

The Government's Aviation Strategy – Transport for the North (TfN) response

Transport for the North – Background

Good transport links are a crucial part of a strong economy supporting labour markets and delivering agglomeration benefits by better connecting people, businesses and products across the North, to the rest of the UK and to international connections around the globe. Improving global connections for our key business sectors is vital for growth and to make the most of the North's key strengths in advanced manufacturing, creative & digital, energy and health innovation (see the Northern Powerhouse Independent Economic Review, NPIER¹).

Transport for the North's (TfN) vision involves transformational improvements to transport connectivity across the North. If this 'transformational' scenario is achieved, by 2050 the North would have 1.5 million new jobs in total, 850,000 more jobs than under a 'business as usual' scenario, and the North's GVA would be almost £100 billion higher.

TfN will be the first Sub-National Transport Body in England, under the Cities and Local Government Devolution Act 2016. Led by our 19 Local Transport Authority partners and 11 Local Enterprise Partners, TfN has prepared a Strategic Transport Plan setting out the economic case for increased investment in transport infrastructure for the North. Working with Highways England, Network Rail, HS2 Ltd and the Department for Transport, we are taking a pan-Northern multi-modal view of transport investment; aimed at ensuring benefits are delivered for the whole of the North and for the long-term prosperity of all our residents. TfN is committed to working with the Government as it develops both its Industrial Strategy and this Aviation Strategy, and the Strategic Transport Plan aligns closely with their objectives.

Transport for the North – Strategic Transport Plan

The Strategic Transport Plan is an ambitious long-term transport plan which will drive economic growth, create jobs and improve the quality of life for everyone in the North of England.

We aim to publish the draft Plan by the end of 2017 and launch a formal public consultation on the plan in January 2018, once we receive statutory status as a Sub-National Transport Body, which is expected by the end of the year. The formal plan of the statutory body will be published in Summer 2018.

The Plan will set out strategic investments needed to unlock opportunities for economic development which includes access to housing, expanding employment, supporting skills development and sustainable growth across the North. This multi-modal plan for both passengers and freight incorporates all the major programmes of work by TfN, including

¹ <http://www.transportfornorth.com/wp-content/uploads/NPIER-Core-Messages.pdf>

Northern Powerhouse Rail, Rail North Long Term Rail Strategy, the work done to date on three Strategic Roads Studies, the Major Road Network, the Integrated and Smart Travel programme. Enhancing international connectivity is a theme that runs throughout TfN's work.

International Connectivity in the North

TfN welcomes the Government's Call for Evidence. This will encourage discussion and collaboration about both immediate opportunities and the development of a new Aviation Strategy.

As set out in TfN's Independent International Connectivity Commission's report, published February 2017, there are opportunities for the North to exploit its global potential and maximise its contribution to the UK. The Commission consisted of business and tourism experts in the North and was supported by evidence from York Aviation. This report undertook significant stakeholder engagement with airport, airline, business, tourism and trade experts to consolidate a full understanding of gaps and opportunities for the aviation market in the North.

The Commission highlighted 7 international airports in the North (Manchester, Newcastle, Liverpool, Leeds-Bradford, Doncaster – Sheffield, Tees Valley and Humberside) which provide global links. There are also other airports across the region which provide specialist services and are valued by local economies.

Key findings include:

- The North has potential capacity for an additional 60 million passengers per year - without any new runway being required **(of particular relevance to Q8 of the Call for Evidence)**.
- If properly supported through improved surface access, the capacity at the North's key airports and ports means that they could deliver improved global connectivity over a short timeframe, helping to achieve the target for the North to narrow the economic performance gap and the country as a whole to improve international connectivity.
- Northern airports contributed £5.5 billion to the UK's economy in 2016 – this has the potential to rise to £13 billion if steps are taken to support a greater economic contribution from international connectivity.
- 39.6 million passengers fly from Northern airports per year – the total air passengers from the North grew by 9.1% during 2016.
- Passenger numbers will need to reach 75 million by 2050 to support transformational growth in the North – this is 12 million more than currently forecasted by DfT.
- Around £4 billion of the additional transformational growth (£97 billion) in annual GVA required would be at risk if we do not deliver improved international connectivity.

The Commission's recommendations are:

- To achieve a transformed and re-balanced economy – connectivity must drive growth rather than follow it. Businesses and visitors require quality domestic and international

connectivity into the North, with direct connectivity in particular providing lower journey times and costs.

- Increasing the range of destinations and frequency of direct international services to and from the North will boost business efficiency, encourage entrepreneurship, enhance employment opportunities and increase Foreign Direct Investment, inward investment and exportation opportunities across the whole of the UK. It will also create conditions which attract and retain top talent and skills.
- It is vital for a global Britain that the North maintains existing links to Europe and the US, but also accesses wider global markets such as China, the Indian sub-continent and Latin America by connecting directly with them. This will require a step change in the availability of long haul air passenger travel. Access to these markets are essential for the capabilities mapped in the NPIER to realise their full potential.
- Under a ‘transformational’ scenario, the amount of long haul travel of the total air travel market to/from the North would grow from 25% today to 36% in 2050. This carries the equivalent economic significance for the North as the economic uplift that the third runway at Heathrow will deliver.
- Competition amongst the North’s international airports can drive choice and opportunity for passengers and businesses travelling to/from the North, ultimately driving more efficient and cost-effective connections.
- There are opportunities to support the air freight industry which faces the challenge through lack of spare capacity at Heathrow. 11% of air freight is customs cleared in the North – with only 4% being flown from a Northern airport. The remainder is trucked to other airports, particularly Heathrow, adding to road congestion, sustainability issues and decreasing business benefits. We have already seen examples of businesses looking to the North for alternative business models.

Ensuring the North’s Global Reach – How TfN will support the UK’s global links

Connecting the North to the world, as with the journey of passengers or freight, starts on the ground. TfN’s Strategic Transport Plan will set out a vision for integrated and multi-model strategic transport links which provide more efficient, reliable and faster surface access to our international gateways.

Strong surface access to North’s key airports will increase the ease of connectivity to our airports, which will drive an increased demand for services. This will support the use of available airport capacity and allow aviation sector to further contribute to the UK’s growth goals for the North and nation as a whole.

As part of our Strategic Transport Plan, we are identifying, prioritising and sequencing the transport interventions that will have the biggest impact on the UK economy, identifying the main transport corridors that connect people, goods and places with key economic sectors. We will look at routes in their entirety and are planning a range of multi-modal interventions that will improve the whole route, not just one local section or one mode of travel. These

interventions will be mapped out for short (2020 – 2025), medium (2025 – 2035) and long term (2035 – 2050) horizons.

Our Strategic Transport Plan has been developed through an evidence led approach, which ensures that any transport connectivity interventions will be based on a clear rationale and strategy which will support transformational economic growth in the North. This aligns with the policy approach and principles of this consultation and it is important this consultation takes a view of how Northern airports can support the broader strategies for economic growth in the North.

The needs of international airports in the North will inform the development of proposals to be considered in TfN's Strategic Development Corridors. We are continuing this engagement to ensure co-ordination between airport master plans, local connectivity and strategic transport interventions, to ensure a set of interventions that meets the users' needs and drives enhanced international connectivity.

Northern Powerhouse Rail (NPR) is another key programme to improve strategic rail services across the North. This will provide faster connections between key economic hubs in the North, including Liverpool, Manchester, Leeds, Sheffield, Hull, Newcastle and Manchester International Airport, along with other significant economic centres. NPR will better connect businesses, people and assets throughout the North. This will help to transform labour markets, enabling the number of people within 60 minutes of the four major cities in the North to increase from 10,000 to 1.3 million. NPR will also place 10 million people across the North within 90 minutes rail journey time of Manchester Airport.

The announcement regarding NPR at Conference was strongly welcomed and represents a major step forward for the development of our plans for this important investment in strategic rail connections across the North. The touch points between NPR and HS2 that you announced will enable much-needed transformational rail connections to be delivered faster and with less disruption. We particularly welcomed the recognition of the need to keep all options at Manchester Piccadilly open, and we will continue to work with all parties to find a way forward.

Views towards the Government's Aviation Strategy

We fully support this Call for Evidence and the importance of making best use of the UK's existing capacity to relieve demand, drive economic growth and maintain Britain's international and trade links. Airports are key to global connectivity and supporting economic growth, as well as being economic centres which provide clusters of business and service activities.

We believe that to achieve a global and connected Britain and encourage competitive markets, we must support our aviation strengths across the whole of Britain. We recognise

that there are significant capacity issues to the South and that airports in the North can deliver wide benefits not just across the North but for the UK as a whole. Northern airports are key assets to the UK, both now and in the long term. The North's airports have runway and terminal capacity immediately available, as well as being closer to demand and markets. Supporting this capacity can enable the aviation industry to work for its customer by providing increased choice and opportunity to connect globally; encourage increased business and trade efficiency; and support more sustainable air and ground transportation options.

As stated by the Government's Industrial Strategy, improving the North's international connectivity will help rebalance the wider UK economy by increasing trade related economic activity and tourism in the North. This can make a substantial contribution to increasing productivity and supporting effective agglomeration through global proximity. This is particularly important to the North where a set of high value global capabilities has been identified (by the NPIER) to drive transformational economic growth. There is an opportunity, both now and in the long term, to support these strengths through more efficient and direct international connections through our airports. This will ensure Britain builds strong international trade links and maximises opportunities available, such as those in the North, to strengthen Britain's international position.

With regards to **Q12 of the Call for Evidence**, we agree with the phased approach to the Aviation Strategy which will allow for effective consultation and policy development. However, we urge the Government to explore resolutions to immediate issues as they arise to manage threats and support opportunities towards the objective of maintaining a global Britain.

We have attached links to the Independent International Connectivity Report² and Strategic Transport Plan Position Statement³ with this response. We are committed to working closely with the Government in taking this strategy forward, particularly on:

1. How our Strategic Transport Plan and its evidence base can work with the Aviation Strategy to deliver key aspects of the Industrial Strategy, including the importance of international trade and investment, as well as the movement of business; tourism and goods across the North and wider UK.
2. How a targeted approach to using available capacity and supporting international grade assets and capabilities in the North can maintain a global Britain **(of particular relevance to Q8 of the Call for Evidence)**.
3. How TfN's ongoing work programmes can co-ordinate with, and aid development of, the Aviation Strategy to ensure a truly customer focused and market driven framework. This includes alignment and co-ordination of pan-Northern programmes for ground connectivity such as NPR.
4. How our public and private partnership networks can support the Government's engagement during the consultations towards a new Aviation Strategy **(of particular relevance to Qs 14 and 15 of the Call for Evidence)**.

² http://www.transportfornorth.com/wp-content/uploads/International-Connectivity-Report_websafe.pdf

³ <http://www.transportfornorth.com/wp-content/uploads/TfN-Position-Statement22617.pdf>

5. How the Aviation Strategy can support a more consolidated approach towards international connectivity, including:
 - How ground transport can align more effectively with air services, business opportunities and tourism activities to deliver a first-class user experience which provides choice and opportunity.
 - Co-ordinated engagement and consultation towards important policy issues (including analysis and review of Air Passenger Duty considering the current policy landscape; as well as State Aid topics) which will impact on levels of competition across Britain and thereby affect our global reach to international markets **(of particular reference to Q7 of the Call for Evidence)**.
 - Analysis and appraisal of key gateways and destinations to target, based on cross-sector and departmental market intelligence and evidence.
 - Better co-ordination of marketing & promotion activity across Britain, including trade missions, tourism activity, route development and engagement with airlines.