial entities. While they operate from fixed locations and catchment areas, airlines and other aviation businesses are highly mobile and can swiftly adjust or relocate their services in line with demand. Smaller airports that rely on services provided by a single airline are especially vulnerable to fluctuations in market conditions. In response, some smaller airports have diversified the range of aviation-related activities conducted from and at their sites to maximise resilience and commercial viability. Darren Caplan, Chief Executive, Airport Operators Association (AOA), pointed out that “Bournemouth has successfully diversified; they have one third commercial, a third general aviation and a third cargo. Humberside has gone strongly into helicopters to supplement its income. Biggin Hill and Farnborough both have a strong aerospace component on their sites.”⁸

7. Since the 2008 recession, Bristol Filton, Coventry, Plymouth, Penzance and Manston airports have all closed either completely or to commercial traffic. In addition, Blackpool closed to commercial traffic in the course of our inquiry.⁹ Although the circumstances varied in those cases, the closures were ultimately a result of airport owners and/or airlines concluding that commercial services were no longer viable. Iain Osbourne, Group Director for Regulatory Policy, CAA, asserted that “it is very hard to kill an airport”.¹⁰ He argued that uncommercial airports often “drop down to a semi-dormant state” but are “still there ... disciplining the market.”¹¹ The argument that a dormant airport is still economically significant because airlines might choose to fly from it in the future cannot be sustained if temporarily uncommercial airports are developed for housing, as happened at Bristol Filton and has been proposed at Manston [see paragraph 45]. Because airports, by their nature, occupy large, flat sites, they are attractive to developers, especially in areas of high housing demand.

8. The UK contains a relatively large number of airports in a fairly small geographical area. Indeed, it contains more airports per head than comparable EU member states.¹² The Under-Secretary of State, DfT, Robert Goodwill MP, observed that “we live in a vibrant, competitive environment, unlike many parts of Europe where local authorities control their airports ... I am very comfortable with the fact that we have a large number of

5 Q6

6 Q32

7 Department for Transport ([SMA 039](#)) para 7

8 Q32

9 Blackpool airport closed to commercial traffic in October 2014.

10 Q24

11 Q32

12 Department for Transport ([SMA 039](#)) para 14

airports.”¹³ The Chartered Institute of Logistics and Transport (CILT) spelled out the practical consequences of the Minister’s observation:

Smaller airports vary in terms of financial viability, but there are a number which are not and probably never will be profitable. There are some regions where there are more airports than are really needed, and where the case for public financial support is not strong. An airport cannot survive if airlines and other aircraft operators do not want to use it.¹⁴

9. We welcome the range of consumer choice provided by the comparatively large number of smaller airports in the UK. The Government is rightly cautious about making direct interventions in this market, which rewards enterprise and provides consumers with competitive prices and choice. There is no case for a general policy of state intervention to keep all smaller airports open.

13 Q200

14 Chartered Institute of Logistics and Transport ([SMA 038](#)) summary

2 Levelling the playing field

10. We expect the Government to maintain a fiscal and regulatory regime that encourages investment, allows fair and open competition between airlines and airports, supports regional connectivity and addresses damaging market distortions. This chapter examines how the Government is addressing those issues.

Air Passenger Duty

11. Air Passenger Duty (APD) is an excise duty which is charged on nearly all passenger flights departing from airports in the UK and the Isle of Man.¹⁵ The rate of duty varies according to passenger destination and class of travel. Darren Caplan, Chief Executive, AOA, highlighted the impact of APD on smaller airports:

Before I came here today I asked several small airports, “What is the single biggest issue? You can say anything. Surface access? Planning?” APD comes back again and again. It is the airlines that are being charged, and they are saying that APD is the thing affecting their growth. It is a big issue.¹⁶

APD directly affects the growth and viability of smaller airports. We heard that several airlines decided either not to route to the UK or to fly less frequently because of the impact of APD.¹⁷

12. Because APD is a departure tax, it is currently applied to both the inbound and outbound legs of domestic return flights in the UK. Such domestic flights might involve travelling point to point or transferring to/from further flights at a hub airport in the UK. Domestic return flights are core business for airlines operating from regional smaller airports. The double-charging of APD disproportionately affects passengers travelling from UK smaller airports in addition to placing all UK airports at a disadvantage compared with their EU competitors. For example, a passenger who took a return flight from Leeds-Bradford airport to New York via Heathrow would be charged APD on the outbound flights from Leeds-Bradford to Heathrow and from Heathrow to New York. In addition, they would be charged APD on the return inbound flight from Heathrow to Leeds-Bradford. In comparison, a passenger who flew from Leeds-Bradford airport to New York via Paris Charles de Gaulle would only be charged APD on the outbound flight from Leeds-Bradford to Paris.

13. Following its introduction in 1994, the disproportionate effect of APD was recognised by an APD exemption on the return leg of domestic flights. In June 1998, the European Commission ruled that that exemption for domestic flights was legally defective, because it

15 APD is not charged on flights involving aircraft with fewer than 20 seats or on flights from airports in the Scottish Highlands and Islands.

16 Q37

17 Q37

did not provide the same effective tax treatment for all EU flights.¹⁸ The APD exemption for the return leg of domestic flights was subsequently scrapped in the Budget 2000.¹⁹

14. In addition to its effect on domestic flights, APD curbs demand for international tourism to the UK. World Economic Forum data places the UK 139th out of 140 countries in terms of tourism competitiveness with respect to air taxes and charges. Only Chad operates a less competitive air taxation regime than the UK.²⁰

15. In the autumn statement 2014, the Treasury attempted to mitigate the effect of APD on airports and airlines by scrapping APD for children under 12 from May 2015, with the revision being extended to children under 16 in 2016. Larger airports host the majority of international family holiday traffic. Indeed, many smaller airports do not have long enough runways to land the large jets that are used to run long-haul holiday flights. **We welcome the acknowledgement of the negative impact of APD on the aviation sector in the autumn statement 2014. However, exempting children from APD was a marginal change which did nothing for business travellers and little for smaller airports.**

16. Following the Scottish independence referendum, the Smith Commission was set up to examine the further devolution of powers to Scotland. In November 2014, it recommended devolving APD to the Scottish Parliament.²¹ In line with the Smith Commission recommendation, clause 14 of the draft Scotland Bill would disapply APD from passengers departing from Scottish airports and allow the Scottish Parliament to set a tax for passengers departing from Scottish airports.²² It is, of course, conceivable that the Scottish Government would set a tax at the same rate as APD in England, in which case this devolutionary measure would have no effect beyond increasing tax revenues to the Scottish Government.

17. Northern Ireland is currently the only part of the UK to share a land border with another state—in this case, the Republic of Ireland—which applies lower rates of aviation tax. Belfast International Airport explained how the variation in aviation taxes between Belfast and Dublin has affected its operations:

The imposition of such a costly ‘penalty’ creates significant price advantage for competitor airlines operating out of Dublin Airport. It is estimated that Northern Ireland is losing 1.5 million passenger journeys to Dublin which translates into the loss of 1,500 jobs capable of generating £30 million approximately in wages and salaries coupled with the creation of new downstream enterprises ... For the foreseeable future, Dublin will continue to ‘poach’ passengers from Northern Ireland, something that will continue to have a deleterious effect on both profitability and route development. In confidential talks we have had with a number of prospective carriers, they have indicated that APD is preventing them from making favourable

18 HC Deb 26 May 1999 [col 183W](#) [Commons written answer]

19 Finance Act 2000, [section 18](#)

20 ABTA ([SMA 057](#)) para 22

21 The Smith Commission, *Report of the Smith Commission for further devolution of powers to the Scottish Parliament*, November 2014

22 Cabinet Office, *Scotland in the United Kingdom: An enduring settlement*, [Cm 8990](#), January 2015

decisions which, when added up, would amount to an additional 3 million passengers or 3,000 new jobs.²³

APD prevents airports in Northern Ireland competing on a level playing field with airports in the Republic of Ireland. This has cost Northern Ireland jobs, growth and connectivity.

18. If APD were scrapped in Scotland, airports in England would be subject to a similar competitive disadvantage to that currently experienced in Northern Ireland. The further devolution of APD to, for example, north-east England or Wales would ultimately serve to extend a patchwork of APD-derived market distortions across the UK and drive a race to the bottom on regional APD rates. We would prefer the Government to act strategically and in the national interest to address APD.

19. The DfT acknowledged smaller airports' concerns about APD in its written evidence to this inquiry, but balanced that observation by highlighting the contribution APD makes to Exchequer revenues.²⁴ We acknowledge the importance of maintaining tax revenues but question whether APD is an efficient means of achieving that end. In 2013, a report by PricewaterhouseCoopers, *The Economic Impact of APD*, found that abolition of APD could provide an initial short-term boost to UK GDP of around 0.45 % in the first 12 months, averaging at just under 0.3 % in subsequent years. In addition, it found that abolition would result in an increase in investment and exports, arguing that investment might rise by 6% in total between 2013 and 2015, with exports rising by 5% in the same period. The report argued that almost 60,000 jobs could be created between 2013 and 2020 if APD were axed. PricewaterhouseCoopers concluded that the abolition of APD would more than pay for itself through increased tax revenues from other sources due to the consequent increase in economic activity.²⁵

20. The way in which APD is double-charged on domestic return flights is damaging to UK smaller airports. In effect, it incentivises airlines and passengers to fly from airports located in other EU member states. It cannot be revised to allow UK airports to compete on a level playing field in the European marketplace because of the operation of EU competition law. The proposed devolution of APD to Scotland threatens to create further market distortions which could severely disadvantage airports in England. *It is disappointing that the concerns we raised previously about APD in our First Report of Session 2013-14 on Aviation strategy were ignored by the Treasury.*²⁶ We urge Transport Ministers to pursue those recommendations and the important concerns raised by smaller airports with the Treasury.

Public Service Obligations

21. A Public Service Obligation (PSO) is an arrangement by which a governing body or other authority runs an auction for subsidies which allows the winning company a

23 Belfast International Airport (SMA 069)

24 Department for Transport (SMA 039) para 14

25 PricewaterhouseCoopers, *The Economic Impact of APD*, February 2013

26 Transport Committee, Sixth Special Report of Session 2013-14, *Aviation strategy: Government Response to the Committee's First Report of Session 2013-14*, HC 78, recommendation 29

monopoly to operate an air service for a period of time for the given subsidy. PSOs are used in cases where there is insufficient revenue for routes to be profitable in a free market, but where it is socially, economically and/or politically desirable to maintain the transport link. In short, PSOs allow the state to subsidise air travel that is not commercially viable.

22. PSOs must be offered for tender in the Official Journal of the European Union and bidding is open to any transport operator registered in an EU member state. The winning tenderer usually receives a monopoly on the route, but they may have to conform to one or more conditions of service, such as the type and size of aircraft, the timing of services, maximum fares or service quality.

23. In 2014, the Government introduced a policy to promote the use of PSOs to maintain routes from smaller airports to London which might otherwise be lost. The funding stream for that policy is known as the Regional Air Connectivity Fund. In June 2014, the Government announced support from the Regional Air Connectivity Fund to maintain the air link between Dundee airport and London Stansted until 2016 through a PSO agreed with Dundee City Council.²⁷ In October 2014, the Government announced a second new PSO to maintain the Newquay to London Gatwick air link, which was agreed with Cornwall County Council.²⁸

24. On 22 January 2015, the Government extended its PSO policy to include state support for new air routes rather than simply supporting existing routes at risk of closure. It made £56 million available over the next three years to fund PSOs that support new air routes. Airports and airlines were invited to bid for this funding, with the first round of applications closing on 25 February 2015.²⁹ ***The DfT should regularly report on the number of applicants and of successful applications to the Regional Air Connectivity Fund to support new air routes and publish this information on its website.***

25. State support for air transport is governed by European Commission aviation state aid guidelines. PSOs can only be implemented with the agreement of the European Commission. The DfT has submitted a “*Draft protocol for UK start-up aid for airports handling fewer than 3 million passengers per annum*” for clearance by the European Commission.³⁰ If the European Commission agrees this protocol, the DfT will be able to award start-up aid for air transport to airports handling fewer than 3 million passengers per annum without further reference to the European Commission. ***The DfT should set out a timetable for negotiations with the European Commission on its “Draft Protocol for UK start-up aid for airports handling fewer than 3 million passengers per annum” to allow smaller airports and local authorities that are considering accessing the Regional Air Connectivity Fund to plan effectively.***

26. European Commission guidelines allow start-up aid to be provided for air routes involving airports that handle between 3 million to 5 million passengers per annum in

27 Department for Transport, *UK government funding for Dundee to London Stansted air link*, 6 June 2014

28 Department for Transport, *Government funding secures Cornwall to London air link*, 27 October 2014

29 Department for Transport, *Regional airports asked to bid for up to £56 million funding for new routes over next 3 years*, 22 January 2015

30 Department for Transport, *Airports with fewer than 5 million passengers per year: start-up aid*, 22 January 2015

“duly substantiated exceptional cases”.³¹ Such cases must be individually notified to the European Commission and require individual clearance from the European Commission before funding can be made available. The DfT stated:

Discussions with the Commission have not identified what evidence would need to be provided but have indicated that the bar is likely to be set very high. Therefore application for routes from airports of between 3-5 million passengers per annum will need to submit as part of the initial application stage very strong evidence to demonstrate that funding of the route is a ‘duly substantiated exceptional case’.³²

The DfT should work with the European Commission to clarify what a “duly substantiated exceptional case” means in practice. Certainty on that point will allow UK smaller airports handling between 3 million and 5 million passengers a year to engage with the DfT’s PSO policy, which could play an important role in facilitating regional air connectivity.

27. We welcome the DfT’s policy of promoting PSOs both to support existing air routes and to start up new air routes. As currently implemented and given its current level of funding, however, this policy represents a marginal change to the smaller airports market rather than a strategic intervention. For example, although the maintenance of air routes from Dundee to London Stansted and from Newquay to London Gatwick may be desirable, it is unclear why those air routes should attract public subsidy while others do not. PSOs could become strategically significant if they were used to facilitate regional connectivity to an expanded hub airport in the south-east.

Airports Commission

28. The Airports Commission is currently examining the need for additional airport capacity in the UK. In its interim report, the Airports Commission concluded that one additional runway is needed in the south-east by 2030 and that a second new runway will probably be required in the south-east by 2050 if the UK is to retain international connectivity. The Airports Commission has identified two options at London Heathrow and one option at London Gatwick where new runways might be constructed.³³ It will make its final report and recommendations to the next Government in summer 2015.

29. The UK is currently suffering from a shortage of hub airport capacity rather than a shortage of airport capacity per se. We discussed the nature and importance of hub airports in detail in our *Aviation strategy* report.³⁴ Hub airports serve both their own catchment areas and incoming traffic from other airports. The volume of traffic handled by hub airports enables them to serve additional destinations and to maintain high service volumes. The UK currently has one hub airport, Heathrow, which has been short of

31 Department for Transport, *Start-up aid for airports with fewer than 5 million passengers per annum* (January 2015), para 1.6

32 Department for Transport, *Start-up aid for airports with fewer than 5 million passengers per annum* (January 2015), para 1.10

33 Airports Commission, *Interim Report* (December 2013)

34 Transport Committee, First Report of Session 2013-14, *Aviation strategy*, HC 78-I, chapter 4

capacity for a decade and which is currently operating at full capacity. Constrained capacity has damaged domestic air connectivity from smaller airports to Heathrow, and the number of UK destinations served from Heathrow has steadily declined over the past decade. In 2015, the only smaller airports with an air route to Heathrow are Aberdeen, Belfast City, Leeds-Bradford and Newcastle.³⁵

30. Many smaller airports have replaced withdrawn flights to Heathrow with flights to European hub airports. While airport hubs in northern Europe—in particular, Amsterdam-Schiphol, Frankfurt and Paris Charles de Gaulle—are attracting more transfer traffic from the UK, Heathrow remains a key access point to international and long-haul travel for many passengers from smaller airports. In its interim report, the Airports Commission identified that connections to other European airport hubs enhance connectivity from the UK's regional airports but are not an adequate replacement for links to Heathrow.³⁶ Heathrow offers strong connectivity to a number of important markets, notably North America, which is not replicated at other hub airports. The value of regional links to Heathrow is demonstrated by the fall in passenger numbers at smaller airports where such services were withdrawn. For example, Durham Tees Valley airport experienced a 75% reduction in passenger numbers following the withdrawal of its Heathrow service in 2009.³⁷

31. If the next Government were to implement a recommendation by the Airports Commission to construct a new runway at either Heathrow or Gatwick regional connectivity could be hugely increased. Such a step change in regional connectivity would only occur, however, if smaller airports were able to link to enhanced hub capacity by securing slots at the expanded airport.

32. The CAA explained why airlines have withdrawn services from UK smaller airports to Heathrow:

The lack of runway capacity at Heathrow ... has probably priced off services that generate a smaller profit per slot. Since domestic services tend to be served with smaller aircraft and cover shorter distances than other routes, they are likely to generate a smaller profit per slot to airlines.³⁸

Although an increase in hub capacity in the south-east would deliver more slots for airlines, the economic barrier to regional connectivity to smaller airports highlighted by the CAA would still apply, because the slots would be released in tranches to maintain demand. This means that the market alone may never deliver sufficient slots to facilitate regional connectivity.

33. The CAA explained how new slots at an expanded hub airport in the south-east would be released:

35 Department for Transport ([SMA 039](#)) para 30

36 Airports Commission, *Interim Report* (December 2013)

37 Department for Transport ([SMA 039](#)) para 9

38 Civil Aviation Authority ([SMA 024](#)) para 2.17

There is a collaborative process between airports, NATS and the airlines to decide who is going to get the slots. If the role is left with the airports, I would have thought that capacity—slots—will be released at a pace that sustains the overall economics, because it is not in any of the commercial players' interests to drive down values.³⁹

It seems likely that new slots at an expanded hub airport in the south-east would be released in timed tranches to maintain demand, which would underpin any bonds issued to finance airport expansion.

34. The Minister set out his view that the market would deliver sufficient slots to support regional connectivity from smaller airports:

I am confident that the airlines based in our UK major airports will see the opportunity of increased slots being made available to get passengers who are currently going to Schiphol, Charles de Gaulle, Frankfurt or Brussels into airports in the London area. I think they will rise to that challenge.⁴⁰

Paul Le Blond, Chair, Aviation Forum, Chartered Institute of Logistics and Transport, was less confident that the market would deliver services to smaller airports. He proposed ring-fencing a certain number of new slots at an expanded hub airport for services to smaller airports. He argued that ring-fencing “a double daily service to a reasonable number of small airports would be a very small proportion of any additional capacity created.”⁴¹ John Spooner, Chairman, Regional and Business Airports Group, stated that he had discussed with both Heathrow and Gatwick the question whether slots for services to regional airports should be ring-fenced.⁴² He added that the time at which flights arrive at a hub airport is crucial in developing regional connectivity to support business growth.⁴³

35. The whole country will be able to share in the economic benefits of an expanded hub airport in the south-east only if that expansion entails airlines securing sufficient slots to maintain services to smaller airports in the English regions, Scotland, Wales and Northern Ireland. The way in which new slots at an expanded hub airport in the south-east might be allocated is currently opaque. *The DfT should assess (a) how new slots might be allocated; (b) whether some of those slots could be ring-fenced for domestic services to smaller airports; (c) whether the Public Service Obligation mechanism could be applied to new services using any such new slots; and (d) what proportion of new slots would need to be allocated to flights to UK smaller airports to support regional connectivity effectively.*

36. We recognise that the Airports Commission has carefully defined the scope of its inquiry. Nevertheless, we note that it has on occasion considered the role of smaller airports. *We encourage the Airports Commission to reflect on the role of smaller airports*

39 Q42

40 Q256

41 Q42

42 Q44

43 Q44

in its final report. In particular, it should consider how new slots at an expanded hub airport in the south-east might be allocated to services to smaller airports in the UK.

3 Case study: Manston

37. Manston airport is located in the district of Thanet in Kent some 13 miles north-east of Canterbury and about one mile from the coast near the town of Ramsgate. It occupies a 700-acre site. Manston closed as an airport shortly before the start of this inquiry in May 2014. We scrutinised this individual case of a smaller airport closing to inform our inquiry and wider recommendations.

38. Manston has a relatively lengthy runway which extends to some 9,000 feet. The largest long-haul aircraft—for example, Airbus A310, A330, A340, A350 and A380; Boeing 747, 767, 777, 787; and McDonnell Douglas DC-10 and MD-11—require a runway of at least 8,000 feet. Apart from Heathrow, Gatwick and Stansted, Manston is the only runway in the south-east capable of handling the largest long-haul aircraft. Several witnesses to our inquiry pointed out Manston’s suitability as a diversionary airport due to its lengthy runway.⁴⁴ Stansted airport is currently used to handle most diverted aircraft in the south-east. Diversions disrupt commercial operations at Stansted, which is bad news for passengers and airlines. That problem is only likely to worsen as Stansted becomes busier over the next decade.⁴⁵ The Minister pointed out that “suitably trained traffic controllers, emergency services and expert technical support” would need to be located at Manston for it to receive diverted aircraft.⁴⁶

History

39. Manston is a former RAF base. In 1989, a civilian airport, Kent International airport, was set up within the RAF facility. This airport was run from the current terminal building. In 1998, the Ministry of Defence put RAF Manston up for sale. All RAF operations ceased at the site in 1999. In 1999, Manston was purchased by the Wiggins Group, which oversaw the airfield’s transition from a military base to CAA-licensed civilian airport. From 1999 to 2003, the Wiggins Group operated Manston as a cargo airport. In 2004, the Wiggins Group, which at this point changed its name to PlaneStation, purchased a new airline called EUjet. EUjet based five aircraft at Manston, which attempted to compete as a passenger airport. In 2005, all EUjet operations were suspended and the airport went into liquidation.⁴⁷

40. Manston was purchased by a New Zealand company, Infratil, in August 2005 for £17 million. From 2005 to 2012, airlines such as Flybe and Monarch ran scheduled passenger services from Manston. In November 2012, Infratil secured a new commercial passenger service at Manston, when KLM announced twice-daily flights to Amsterdam. The first KLM flight took place in April 2013.

44 Q174; Q184; Q194

45 Daily Telegraph, *Plane diverted under RAF escort after disturbance on board*, 24 January 2011

46 Q217

47 RiverOak ([SMA 042](#)) para 18

Manston Skyport

41. On 15 October 2013, Infratil announced they would sell Manston Airport to a company called Manston Skyport. Manston Skyport was wholly owned by Ann Gloag, co-founder of Stagecoach Group. It began running the airport on 29 November 2013. Ann Gloag purchased Manston from Infratil for £1.⁴⁸ At the time of the purchase, she stated:

I am delighted to have purchased Manston Airport from Infratil as I believe there is real potential for growth that has not been fully captured. Having worked in the transport industry for over 30 years, I believe I am very well placed to help maximise opportunities for both freight and passengers at Manston.⁴⁹

The local Member of Parliament, Sir Roger Gale MP, told us that “In a personal telephone conversation with me at that time Ms. Gloag indicated that she intended to invest heavily in the airport and would give it two years to turn around the business.”⁵⁰ We invited Ann Gloag to provide us with oral evidence at our session on 2 February 2015. She was unavailable, although the company that ran Manston on her behalf, Manston Skyport, provided written and oral evidence.

42. Manston Skyport announced its plan to close Manston airport on 19 March 2014, less than four months after its purchase. The airport closed on 15 May 2014 and its commercial aerodrome licence was returned to the CAA, which meant that it was no longer licensed to operate as an airport. Manston Skyport told us that it decided to close Manston because Ryanair withdrew from discussions to operate from Manston, because British Airways decided not to relocate its cargo operation to Manston and because the Airports Commission concluded that hub capacity should be expanded in the south-east.⁵¹

RiverOak

43. RiverOak Investment Corp is a private equity group based in Stamford, Connecticut, USA. RiverOak was keen to purchase Manston as a base for cargo operations.⁵² It told us:

In late April 2014, RiverOak began a dialogue with Mrs Gloag regarding a possible purchase of the airport. Mrs Gloag provided full financial disclosure based on which RiverOak offered to pay the asking price of £7 million. The offer was rejected.⁵³

Manston Skyport contested RiverOak’s claim that it had offered £7 million to purchase Manston airport.⁵⁴ RiverOak later provided documentary evidence to back up this claim.⁵⁵

48 Q49

49 [Kent Online](#), 14 October 2013

50 Sir Roger Gale MP ([SMA064](#))

51 Q69; Q61

52 Q117

53 RiverOak ([SMA 042](#)) para 18

54 Qq 75-84

55 RiverOak ([SMA090](#))

If Ann Gloag's motivation was to run Manston as an airport, accepting RiverOak's £7 million offer would have allowed her to correct her initial error in purchasing the airport and left her with a generous profit. RiverOak has maintained its interest in purchasing Manston and operating it as an airport.

Sale to Trevor Cartner and Chris Musgrave

44. In its written evidence, Manston Skyport stated that "In September 2014 Manston Skyport sold the site to regeneration specialists who have plans to redevelop the site over the coming years."⁵⁶ The regeneration specialists, Trevor Cartner and Chris Musgrave, were invited to provide us with oral evidence on 2 February 2015. They were unavailable, although they later submitted written evidence. In September 2014, Chris Musgrave told *Kent Online*:

We will be looking to comprehensively redevelop the whole site to create a mixed-use community. This is in light of the fact that the airport has closed, the equipment has been sold and it will not reopen. We are aware that there were a number of job losses when the airport closed and a far greater number will replace these, and that the benefits will reach the whole of east Kent.⁵⁷

45. At our oral evidence session on 2 February 2015, we examined Manston Skyport's statement that it "sold the site to regeneration specialists".⁵⁸ Pauline Bradley, Director, Manston Skyport Limited, told us that "80% of the share capital of that business is owned by Mr Musgrave and Mr Cartner. We have a minority interest in the business going forward."⁵⁹ We noted:

- Manston Airport is currently owned by a joint venture company called Lothian Shelf 718. There are two classes of share in Lothian Shelf 718—A shares and B shares. Mr Cartner and Mr Musgrave hold 80 A shares; Ann Gloag holds 20 B shares.⁶⁰
- The articles of Lothian Shelf 718 state that a decision at a directors meeting requires a unanimous vote involving at least one A director and one B director.⁶¹ There are two A directors, Mr Cartner and Mr Musgrave, and one B director, Pauline Bradley, who was appointed by Ann Gloag. Regardless of her minority shareholding, Ann Gloag, as holder of the 20 B shares and having appointed the B director, holds equal decision making power to and a de facto veto over Mr Cartner and Mr Musgrave.

56 Manston Skyport Limited (SMA0070) para 4.1

57 *Kent Online*, 24 September 2014

58 Manston Skyport Limited (SMA0070) para 4.1

59 Q89

60 Trevor Cartner and Chris Musgrave (SMA 093)

61 Companies House, *Written record of resolution of the sole member of Lothian Shelf (718) Limited*, No. 09223403, para 10

- Ann Gloag holds a legal charge over the Manston airport site. This charge relates to a loan to Lothian Shelf 718.⁶²
- Because the joint venture agreement between Mr Cartner, Mr Musgrave and Ann Gloag to redevelop Manston is not in the public domain, it is unknown how any profits derived from the redevelopment of Manston might be shared. The allocation of profits might not be in line with the 80:20 share allocation.

46. On Ann Gloag's motivation in purchasing Manston airport, Sir Roger Gale MP commented:

I believe now that I was completely misled, that I was lied to and that Mrs Gloag had no intention whatsoever of running this as an airport, and every intention of seeking to turn it into an asset-stripping property development.⁶³

The Minister expressed an alternative view, stating that he did “not believe that Mrs Gloag bought the airport with a view to closing down operations and turning it into a development site.”⁶⁴ *We recommend that Ann Gloag places the joint venture agreement between herself, Chris Musgrave and Trevor Cartner to redevelop Manston in the public domain to make it clear who would benefit from the proposed redevelopment of Manston and to repudiate allegations of asset-stripping. We would be happy to publish this document on our website.*

Thanet District Council

47. Thanet District Council (TDC) is the local planning authority with responsibility for Manston. TDC told us that it received a petition on 10 July 2014 asking it to compulsorily purchase Manston.⁶⁵ It subsequently agreed a motion to conduct “a detailed examination of the legal and financial implications of a Compulsory Purchase Order before a final decision is reached.”⁶⁶ Councillor Iris Johnston, Leader, TDC, explained:

We have had some difficult experiences of compulsory purchase orders (CPOs) and the feeling was that we needed an indemnity partner that covered all our costs ... We went out for soft-market testing, and some companies came forward, including RiverOak ... We were not satisfied with the information that was coming forward. It is very difficult for a company, particularly an American company, to meet the criteria of the district council. We need to see three years' accounts. Our due diligence is very strong.⁶⁷

62 Land Registry, Title No. K803975; Q98

63 Q179

64 Q226

65 Q159

66 Thanet District Council, *Full council discuss purchase of Manston Airport*, July 2014

67 Q159

A CPO involving RiverOak as the indemnity partner was considered at a TDC cabinet meeting on 11 December 2014. The TDC cabinet decided not to proceed with the proposed CPO at that meeting.

48. We welcome Councillor Johnston's commitment to due diligence. We agree that risks should, so far as is possible, be transferred to the private sector to protect the interests of council taxpayers. However, we question whether a small district council has sufficient funds or legal and financial expertise to handle a case of this magnitude. For example, TDC told us that it spent £26,000 on legal advice in relation to the proposed CPO.⁶⁸ That sum was unlikely to provide TDC with adequate advice in relation to indemnification by a US company or to allow it to understand RiverOak's business plan and operating model. **We expect higher-tier local government bodies to fulfil their strategic oversight functions by supporting local planning authorities in resolving one-off, complex cases involving nationally significant transport assets.**

Kent County Council

49. Kent County Council (KCC) is the local transport authority for Kent, which means it has strategic oversight of aviation in the county. On 17 July 2014, KCC considered the case of Manston airport. County councillors agreed the following motion by 82 votes to nil:

That Kent County Council supports the actions taken so far by Thanet District Council to retain Manston as a regional airport. We recognise the value that a regional airport brings to East Kent and are disappointed at its closure. Kent County Council will explore with Thanet District Council ways in which it can support proposals to retain Manston as an airport.⁶⁹

Paul Carter, Leader, KCC, attended and voted at that meeting.

50. In September 2014, Paul Carter commented on the sale of Manston to Chris Musgrave and Trevor Cartner:

Chris Musgrave and Trevor Cartner have a fantastic track record in taking over large and difficult sites following the demise of earlier uses, and regenerating them to create jobs and bring economic benefits to the wider area. Their team has done this at Wynyard Park in Billingham, where they have created 2,000 jobs and attracted £200 million of private investment, and at Discovery Park here in Kent where more than 1,000 new jobs have been added to the 600 that Pfizer left behind. I have every confidence that they can do even more at Manston.⁷⁰

Paul Carter's remarks in September 2014 were inconsistent with the motion agreed by KCC on 17 July 2014.

68 Q163

69 Kent County Council, Minutes, 17 July 2014

70 Isle of Thanet Gazette, *County council leader has "confidence" in new owners of former Manston airport*, 23 September 2014

51. We asked Paul Carter to explain his position. He told us that “the motion that was supported unanimously by the county council said we would be prepared to support Thanet district council in a CPO process at Manston, provided a viable and thriving airport could be delivered at Manston.”⁷¹ He subsequently admitted that there was no such caveat to the KCC motion.⁷² He also reiterated his enthusiasm for the redevelopment of the Manston site rather than its operating as an airport.⁷³ We asked him whether Trevor Cartner or Chris Musgrave had shown him detailed plans for the redevelopment. He replied, “They showed me nothing.”⁷⁴

52. Kent County Council has the legal and financial resources to assess complex CPO cases. Despite having agreed a motion to support Thanet District Council, it failed to deploy those assets. In failing to support Thanet District Council’s scrutiny of the proposed CPO at Manston, Kent County Council also failed to fulfil its strategic oversight function as the local transport authority.

Role of the DfT

53. The DfT interceded in the Manston case following TDC’s decision not to proceed with a compulsory purchase order. In December 2014, the Minister of State, DfT, John Hayes MP, chaired a meeting with interested parties and agreed to co-ordinate work across Government to explore all options to secure the airport’s future. **That the DfT judged it necessary to intervene in the Manston case shows the extent to which Kent County Council failed to fulfil its strategic oversight role.**

54. In February 2015, more than two months after the DfT intervened, we asked the Under-Secretary of State, DfT, Robert Goodwill MP, what progress had been made. He told us that the DfT was doing “everything we can to facilitate a rescue deal so that aviation can continue at Manston, if that be possible”.⁷⁵

55. We asked the Minister to explain the nature of the DfT’s intervention over the past two months. He explained that

Thanet council supplied the Department for Transport with the papers they considered in reaching their decision that RiverOak were not a suitable indemnity party for the compulsory purchase process. A review of the papers supplied to the Department by Thanet council is one of a number of options being considered.⁷⁶

On 5 March 2015, the DfT announced that it will “appoint a consultant to review the process so far on decisions about the future of Manston airport.”⁷⁷ **We welcome the DfT’s decision to appoint a consultant to examine the Manston case. The uncertainty faced by**

71 Q169

72 Q170

73 Q168

74 Q168

75 Q214

76 Q230

77 Department for Transport, *Manston airport review*, March 2015

the public and other interested parties could have been reduced if it had not taken three months before the DfT acted. *The DfT should set out clear terms of reference for the consultant who is contracted to examine the Manston decision-making process and place them in the public domain. Those terms of reference should include (a) an explicit requirement to assess whether RiverOak is an appropriate indemnity partner for Thanet District Council; (b) a deadline for the consultant to report back to the DfT; and (c) an expeditious timescale for subsequent DfT decision making. To ensure that similar cases are handled promptly and effectively in future, the Government should clarify precisely how (a) central Government and (b) higher-tier local authorities are responsible for supporting lower-tier planning authorities in cases where a strategic transport asset is subject to a proposed compulsory purchase order.*

56. We asked the Minister which powers the DfT had used to intervene in the Manston case. He said that he did “not think that the United Kingdom Government, unlike maybe the Scottish or the Welsh Government, are in the position of wanting to intervene directly to take over operations of an airport.”⁷⁸ **We agree that there is no general case for the Government to purchase airports, including Manston.** We questioned whether the DfT has any other powers short of nationalisation in cases where a strategic transport asset might be at risk. The Minister told us that “we have the powers that we need, for example, to work with the CAA ... It is very important indeed that we explore all the avenues we can and ensure that whatever powers we have in terms of the Government can be used to their fullest effect.”⁷⁹ *The DfT should review what powers it has to intervene in cases where strategic transport assets are at risk and whether those powers are fit for purpose.*

78 Q215

79 Q216

Conclusions and recommendations

Viability

1. We welcome the range of consumer choice provided by the comparatively large number of smaller airports in the UK. The Government is rightly cautious about making direct interventions in this market, which rewards enterprise and provides consumers with competitive prices and choice. There is no case for a general policy of state intervention to keep all smaller airports open. (Paragraph 9)

Air Passenger Duty

2. We welcome the acknowledgement of the negative impact of APD on the aviation sector in the autumn statement 2014. However, exempting children from APD was a marginal change which did nothing for business travellers and little for smaller airports. (Paragraph 15)
3. APD prevents airports in Northern Ireland competing on a level playing field with airports in the Republic of Ireland. This has cost Northern Ireland jobs, growth and connectivity. (Paragraph 17)
4. If APD were scrapped in Scotland, airports in England would be subject to a similar competitive disadvantage to that currently experienced in Northern Ireland. The further devolution of APD to, for example, north-east England or Wales would ultimately serve to extend a patchwork of APD-derived market distortions across the UK and drive a race to the bottom on regional APD rates. We would prefer the Government to act strategically and in the national interest to address APD (Paragraph 18)
5. The way in which APD is double-charged on domestic return flights is damaging to UK smaller airports. In effect, it incentivises airlines and passengers to fly from airports located in other EU member states. It cannot be revised to allow UK airports to compete on a level playing field in the European marketplace because of the operation of EU competition law. The proposed devolution of APD to Scotland threatens to create further market distortions which could severely disadvantage airports in England. It is disappointing that the concerns we raised previously about APD in our First Report of Session 2013-14 on *Aviation strategy* were ignored by the Treasury. We urge Transport Ministers to pursue those recommendations and the important concerns raised by smaller airports with the Treasury. (Paragraph 20)

Public Service Obligations

6. The DfT should regularly report on the number of applicants and of successful applications to the Regional Air Connectivity Fund to support new air routes and publish this information on its website. (Paragraph 24)
7. The DfT should set out a timetable for negotiations with the European Commission on its “Draft Protocol for UK start-up aid for airports handling fewer than 3 million passengers per annum” to allow smaller airports and local authorities that are

considering accessing the Regional Air Connectivity Fund to plan effectively. (Paragraph 25)

8. The DfT should work with the European Commission to clarify what a “duly substantiated exceptional case” means in practice. Certainty on that point will allow UK smaller airports handling between 3 million and 5 million passengers a year to engage with the DfT’s PSO policy, which could play an important role in facilitating regional air connectivity. (Paragraph 26)
9. We welcome the DfT’s policy of promoting PSOs both to support existing air routes and to start up new air routes. As currently implemented and given its current level of funding, however, this policy represents a marginal change to the smaller airports market rather than a strategic intervention. For example, although the maintenance of air routes from Dundee to London Stansted and from Newquay to London Gatwick may be desirable, it is unclear why those air routes should attract public subsidy while others do not. PSOs could become strategically significant if they were used to facilitate regional connectivity to an expanded hub airport in the south-east (Paragraph 27)

Airports Commission

10. The whole country will be able to share in the economic benefits of an expanded hub airport in the south-east only if that expansion entails airlines securing sufficient slots to maintain services to smaller airports in the English regions, Scotland, Wales and Northern Ireland. The way in which new slots at an expanded hub airport in the south-east might be allocated is currently opaque. The DfT should assess (a) how new slots might be allocated; (b) whether some of those slots could be ring-fenced for domestic services to smaller airports; (c) whether the Public Service Obligation mechanism could be applied to new services using any such new slots; and (d) what proportion of new slots would need to be allocated to flights to UK smaller airports to support regional connectivity effectively. (Paragraph 35)
11. We recognise that the Airports Commission has carefully defined the scope of its inquiry. Nevertheless, we note that it has on occasion considered the role of smaller airports. We encourage the Airports Commission to reflect on the role of smaller airports in its final report. In particular, it should consider how new slots at an expanded hub airport in the south-east might be allocated to services to smaller airports in the UK. (Paragraph 36)

Case study: Manston

12. We recommend that Ann Gloag places the joint venture agreement between herself, Chris Musgrave and Trevor Cartner to redevelop Manston in the public domain to make it clear who would benefit from the proposed redevelopment of Manston and to repudiate allegations of asset-stripping. We would be happy to publish this document on our website. (Paragraph 46)
13. We expect higher-tier local government bodies to fulfil their strategic oversight functions by supporting local planning authorities in resolving one-off, complex cases involving nationally significant transport assets. (Paragraph 48)

14. Kent County Council has the legal and financial resources to assess complex CPO cases. Despite having agreed a motion to support Thanet District Council, it failed to deploy those assets. In failing to support Thanet District Council's scrutiny of the proposed CPO at Manston, Kent County Council also failed to fulfil its strategic oversight function as the local transport authority. (Paragraph 52)
15. That the DfT judged it necessary to intervene in the Manston case shows the extent to which Kent County Council failed to fulfil its strategic oversight role. (Paragraph 53)
16. We welcome the DfT's decision to appoint a consultant to examine the Manston case. The uncertainty faced by the public and other interested parties could have been reduced if it had not taken three months before the DfT acted. The DfT should set out clear terms of reference for the consultant who is contracted to examine the Manston decision-making process and place them in the public domain. Those terms of reference should include (a) an explicit requirement to assess whether RiverOak is an appropriate indemnity partner for Thanet District Council; (b) a deadline for the consultant to report back to the DfT; and (c) an expeditious timescale for subsequent DfT decision making. To ensure that similar cases are handled promptly and effectively in future, the Government should clarify precisely how (a) central Government and (b) higher-tier local authorities are responsible for supporting lower-tier planning authorities in cases where a strategic transport asset is subject to a proposed compulsory purchase order. (Paragraph 55)
17. We agree that there is no general case for the Government to purchase airports, including Manston. (Paragraph 56)
18. The DfT should review what powers it has to intervene in cases where strategic transport assets are at risk and whether those powers are fit for purpose. (Paragraph 56)

Formal Minutes

Monday 9 March 2015

Members present:

Mrs Louise Ellman, in the Chair

Jim Fitzpatrick
Karen Lumley
Jason McCartney

Mr Adrian Sanders
Chloe Smith
Martin Vickers

Draft Report (*Smaller airports*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 56 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Ninth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Date and time to be fixed by the Chair]

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the Committee's inquiry page at www.parliament.uk/transcom.

Monday 19 January 2015

Question number

Nathan Stower, Chief Executive, British Air Transport Association, **Darren Caplan**, Chief Executive, Airport Operators Association, **Iain Osborne**, Group Director for Regulatory Policy, Civil Aviation Authority, **Paul Le Blond**, Chairman, Aviation Forum, Chartered Institute of Logistics and Transport, and **John Spooner**, Chairman, Regional and Business Airports Group Q1-47

Monday 2 February 2015

Pauline Bradley, Director, Manston Skyport Limited, **Alastair Welch**, Interim Director, Kent Airport Limited **Alan Mackinnon**, Interim Director, Kent Airport Limited, **George Yerrall**, Partner, RiverOak Investment Corp, and **Tony Freudmann**, Partner, RiverOak Investment Corp Q48-146

Paul Carter, Leader, Kent County Council, **David Smith**, Director of Economic Development, Kent County Council, **Councillor Iris Johnston**, Leader, Thanet District Council, **Madeline Homer**, Acting Chief Executive, Thanet District Council, **Paul Cook**, Interim Director of Corporate Resources, Thanet District Council, and **Sir Roger Gale MP** Q147-181

Ms Rosalyn McIntyre, No Night Flights, **Dr Beau Webber**, Chair, Save Manston Airport Group, and **Angie Sutton**, Why Not Manston? Q182-197

Monday 23 February 2015

Mr Robert Goodwill MP, Parliamentary Under-Secretary of State, Department for Transport, and **Ben Smith**, Deputy Director Aviation Policy and Delivery, Department for Transport Q198-264

Published written evidence

The following written evidence was received and can be viewed on the Committee's inquiry web page at www.parliament.uk/transcom. INQ numbers are generated by the evidence processing system and so may not be complete.

- 1 ABTA ([SMA0057](#))
- 2 AICES ([SMA0052](#))
- 3 Air Medical Ltd ([SMA0011](#))
- 4 Airport Operators Association ([SMA0020](#))
- 5 Allan Clifford ([SMA0016](#))
- 6 Belfast International Airport Limited ([SMA0069](#))
- 7 Birmingham Airport ([SMA0044](#))
- 8 Bristol Airport ([SMA0017](#))
- 9 British Air Transport Association (BATA) ([SMA0062](#))
- 10 British Vehicle Rental and Leasing Association ([SMA0009](#))
- 11 Coastal Airports (Holdings Limited) ([SMA0072](#))
- 12 Coastal Airports (Holdings Limited) ([SMA0076](#))
- 13 Department for Regional Development ([SMA0001](#))
- 14 Department for Transport ([SMA0039](#))
- 15 Derbyshire, Nottinghamshire and Leicestershire Chamber of Commerce ([SMA0031](#))
- 16 Dover District Council ([SMA0074](#))
- 17 Dr. Jean-Paul Addie ([SMA0005](#))
- 18 East of England Energy Group (EEEGR) ([SMA0013](#))
- 19 Exeter City Council and Heart of the South West Local Enterprise Partnership ([SMA0030](#))
- 20 Finlays Horticulture Investments Ltd ([SMA0077](#))
- 21 Flybe Plc ([SMA0063](#))
- 22 Friends of Liverpool Airport (FoLA) ([SMA0019](#))
- 23 Gary and Marta Easton ([SMA0035](#))
- 24 General Aviation Awareness Council (GAAC) ([SMA0018](#))
- 25 Indigo Planning on behalf of London Ashford Airport ([SMA0050](#))
- 26 Kent County Council ([SMA0034](#))
- 27 Lab-Tools Ltd. (Nano-Science) ([SMA0067](#))
- 28 Liverpool John Lennon Airport ([SMA0032](#))
- 29 London Assembly Transport Committee ([SMA0004](#))
- 30 London Biggin Hill Airport ([SMA0056](#))
- 31 London City Airport ([SMA0051](#))
- 32 London Oxford Airport ([SMA0003](#))
- 33 Manchester Airports Group ([SMA0023](#))
- 34 Manston Skyport Ltd ([SMA0070](#))
- 35 Manston Skyport Ltd ([SMA0089](#))
- 36 Mr Laurence N Price ([SMA0027](#))
- 37 Mrs Sue Girdler ([SMA0068](#))
- 38 Nestrans ([SMA0054](#))

- 39 Newcastle International Airport Ltd ([SMA0037](#))
- 40 No Night Flights ([SMA0092](#))
- 41 No Night Flights and Manston Pickle ([SMA0025](#))
- 42 Oil & Gas UK ([SMA0026](#))
- 43 Oxfordshire County Council - Oxfordshire Lep ([SMA0036](#))
- 44 Peel Holdings (Management) Limited ([SMA0055](#))
- 45 Regional and Business Airports Group ([SMA0041](#))
- 46 Rigby Group Plc / Regional & City Airports (RCA) ([SMA0040](#))
- 47 RiverOak Investment Corp., LLC ([SMA0042](#))
- 48 RiverOak Investment Corp., LLC ([SMA0075](#))
- 49 RiverOak Investment Corp., LLC ([SMA0090](#))
- 50 RiverOak Investment Corp., LLC ([SMA0094](#))
- 51 Royal Aeronautical Society ([SMA0047](#))
- 52 Save Manston Airport Group ([SMA0029](#))
- 53 Sir Roger Gale MP ([SMA0064](#))
- 54 States of Guernsey ([SMA0033](#))
- 55 Stobart Group Ltd ([SMA0022](#))
- 56 Stuart Vint ([SMA0085](#))
- 57 Supporters of Manston Airport ([SMA0008](#))
- 58 Supporters of Manston Airport ([SMA0081](#))
- 59 Supporters of Manston Airport ([SMA0091](#))
- 60 TAG Farnborough Airport Ltd ([SMA0021](#))
- 61 Tees Valley Unlimited ([SMA0010](#))
- 62 TG Aviation Limited ([SMA0073](#))
- 63 Thanet District Council ([SMA0014](#))
- 64 The Chartered Institute of Logistics and Transport ([SMA0038](#))
- 65 The Highlands and Islands Transport Partnership (HITRANS) ([SMA0046](#))
- 66 Trevor Cartner and Chris Musgrove ([SMA0093](#))
- 67 UK Civil Aviation Authority (CAA) ([SMA0024](#))
- 68 Welsh Government ([SMA0048](#))
- 69 Why Not Manston? ([SMA0043](#))
- 70 Winbourne Martin French ([SMA0058](#))
- 71 Winbourne Martin French ([SMA0060](#))
- 72 WYG ([SMA0053](#))

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the Committee's website at www.parliament.uk/transcom.

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2014–15

Eighth Report	Motoring of the future	HC 429
Seventh Report	Investing in the railway	HC 257
Sixth Report	Government motoring agencies—the user perspective	HC 287 (HC 884)
Third Special Report	Putting passengers first: disruption at Gatwick, Christmas Eve 2013: Airport Operators Association Response to the Committee's Fourteenth Report of Session 2013–14	HC 633
Second Special Report	Local transport expenditure: Who decides?: Government Response to the Committee's Seventeenth Report of Session 2013–14	HC 632
Fifth Report	Security on the railway	HC 428 (HC 792)
Fourth Report	Passenger transport in isolated communities	HC 288 (Incorporating HC 853, Session 2013–14) (HC 719)
Third Report	Cycling safety	HC 286 (Incorporating HC 852, Session 2013–14) (HC 718)
Second Report	Offshore helicopter safety	HC 289 (Incorporating HC 992, Session 2013–14) (HC 717)
First Report	Driving premiums down: fraud and the cost of motor insurance	HC 285 (Incorporating HC 286, Session 2013–14) (HC 716)
First Special Report	Forging ahead: UK shipping strategy: Government Response to the Committee's Thirteenth Report of Session 2013–14	HC 254

Session 2013–14

Sixteenth Report	National Policy Statement on National Networks	HC 1135
Fifteenth Report	Better roads: improving England's strategic road network	HC 850
Fourteenth Report	Putting passengers first, disruption at Gatwick,	HC 956

	Christmas Eve 2013	
Seventeenth Special Report	Land transport security—scope for further EU involvement?: Further Government Response to the Committees Eleventh Report of Session 2012–13	HC 1192
Thirteenth Report	Forging ahead?: UK shipping strategy	HC 630
Twelfth Report	Future programme 2014	HC 1143
Eleventh Report	Safety at level crossings	HC 680 (HC 1260)
Tenth Report	Ready and waiting? Transport preparations for winter weather	HC 681 (HC 1139)
Ninth Report	High speed rail: on track?	HC 851 (HC 1085)
Fifteenth Special Report	Cancellation of the InterCity West Coast competition: Government update on the Laidlaw and Brown reports	HC 1086
Eighth Report	Access to ports	HC 266 (HC 1083)
Seventh Report	Local authority parking enforcement	HC 118 (HC 970)
Seventh Special Report	The new European motorcycle test: Government Response to the Committee’s Sixth Report of 2009–10	HC 656
Sixth Report	Flight Time Limitation: Follow-up	HC 641 (HC 795)
Fifth Report	Access to transport for disabled people	HC 116 (HC 870)
Fourth Report	Cost of motor insurance: whiplash	HC 117 (CM 8738)
Third Report	The work of the Vehicle and Operator Services Agency (VOSA)	HC 583 (HC 678)
Second Report	Future programme: 2013–14	HC 438
Fifth Special Report	The European Commission’s 4 th Railway Package: Government Response to the Committee’s Twelfth Report of Session 2012–13	HC 439
Third Special Report	Rail 2020: Rail Delivery Group and Passenger Focus responses to the Committee’s Seventh Report of Session 2012–13	HC 81
Fourth Special Report	Land transport security—scope for further EU involvement?: Government Response to the Committee’s Eleventh Report of Session 2012–13	HC 177
Second Special Report	Marine Pilotage: Government Response to the Committee’s Ninth Report of Session 2012–13	HC 79
First Report	Aviation strategy	HC 78 (HC 596)
First Special Report	Cancellation of the InterCity West Coast franchise competition: Government Response to the Committee’s Eighth Report of Session 2012–13	HC 80
Session 2012–13		
Twelfth Report	The European Commission’s 4 th Railway Package	HC 1001(HC 439)
Eleventh Report	Land transport security—scope for further EU involvement?	HC 875
Ninth Special Report	Rail 2020: Government and Office of Rail Regulation Responses to the Committee’s Seventh Report of 2012–13	HC 1059
Tenth Report	The Coastguard, Emergency Towing Vessels and the Maritime Incident Response Group: follow up:	HC 1018

	Government Response to the Committee's Sixth Report of 2012–13	
Ninth Report	Marine Pilotage	HC 840
Eighth Report	Cancellation of the InterCity West Coast franchise competition	HC 537
Eighth Special Report	Plug-in vehicles, plugged in policy?: Government Response to the Committee's Fourth Report of Session 2012–13	HC 884
Seventh Report	Rail 2020	HC 329
Sixth Report	The Coastguard, Emergency Towing Vessels and the Maritime Incident Response Group: follow up	HC 647
Fifth Report	Future programme: autumn and winter 2012–13	HC 591
Fourth Report	Plug-in vehicles, plugged in policy?	HC 239
Third Report	Competition in the local bus market	HC 10 (HC 761) (Incorporating HC 1861–i–iii)
Fifth Special Report	Flight Time Limitations: Government Response To The Committee's First Report Of Session 2012–13	HC 558
Fourth Special Report	Air Travel Organisers' Licensing (Atol) Reform: Government Response To The Committee's Seventeenth Report Of Session 2010–12	HC 557
Second Report	Road safety	HC 506 (HC 648) Incorporating HC 1738
First Report	Flight time limitations	HC 164 Incorporating HC 1838
Third Special Report	Sulphur emissions by ships: Government Response to the Committee's Sixteenth Report of Session 2010–12	HC 87
Second Special Report	Counting the cost: financial scrutiny of the Department for Transport 2011–12: Government Response to the Committee's Fifteenth Report of Session 2010–12	HC 15
First Special Report	Draft Civil Aviation Bill: Pre-Legislative Scrutiny: Government Response to the Committee's Thirteenth Report of Session 2010–12	HC 11
Session 2010–12		
Seventeenth Report	Air Travel Organisers' Licensing (ATOL) reform	HC 1798
Sixteenth Report	Sulphur emissions by ships	HC 1561
Fifteenth Report	Counting the cost: financial scrutiny of the Department for Transport 2011–12	HC 1560
Fourteenth Report	Cable theft on the Railway	HC 1609 (HC 1933)
Thirteenth Report	Draft Civil Aviation Bill: Pre-Legislative Scrutiny	HC 1694
Twelfth Report	Cost of motor insurance: follow up	HC 1451 (HC 1934)
Eleventh Report	Thameslink rolling stock procurement	HC 1453 (HC 1935)
Tenth Report	High Speed Rail	HC 1185–I (HC 1754)

Ninth Report	Out of the jam: reducing congestion on our roads	HC 872 (HC 1661)
Eighth Report	Bus Services after the Spending Review	HC 750 (HC 1550)
Seventh Report	Taxis and private hire vehicles: the road to reform	HC 720 (HC 1507)
Sixth Report	The Coastguard, Emergency Towing Vessels and the Maritime Incident Response Group	HC 948, incorporating HC 752-i (HC 1482)
Fifth Report	Keeping the UK moving: The impact on transport of the winter weather in December 2010	HC 794 (HC 1467)
Fourth Report	The cost of motor insurance	HC 591 (HC 1466)
Third Report	Transport and the economy	HC 473 (HC 962)
Second Report	Financial Scrutiny of the Department for Transport	HC 683
First Report	Drink and drug driving law	HC 460 (Cm 8050)
Tenth Special Report	The proposal for a National Policy Statement on Ports: Government Response to the Committee Fifth Report of Session 2009–10	HC 1598
Third Special Report	The performance of the Department for Transport: Government response to the Committee's Fourth Report of Session 2009–10	HC 549
Second Special Report	Update on the London Underground and the public-private (PPP) partnership agreements: Government response to the Committee's Seventh Report of Session 2009–10	HC 467
First Special Report	The major road network: Government response to the Committee's Eighth Report of Session 2009–10	HC 421

Government responds to the Transport Select Committee's recommendations.

Government Response

Introduction

The Government welcomes this opportunity to respond to the Transport Select Committee's recommendations on smaller airports.

[House of Commons - Smaller airports - Transport](#)

A brief summary and commentary :

Air Passenger Duty

Recommendations 2 - 5.

Response: Decisions on taxation, including APD, remain a matter for the Chancellor and the Treasury. The Treasury has confirmed that there will be a review of potential options to support regional airports and mitigate the impacts of APD devolution. As part of this review, a discussion paper will be published during the summer examining

Public Service Obligations

Recommendations 6 - 9.

Recommendation 9.

Response:

"... Department for Transport guidance published in December 2013 clarified how the Government would ordinarily expect to interpret these criteria when assessing applications for PSOs to protect existing regional air services to London."

"The tender process must make it clear that the PSO being considered is about serving the London region rather than a specific airport in London."

"For the purpose of this policy a London airport has been defined as any airport that can access London transport zone 1 within 60 minutes by rail - (i.e. : Gatwick, Heathrow, London City, Luton, Southend and Stansted airports)."

Actually you cannot get to Southend in an hour by rail - it takes same / longer than Manston !

Manston by rail (1h 15m at quickest) is same time as Southend (1h 15m at quickest). (National Rail)

Case study: Manston

Recommendation 15. That the DfT judged it necessary to intervene in the Manston case shows the extent to which Kent County Council failed to fulfil its strategic oversight role. (Paragraph 53)

Response: County Councils only have limited planning functions, mainly in relation to minerals, waste and planning applications for their own development. The Government does not therefore consider that a county council has a duty to provide strategic planning oversight for a district council. The primary responsibility for planning the future of strategically important assets, such as Manston Airport, rests with the local planning authority.

Recommendation 16.

Response:

The National Planning Policy Framework refers to local planning authorities setting out strategic priorities in local plans for the provision of various things including jobs, commercial development and infrastructure. Furthermore district and county councils have a statutory duty to cooperate with each other in the preparations of plans by a local planning authority. The National Planning Policy Framework also instructs local planning authorities to work with other authorities and providers to assess the quality and capacity of infrastructure for transport. . The Government expects local authorities within an area to work together in this, as in other contexts.

Recommendation 18. The DfT should review what powers it has to intervene in cases where strategic transport assets are at risk and whether those powers are fit for purpose. (Paragraph 56)

Response: As we advised the Committee, our view is that we have the powers that we need to intervene in cases where strategic aviation assets are at risk. With regard to strategic transport assets more generally, common law powers are generally available to Ministers in any department to take steps to promote and pursue government policy. These powers are always subject to any statutory and other constraints which may happen to apply in a specific context. We do not consider that there is evidence that a review of the scope and fitness of these powers is necessary.

Lots more detail in the full response.

Dr. Beau Webber

Save Manston Airport association.