

MAJOR REPORTS

Summary

This report comments on various documents that were published towards the end of 2006. A The key reports are:

- ‘Stern Review: The Economics of Climate Change’ (Sir Nicholas Stern, October 2006);
- ‘The Eddington Transport Study. The case for action: Sir Rod Eddington’s advice to Government’ (Sir Rod Eddington, December 2006);
- ‘The Barker Review of Land Use Planning (Kate Barker, December 2006);
- ‘The Economic Contribution of the Aviation Industry in the UK’ (Oxford Economic Forecasting OEF, October 2006);
- ‘Sustainable Aviation Strategy Progress Report’ (‘Sustainable Aviation’ (SA) industry group, December 2006); and
- ‘Environmental Guidance Manual for Airports’ (Airport Operators Association (AOA), ‘Sustainable Aviation’ industry group, & Entec, November 2006).

Introduction

- 1 There has been a flurry of reports published in the final months of 2006. This report looks at each one in turn and seeks to identify some key issues for SASIG. In the main the Executive Summary or list of Key Points from each report is produced in an Annex to this report.

Stern Review: The Economics of Climate Change

- 2 Please see Annex A (page 8).
- 3 This report was commissioned by the Prime Minister and the Chancellor and was produced by Sir Nicholas Stern (Head of the Government Economics Service and Adviser to the Government on the economics of climate change and development). It can be accessed from the HM Treasury website, or via <http://tinyurl.com/yhquas>.
- 4 The overall message from this review is that action to tackle climate change will be cheaper if carried out now rather than at some point in the future.
- 5 Sir Nicholas supports the inclusion of aviation in the EU Emissions Trading Scheme (ETS), and details how this scheme should be operated in order for it to be credible (pg. xxiii in Executive Summary). He also highlights the importance of ETS being operated in the way he advises so that it can usefully inform future global carbon markets.
- 6 The review also strongly impresses the need for international action on all climate change issues, and sets out why ‘business as usual’ (BAU) cannot be perpetuated.

The Eddington Transport Study

- 7 Please see Annex B (page 9).
- 8 Sir Rod Eddington, the former Chief Executive of British Airways was asked to advise the Government on the long-term links between transport and the UK's economic productivity, growth and stability. He submitted his report in December 2006. It has a main title of "Transport's role in sustaining the UK's productivity and competitiveness" and a subheading of: "the case for action".
- 9 The main report comprises four volumes running to over 350 pages, with 10 very detailed supporting documents together with all the stakeholder submissions. The key findings and recommendations are reproduced at Annex B. The full Executive Summary is available at: <http://tinyurl.com/y8q4tx>
- 10 In his foreword Sir Rod says: "The UK transport system supports a staggering 61 billion journeys a year. In broad terms it provides the right connections, in the right places, to support the journeys that matter to economic performance..... transport policies offer some remarkable economic returns with many schemes offering benefits several times their costs, even once environmental costs have been factored in." He then goes on to say: "my Study shows that the strategic economic priorities for long-term transport policy should be growing and congested urban areas and their catchments; the key inter-urban corridors; and the key international gateways."
- 11 The reference in the paragraph above to environmental costs is amplified further in the Foreword when it Sir Rod says: "I have long argued that the transport sector, including aviation, should meet its full environmental costs."
- 12 The work was carried out jointly from within HM Treasury and the Department for Transport but it is clear that the financial and economic work drove the process.
- 13 *SASIG comment: This is a study which is firmly rooted in an analysis of securing high levels of economic return for investments in road, rail and air transport facilities. It is full of figures which quantify the financial benefits of reductions in travel time; the growth in the UK economy due to falling international transport costs; and the rate of return for carefully targeted transport infrastructure improvements. There are also frequently mentions of factoring-in the environmental costs but not surprisingly little or no mention of how to calculate those costs or what elements would be included in them.*
- 14 *The report and the recommendations are written at a very strategic level with little direct reference to individual projects. But it is clear that Sir Rod is advising the Government that a better rate of return is achieved from improving the performance of existing facilities by unblocking congestion than by investment in large projects with speculative benefits and relying on and tested technology. In that context he promotes the use of mixed mode at Heathrow as having substantial lifetime benefits but, of course, he makes no mention of it environmental implications.*
- 15 *In his recommendations there is also reference to reforming the planning process for major transport projects by introducing a new Independent Planning Commission to take decisions on projects of strategic importance.*
- 16 *As a general level the concept that the transport system should be improved to reduce congestion, and the environmental costs should be paid by the consumer, seem sensible. But if the Government follows Sir Rod's advice then all transport investment*

will tend to go towards the improvement of the existing facilities and more ambitious projects such as new railways and possibly airports, would be likely to fail the tests of economic caution.

- 17 *In relation to Aviation, Sir Rod is a clear supporter of expansion at Heathrow (what a surprise!). But in a wider context his advice is in line with the Aviation White Paper that seeks to meet demand by expansion at the existing airports, subject to various environmental safeguards.*
- 18 *At this stage there is nothing that SASIG needs to do in relation to the Eddington report but it must be anticipated that it will be used by the Department for Transport to continue to substantiate their existing aviation policies.*

The Barker Review of Land Use Planning

- 19 Please see Annex C (page 13).
- 20 In December 2005, the Chancellor and the Deputy Prime Minister commissioned Kate Barker to conduct an independent review of the land use planning system of England, focusing on the link between planning and economic growth. The interim report, focusing on the link between planning and productivity, was published in July 2006. The final report, with recommendations, was published in December 2006, and can be obtained from the HM Treasury website or via <http://tinyurl.com/yllq2r>.
- 21 The terms of reference for the review were:
"to consider how, in the context of globalisation, and building on the reforms already put in place in England, planning policy and procedures can better deliver economic growth and prosperity alongside other sustainable development goals. In particular to assess:
- ways of further improving the efficiency and speed of the system;
 - ways of increasing the flexibility, transparency and predictability that enterprise requires;
 - the relationship between planning and productivity, and how the outcomes of the planning system can better deliver its sustainable economic objectives; and
 - the relationship between economic and other sustainable development goals in the delivery of sustainable communities."
- 22 SASIG comment: *As with the Eddington study, the Barker report has its feet firmly under the table of the Chancellor of the Exchequer. It is an attempt to find out the planning system damages the UK economy and how it can be changed so as to become more efficient. In essence it is nothing to do with aviation as such except that changes to the planning system will affect changes to the way major aviation applications are determined.*
- 23 *In order to deliver major infrastructure projects, Kate Barker suggests that there should be a clearer policy framework and that the Government should draw up Statements of Strategic Objectives which should integrate environmental, economic and social interests. Such statements would be subject to full public consultation including with local communities where a spatial element is involved and would also need to be regularly reviewed.*
- 24 *Thereafter planning applications for major infrastructure projects would be assessed by an independent Planning Commission against this strategic framework as well as against other considerations such as local an environmental impact. The time taken to reach decisions is calculated to be reduced because it would cut out the ministerial*

decision-making phase as well as allowing strict timetables and changes to the inquiry process.

- 25 *It is not at all clear how these recommendations are going to improve the planning process or indeed whether they are going to make a great difference to the way in which major airport proposals are judged.*

The Economic Contribution of the Aviation Industry in the UK

- 26 Please see Annex D (page 15).
- 27 OEF were commissioned by a range of organisations from different parts of the aviation industry, together with the Department for Transport and VisitBritain, and working with the CBI, to update the study that it had produced in 1999 on the economic contribution of the aviation industry in the UK. The report is available from the OEF website: www.oxfordeconomics.com/Free/pdfs/Aviation2006Final.pdf.
- 28 The study has been updated by the use of more recent data and forecasts for UK industries, and the inclusion of a new economic measurement of the relationship between aviation and productivity elsewhere in the economy.
- 29 Unsurprisingly, the study concludes that aviation is of considerable economic benefit to the UK. OEF include the proviso that their results should be regarded primarily as illustrative of the possible wider economic benefits, since there is inevitably considerable uncertainty over some of the assumptions made (pg. 69).
- 30 A number of the 'Key Points' need to be read for what they are – statements of fact, not indications of the economic contribution of the aviation industry in the UK. The methodology for the study is explained in Annex A of the report and the reasons why "...employment does not give a reliable indication of the contribution aviation makes to the UK economy" (pg. 89) are explained.
- 31 The study has been brought up to date by the consideration a cost for the climate change impacts of aviation. OEF have used the same cost of carbon - £70/tonne - as adopted by Defra (Department for the Environment, Food & Rural Affairs). OEF point out that this is higher than the current cost of reducing carbon emissions elsewhere in the economy as implied by the price of permits under the EU Emissions Trading Scheme (ETS). Permit prices in the ETS operating at present (which covers activities in the energy sector, iron and steel production and processing, the mineral industry and the wood pulp, paper and card industry) are in the range of €15-20 per tonne of carbon dioxide which roughly equates to £40-50 per tonne of carbon.
- 32 In addition to deliberations about the appropriate cost of carbon, valuation of aviation's external costs in the OEF study suffers from some fundamental omissions. The costs that have been explicitly excluded are surface access, noise and local air quality costs. There is a section on the costs of congestion, however this does not consider the value of delay in terms of transferring between transport modes, or the total time required for a journey by different modes. This is an important consideration particularly when comparing a journey by rail and by air – for instance the absence of time required for check-in requirements when travelling by rail as opposed to air.
- 33 It is also worth noting a fundamental difference between this OEF study and the DfT work supporting the White Paper ('Passengers Forecasts: Additional Analysis', Dec. 2003). OEF have based their estimates on increases in GDP that are feasible if businesses are to operate more efficiently and have the incentive to invest more in the UK. The DfT assessments looked at the increase in user benefits ('consumer surplus')

that arise as a result of travellers savings costs, for instance by being able to use their preferred airport if the services provided from that airport are improved. This may limit the value of using this OEF study to either support or to dismiss the White Paper proposals.

Sustainable Aviation Strategy (SA) Progress Report

- 34 Please see Annex E (page 16).
- 35 An industry group produced their strategy document titled 'Sustainable Aviation' in June 2005, which was reported to SASIG at that time. The monitoring process was then established and occasional newsletters have been published, which are available at: www.sustainableaviation.org.uk.
- 36 The SA Progress Report was published in November 2006, clearly hoping to influence the DfT's own progress report on the Aviation White Paper. The Executive Summary is reproduced at Annex G.
- 37 The original Sustainable Aviation set out 8 key goals and 34 specific commitments for long-term sustainable development of the aviation industry. The progress report identifies three priorities of climate change; local environmental impacts; and governments/communications.
- 38 *SASIG comment: When SASIG commented on the original Strategy it was suggested to the industry that monitoring really needed more clearly defined targets rather than aspirations. The Progress Report continues the theme of making claims of success without, in many cases, adequate supporting data. Some examples are given below.*
- 39 *In the section on emissions trading it is said that both British Airways and Monarch have launched and offset schemes. But no information is given as to how successful these scheme are and how many passengers are making use of them. The British Airway scheme is certainly not immediately obvious when booking tickets over the Internet. The authors of Sustainable Aviation should be specifically asked to include a target of take-up and progression towards the target in future progress reports.*
- 40 *Similarly in this section it is claimed that good progress has been made towards the fuel efficiency targets. But those targets relate to the fuel burn of new aircraft in 2020 compared with 2000. Some information is then given on certain engines that have achieved a fuel efficiency gain but there is no information about how many of those new engines are in use and whether they have replaced older, less efficient engines or whether they are just additions to the overall fleet.*
- 41 *In the section on local environmental impacts progress on noise, air quality, surface access and environmental management all identify a range of initiatives that have been taken. Once again the initiatives all represent fine words but no firm targets and therefore little or no measurement of impact. There is one graph showing the population within the noise contours around Heathrow, Gatwick, Stansted, Manchester, Birmingham and Luton airports. That shows that there were 380,000 people affected in 2000, dropping to 330,000 in 2001 and 2002, rising to 340,000 in 2003 and dropping to below 320,000 in 2004.*
- 42 *In the section dealing with governance and communications it is clear that considerable effort has gone into securing the continued commitment of all signatories, seeking a dialogue with external stakeholders and disseminating best practice.*

- 43 *Overall, it may be appropriate for SASIG to make contact with the authors of the Sustainable Aviation Progress Report and seek to discuss with them the way in which future monitoring could be more target specific. A similar approach was made when the original document was published but no response was received. Nevertheless several of those people closely associated with this Sustainable Aviation of those that SASIG officers work with in various fora and therefore there are opportunities to continue the dialogue.*

AOA Environmental Guidance Manual for Airports

- 44 The new AOA Environmental Guidance Manual for Airports, replacing the version published 5 years ago, has been published, and is available at: <http://tinyurl.com/veix2g>
- 45 The Manual consists of two main elements. The first element gives an overview of key themes that form an integral part of how an airport should interact with its environment. This consists of sections that provide:
- A review of relevant policy, legislation and best practice;
 - A guide to Environmental Management Systems;
 - A guide to good practice principals of environmental assessment, including Environmental Impact Assessment (EIA);
 - A review of key issues associated with 'sustainability', including Sustainability Appraisal and sustainable construction;
 - A section on masterplanning and good design.
- 46 The second element provides a series of technical guidance notes on a wide range of environmental topics. Each of these notes has a common format and identifies the issues associated with the topic, why action is needed, suggestions on how to take action, example key performance indicators, case studies, other useful sources of information, and references used. The technical guidance notes reflect the important developments that have occurred in areas such as emissions trading and environmental legislation. The notes cover:
- Biodiversity;
 - Climate Change;
 - Community Matters;
 - Land Quality;
 - Cultural Heritage
 - Emissions to Air;
 - Landscape Management;
 - Noise;
 - Supply Chain Management;
 - Surface Access;
 - Use of Water and Energy;
 - Waste; and
 - Water Management and Pollution Prevention.
- 47 The AOA expect that the Environmental Guidance Manual will be endorsed by leading third-party organisations such as the Environment Agency, and will become the major environmental management resource for airports, their stakeholder groups, and planning authorities. They intend to continually monitor and update the manual as new techniques and information come to light, and welcome the comments and views of everyone in and around the airport community.

- 48 SASIG comment: *This is very much a detailed technical manual. As such it is not an easy read but something to be worked through when the need arises. It gives practical advice on how an airport operator should comply with environmental requirements. To that end it can also form a check list for local authorities to use in their discussions with the operators, particularly as master plans and individual projects are being taken forward.*

Contact Officer: Jim Bailey; Anna Mahoney (020) 8541 9459
Date: 12.01.07

**‘Stern Review: The Economics of Climate Change’
Sir Nicholas Stern, October 2006**

The world has to act now on climate change or face devastating economic consequences, according to a report compiled by Sir Nicholas Stern for the UK government.

Here are the key points of the review written by the former chief economist of the World Bank.

TEMPERATURE

- Carbon emissions have already pushed up global temperatures by half a degree Celsius
- If no action is taken on emissions, there is more than a 75% chance of global temperatures rising between two and three degrees Celsius over the next 50 years
- There is a 50% chance that average global temperatures could rise by five degrees Celsius

ENVIRONMENTAL IMPACT

- Melting glaciers will increase flood risk
- Crop yields will decline, particularly in Africa
- Rising sea levels could leave 200 million people permanently displaced
- Up to 40% of species could face extinction
- There will be more examples of extreme weather patterns

ECONOMIC IMPACT

- Extreme weather could reduce global gross domestic product (GDP) by up to 1%
- A two to three degrees Celsius rise in temperatures could reduce global economic output by 3%
- If temperatures rise by five degrees Celsius, up to 10% of global output could be lost. The poorest countries would lose more than 10% of their output
- In the worst case scenario global consumption per head would fall 20%
- To stabilise at manageable levels, emissions would need to stabilise in the next 20 years and fall between 1% and 3% after that. This would cost 1% of GDP

OPTIONS FOR CHANGE

- Reduce consumer demand for heavily polluting goods and services
- Make global energy supply more efficient
- Act on non-energy emissions - preventing further deforestation would go a long way towards alleviating this source of carbon emissions
- Promote cleaner energy and transport technology, with non-fossil fuels accounting for 60% of energy output by 2050

GOVERNMENT RESPONSE

- Create a global market for carbon pricing
- Extend the European Emissions Trading Scheme (EETS) globally, bringing in countries such as the US, India and China
- Set new target for EETS to reduce carbon emissions by 30% by 2020 and 60% by 2050
- Pass a bill to enshrine carbon reduction targets and create a new independent body to monitor progress
- Create a new commission to spearhead British company investment in green technology, with the aim of creating 100,000 new jobs
- Former US vice-president Al Gore will advise the government on the issue
- Work with the World Bank and other financial institutions to create a \$20bn fund to help poor countries adjust to climate change challenges
- Work with Brazil, Papua New Guinea and Costa Rica to promote sustainable forestry and prevent deforestation

KEY FINDINGS AND RECOMMENDATIONS

1 There is clear evidence that a comprehensive and high-performing transport system is an important enabler of sustained economic prosperity: a 5 per cent reduction in travel time for all business and freight travel on the roads could generate around £2.5 billion of cost savings – some 0.2 per cent of GDP.

2 Historically, new connections have played a pivotal role in periods of rapid economic growth in many economies, but in mature economies with well-developed transport networks it is transport constraints that are most likely to impact upon a nation's productivity and competitiveness. For example, Ireland's recent growth was achieved predominantly on the back of an attractive investment environment and investment in skills.

3 Transport networks support the productivity and success of urban areas and their catchments, by getting people to work, supporting deep and productive labour markets and allowing businesses within the area to reap the benefits of agglomeration. 55 per cent of commuter journeys are to large urban areas. 69 per cent of business trips are less than 15 miles in length. 89 per cent of the delay caused by congestion is in urban areas, and agglomeration effects add up to 50 per cent to the benefits of some transport schemes in London.

4 Transport corridors are the arteries of domestic and international trade, boosting the competitiveness of imports and exports. 28 per cent of the UK's national income is traded and, over the last 40 years, falling international transport costs have boosted trade, increasing the UK's economy by over 2.5 per cent.

5 However, emissions from the transport sector are a significant and growing contributor (around a quarter in 2004) to the UK's overall greenhouse gas emissions, although the growth in emissions is forecast to plateau in 2010. Those emissions impact on long-term economic growth by contributing to global climate change – a point reinforced by the recent Stern Review of the economics of climate change. Transport will therefore need to play an important role in an economy-wide response to that challenge. To do so, it is essential, both from an economic and environmental perspective, that the environmental impacts of transport are fully reflected in decision making. The transport sector, including aviation, should meet its full environmental costs. The conclusions in this Study therefore, are based on analysis which reflects environmental costs and benefits.

6 Delays and unreliability on the network have direct costs to people and businesses, increasing business costs and affecting productivity and innovation. Eliminating existing congestion on the road network would be worth some £7-8 billion of GDP per annum. It would never be economically rational to eliminate this completely but it does illustrate that the sums involved are far from trivial.

7 The UK transport system supports a staggering 61 billion journeys a year. In broad terms, it provides the right connections in the right places to support the journeys that matter to economic performance. The UK has a greater proportion of its population connected to the strategic road and rail networks than its European competitors and provides the connections between cities to facilitate return business trips in a day. Logistics companies can deliver to over 75 per cent of the UK population from their West Midlands warehouse hubs in a half-day truck drive. Tellingly, investors rate London as the most attractive city in which to do business in Europe, and view the quality of its international connections and its domestic networks as a key element of its locational advantage.

8 However, travel demand is growing rapidly due to continued economic success and is densely concentrated on certain parts of the networks at certain times of day. As a result, parts of the system are under serious strain. If left unchecked, the rising cost of congestion will waste an extra £22 billion worth of time in England alone by 2025. By then 13 per cent of traffic will be subject to stop-start travel conditions. Commuter rail lines are forecast to see further increases in overcrowding, and intercity rail services will see many trains at or beyond seating capacity on the approaches to cities.

9 Because the UK is already well connected, the key economic challenge is therefore to improve the performance of the existing network. But there is little strategic case for action in all places. To meet its economic goals for transport, Government should prioritise action on those parts of the system where networks are critical in supporting economic growth, and there are clear signals that these networks are not performing.

10 On this basis, the strategic economic priorities for long-term transport policy should be growing and congested urban areas and their catchments; and the key inter-urban corridors and the key international gateways that are showing signs of increasing congestion and unreliability. Government should focus on these areas because they are heavily used, of growing economic importance, and showing signs of congestion and unreliability – and these problems are set to get significantly worse. They are the places where transport constraints have significant potential to hold back economic growth.

11 There should be a sophisticated policy mix in response to these challenges: transport projects in these places offer remarkably high returns, with benefits four times in excess of costs on many schemes, even once environmental costs have been factored into the assessment. There are very high returns from making best use of existing networks. Getting the prices right across all modes offers a very real prize: pricing on the roads offers potential benefits of up to £28 billion each year in 2025 (around £15 billion of which are direct GDP benefits); and getting the environmental prices right across all modes makes strong economic as well as environmental sense. Better use measures, such as traffic flow management, can offer returns as high as £5 for every pound spent, and mixed mode at Heathrow would offer lifetime benefits of £1.7 billion.

12 The economic case for targeted new infrastructure is strong and offers very high returns – the best schemes offer returns in the region of £5-10 for each pound invested. Government should therefore continue to deliver, together with the private sector, sustained transport investment. There are good returns across the priority areas, but smaller projects which unblock pinch-points, variable infrastructure schemes to support public transport in urban areas and international gateway surface access projects are likely to offer the very highest returns, sometimes higher than £10 for every pound spent. However, large projects with speculative benefits and relying on untested technology, are unlikely to generate attractive returns.

13 Getting the prices right means making a comprehensive assessment of the full range of economic, environmental and social impacts of transport policies, including climate change. Not only does this ensure that full account is taken of environmental and social impacts but as these impacts have economic consequences, it also ensures that the economic assessment is sound. As expected, the evidence suggests that, on average, the inclusion of such effects reduces the returns from transport. For road schemes, the benefits are on average reduced by around £1 for each pound invested, although there is significant variation: the effect is smaller for many schemes but some see significant reductions (up to £3-4 per pound spent). Public transport schemes in urban areas can have environmental and social benefits.

14 The delivery chain for transport needs to adapt to changing demands: national government should take a rigorous and systematic approach to policymaking, by focusing on objectives and delivering high return schemes, rather than modes or technologies; sub-national governance structures need the right responsibilities and scope to support the evolving patterns of local and regional journeys – in one area alone up to ten metropolitan authorities and the Passenger Transport Authority are required to cooperate to deliver the city's bus priority measures; and the delay and uncertainty of the planning system for major transport projects – the Thameslink 2000 scheme required over 30 consents under four different Acts and took over eight years – should be substantially reduced.

15 In the face of these challenges, government will therefore need to show considerable foresight to deliver a transport system capable of supporting the continued success of the UK economy in the global market place, whilst ensuring that transport plays its role in meeting environmental challenges. In order to do so, I recommend that:

1. To meet the changing needs of the UK economy, Government should focus policy and sustained investment on improving the performance of existing transport networks, in those places that are important for the UK's economic success;
2. Over the next 20 years, the three strategic economic priorities for transport policy should be: congested and growing city catchments; and the key inter-urban corridors and the key international gateways that are showing signs of increasing congestion and unreliability. These are the most heavily used and economically significant parts of the network;
3. Government should adopt a sophisticated policy mix to meet both economic and environmental goals. Policy should get the prices right (especially congestion pricing on the roads and environmental pricing across all modes) and make best use of existing networks. Reflecting the high returns available from some transport investment, based on full appraisal of environmental and social costs and benefits, the Government, together with the private sector should deliver sustained and targeted infrastructure investment, in those schemes which demonstrate high returns, including smaller schemes tackling pinch points;
4. The policy process needs to be rigorous and systematic: start with the three strategic economic priorities, define the problems, consider the full range of modal options using appraisal techniques that include full environmental and social costs and benefits, and ensure that spending is focused on the best policies; and
5. Government needs to ensure the delivery system is ready to meet future challenges, including through reform of sub-national governance arrangements and reforming the planning process for major transport projects by introducing a new Independent Planning Commission to take decisions on projects of strategic importance.

16 I believe that, if Government implements these recommendations, the UK will create and maintain a modern, responsive and efficient transport system. Such a system is needed to improve the experience of all who use the UK's transport networks and to support the UK's competitiveness, boost the productivity of the economy, help UK businesses to compete on the global stage, whilst enabling government to meet its challenging environmental goals and improving the quality of life for all who live in this country.

17 It should be noted that in Scotland and Wales (and Northern Ireland when devolution is restored) it is for the devolved administrations to decide policies in devolved areas. Therefore the recommendations in this report do not apply to devolved areas of responsibility.

Barker sets out proposals for planning system fit for 21st century

Kate Barker today published her final report on the Land Use Planning System in England.

The report highlights the vital role planning needs to play to deliver sustainable economic development in the context of the pressures of a growing population, rising incomes, changing demographics, climate change and the competitive challenges of rapid changes in the global economy. Kate Barker makes recommendations to improve the responsiveness, efficiency and transparency of the planning system so that it can fulfil its potential. Speaking today she said:

"The planning system has a profound impact on our quality of life, but the current system will come under increasing pressures in the coming decade. Building on recent reforms, the recommendations in my report provide a comprehensive set of measures to ensure we have a planning system that is timely, transparent, flexible and responsive enough to meet the challenges that lie ahead.

"Businesses, residents and others want a system that can continue to secure economic prosperity alongside vital social and environmental goals. I believe this reform package, if enacted, can help create this world-class planning system."

The report recognises the high costs placed on developers, businesses and communities when the planning system is unnecessarily slow, unpredictable, expensive and bureaucratic. The report recommends streamlining of planning policies and processes to improve speed, transparency and efficiency. These include:

- substantial rationalisation of national planning guidance to provide a clearer and more transparent national policy framework;
- improving local plan-making processes so plans can be drawn up in 18-24 months not the current 36-42. This could save local authorities over £100 million over a three-year period;
- a more risk-based and proportionate approach to regulation, with significant reduction in the paperwork required to support applications. This will help reduce private sector planning fees (over £200 million a year) and consultancy fees (over £300 million a year);
- greater certainty of timescales with new, individually tailored delivery agreements between planning authorities and developers;
- faster processing of appeals: from 2008/09 all appeals should take place within six months, and the use of a new Planning Mediation Service to resolve disputes outside of appeal proceedings;
- a significant reduction in the number of cases suffering delays due to Ministerial call-in, with 50% fewer call-ins from 2007; and
- in line with the findings of the Eddington Study of Transport, a radical overhaul of the planning system for major infrastructure projects, including transport, waste and energy, to improve speed and certainty. Ministers should, following full consultation, set out statements of strategic objectives. Decisions on individual applications would then be taken by a new expert independent Planning Commission.

The Report makes a number of recommendations to enhance the flexibility and responsiveness of the planning system to support sustainable economic growth for the 300,000 business applications a year. These include:

- allowing minor changes to commercial premises - including the use of microgeneration technology such as small wind turbines and solar panels- to proceed without requiring planning permission;
- updating planning policy guidance on economic development for the first time in 14 years to clarify that full account of the economic benefits of development applications should be taken in decision-making;
- ensuring plans and decision-makers take better account of relevant price and market signals, such as land prices for different uses; and
- promoting more positive planning within the plan-led system by ensuring, when plans are indeterminate, that applications are approved unless there is good reason to believe the economic, social or environmental costs of development outweigh the benefits.

The Report also sets out proposals for a more efficient use of land in the context of the population, projected to rise to 55 million by 2026, including:

- encouraging a high proportion of new development into towns and urban areas through support for the town-centre first policy and use of fiscal policy to encourage empty property to be put into use, and to incentivise the use of vacant previously developed land;
- greater mixed use designations in plans and a more positive approach to applications for change of use to reflect the changing needs of the UK's flexible, service-based economy;
- ensuring sufficient supply of land for the proportion of development that cannot take place in towns and cities. With only around 8.3% of land currently classified as urban, this can be achieved while protecting land of high environmental or social value. This development should take place in locations that are best from an environmental perspective- where this is near existing towns and cities green belt boundaries should be reviewed by regional and local planning authorities to limit the increased emissions and pollution caused by commuters "jumping" the green belt; and
- protecting valued green space in urban areas and taking a more positive approach to applications that enhance the quality of the 13.5% of land in the UK classified as green belt land through creating new accessible parkland or woodland.

**'The Economic Contribution of the Aviation Industry in the UK'
Oxford Economic Forecasting (OEF), October 2006**

KEY POINTS

- The aviation industry directly contributed £11.4 billion to UK GDP in 2004 and employed 186,000 people.
- Over 520,000 jobs in the UK in total depend on the aviation industry.
- Visitors arriving by air contribute over £12 billion a year to the UK tourism industry, generating a further 170,000 jobs.
- 55% by value of the UK's manufactured exports to countries outside the EU are transported by air.
- Air services are particularly important for UK trade with fast-growing emerging economies, such as China, and for trade in high value goods and services.
- Air services are also very important for the growth sectors on which the UK's future economic success will depend, such as high-tech companies and financial & business services.
- Air services help to improve the competitiveness of almost all aspects of companies' operations, including sales, logistics and inventory management, production and customer support.
- By expanding the market in which firms operate, air services also act as a spur to innovation, increased sales and profits, and improved efficiency.
- A quarter of companies report that access to air services is important in determining where they locate their operations in the UK.
- Implementing the proposals in the government's airports White Paper would generate substantial wider economic benefits from improvements in productivity throughout the economy that would result from increased business use of air services.
- We estimate that the wider economic benefits of full implementation of the White Paper runway proposals would generate additional GDP of over £13 billion a year in today's prices by 2030, with a Net Present Value of £81 billion – equivalent to over £1,300 per head of the population.
- Congestion costs have been rising over the past decade as passenger numbers have grown more rapidly than the capacity of the air transport system to handle them. Costs to airlines and passengers from congestion are estimated to have been £1.7 billion in 2005, and could exceed £5 billion a year in today's prices by 2015 if current trends continue.
- The economic benefits of the White Paper runway proposals remain substantial even after allowance is made for the climate change costs of additional emissions.

Executive Summary of the Sustainable Aviation Progress Report 2006

The UK aviation industry recognises its environmental, social and economic responsibilities and is committed to building a sustainable future. The publication of *Sustainable Aviation*, in June 2005, established UK airlines, airports, aerospace manufacturers and the main air navigation services provider as world leaders in addressing the challenges presented by the global growth in demand for air transport.

Sustainable Aviation is the first joint strategy of its kind, bringing together the different parts of the aviation industry to make a series of shared Commitments. This progress report sets out the actions we have taken since publication and it is the first of the regular biennial reports that we will produce.

The Strategy sets out a series of Goals and specific Commitments for the long-term sustainable development of the aviation industry. These include climate change, local air quality, and economic and social issues.

Since publication, we have made important progress in each of the key areas above. We have established a governance structure, consisting of a Sustainable Aviation Council and a Working Group, to monitor and direct the implementation of the Strategy. The issues of climate change and local environmental impacts were further identified as priority areas.

ACTION ON CLIMATE CHANGE

The recent Stern report has highlighted the overwhelming scientific evidence for the risks associated with climate change and the need for an urgent global response. Aviation currently represents a relatively small percentage of global greenhouse gas emissions and this would rise by 2050 under a business-as-usual scenario. The UK and the European Union are planning to cut greenhouse gas emissions substantially by 2050. Significant reductions in overall global emissions would lead to an increase in aviation's percentage contribution to climate change. The UK air transport industry is committed to playing its part in limiting greenhouse gas concentrations in the atmosphere.

The Stern report identified Emissions Trading Schemes (ETS) as an effective mechanism for achieving sustained reductions in global carbon dioxide (CO₂) emissions, across countries and industries. A cap and trade system provides the means to limit emissions at an agreed level in the most technically and economically viable way.

A European ETS is an important step towards a broader international agreement to address aviation emissions and significant progress has been made towards this objective. Active support has been given to the UK and EU policy objective to include aviation in the EU ETS and we welcome the imminent announcement of draft legislation to this effect. We look forward to providing further assistance in developing a pragmatic and deliverable policy approach in Europe.

Understanding the non-CO₂ atmospheric impacts of aviation will be vital in addressing the overall contribution of aviation to climate change. We have consistently supported prioritisation of research in this area and strengthening of links between industry and the research community. We therefore welcome a major new government funded initiative – Opportunities for Meeting the Environmental Growth of Aviation (OMEGA) – to develop a broadly based knowledge transfer network for further research into atmospheric science, technology and economics. We will play a key role in this project. Technology will play a leading role in reducing the environmental impact of air transport. The Advisory Council for

Aeronautics Research in Europe (ACARE) has set improvement targets for fuel burn, noise, and nitrogen oxides (NOx) of 50, 50 and 80 per cent respectively for new aircraft in 2020 compared with their equivalents in 2000. We are on track to meet these objectives. In addition, alternatives to aviation kerosene, such as biofuels, continue to be assessed.

In the UK, more than £130 million has been committed to major research and technology validation programmes in the past 12 months. The main focus for these programmes is more environmentally-friendly engines, more efficient wing, fuel and landing systems, and increased understanding of aerodynamics and advanced materials and structures. This work is being jointly funded by industry, government, regional development agencies and devolved administrations as part of the National Aerospace Technology Strategy. These projects signal the scale of the long-term investment required, from all stakeholders, to deliver the step-change in performance required by the *Sustainable Aviation* targets.

In addition to these longer-term measures we are also working to minimise our current contribution to climate change. For example, in 2005 British Airways became the first scheduled airline to offer carbon offsetting to customers and the industry is currently working to introduce and promote carbon offsetting as an immediate step, pending introduction of emissions trading.

LOCAL ENVIRONMENTAL IMPACTS

Noise remains a major concern for people living adjacent to airports and under flight-paths. Sector-wide communication and understanding of sustainability issues is one of the key strengths of *Sustainable Aviation* and a dedicated Noise Abatement group has been established which brings together airports, airlines and NATS to identify and move forward noise abatement efforts around airports including ground noise. Work is underway through the group to develop a best practice guide for environmentally optimal departure procedures.

Airports have reviewed their noise mitigation schemes as part of the masterplan process and NATS has also launched a Continuous Descent Approach (CDA) outreach programme to publicise and inform airports and airlines about the benefits of this operating technique.

ACARE has also established a target of a 50 per cent reduction in noise and, as part of their contribution, the UK aerospace manufacturers have invested heavily, to drive progress towards meeting this target by 2020, through innovative design and manufacturing technology programmes.

The industry is delivering on its commitment to play a full part in the improvement of air quality at sensitive airport locations. A *Sustainable Aviation* Indicator reports concentrations of nitrogen dioxide (NO₂) at airports. BAA and British Airways provided technical support to the government-led Project for the Sustainable Development of Heathrow (PSDH) which seeks to quantify the effect of the airport on the wider air quality of the area.

Progress towards the ACARE target of an 80 per cent reduction in NOx emissions has continued. For example the Rolls-Royce Trent 900 demonstrates a 20 per cent reduction in NOx emissions over its predecessor the Trent 895 during the period 1998-2006. It is envisaged that the new Trent 1000 engine, due to enter into service in 2008, will offer a further 10 per cent reduction in NOx over the Trent 900.

Further progress has been made in identifying and disseminating best practice concerning responsible environmental behaviour. In November 2006 the Airport Operators Association (AOA) published an updated and expanded Environmental Guidance Manual for airports. It is expected that airports and their stakeholders will consult the manual for the latest information and techniques for monitoring and reducing the environmental footprint of

airports. Further work has also been undertaken by SBAC in encouraging the use of ISO 14001 standards by aerospace supply chain manufacturers.

ECONOMIC AND SOCIAL BENEFITS

The UK aviation industry operates within a challenging global market place, and continues to play a vital role in the UK economy. In 2006, in partnership with government, we commissioned a major study to quantify the contribution of the UK air transport sector to the national economy. It reported that the industry makes an £11.4 billion value-added contribution to the UK economy, supporting more than 700,000 direct and indirect jobs.

In addition, aerospace manufacturing is a UK success story and provides high value and highly skilled employment, remaining second only to the USA in world rankings. The SBAC UK Aerospace Industry Survey (2006) shows that 2005 was a highly successful year for the sector with civil aerospace revenue standing at £10.5 billion, a rise of over 18 per cent on the previous year. Aerospace manufacturing directly employs 124,237, an increase of nearly 10,000 from 2004. In 2005, self-financed research and development in aerospace was worth £0.89 billion, 76 per cent of which was for the civil sector.

Aviation services support international trade and are an important factor in determining investment by new and existing businesses. They also contribute to social inclusion, cultural exchange and international communication. The growth in traffic at regional airports has also been an important factor in generating local economic growth and greater competitiveness.

LOOKING FORWARD

In addition to making progress on the Commitments contained in the Strategy, we will further develop the areas of governance, stakeholder engagement and wider communication.

The past 12 months represent important progress towards the long-term sustainable development of the UK's aviation industry. There is more that needs to be done if the Goals are to be achieved, but we remain committed to delivering the Strategy. The work undertaken in the first year since the launch of *Sustainable Aviation* shows that our combined efforts are already having an impact and will continue to do so as the Goals and Commitments are strengthened and delivered in the years to come.