



HM Government

Aviation 2050

The future of UK aviation

A consultation





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A consultation

Presented to Parliament by the
Secretary of State for Transport
by Command of Her Majesty

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Executive summary

The UK has the largest aviation network in Europe and the third largest in the world. Aviation directly contributes at least £22 billion to the economy and supports around half a million jobs. The government supports the growth of aviation and the benefits this would deliver, provided that growth takes place in a sustainable way, with actions to mitigate the environmental impacts.

The UK has a rich aviation history and the government recognises the importance of aviation to the whole of the UK. Aviation creates jobs, encourages our economy to grow and connects us with the rest of the world as a dynamic trading nation. It is also important for maintaining social and family ties. This is why the government supports the growth of aviation and the benefits this would deliver, provided that growth takes place in a sustainable way, with actions to mitigate the environmental impacts.

Despite its strengths, UK aviation faces many challenges which it will need to overcome to take advantage of the opportunities the future holds, and to realise the benefits of sustainable growth while remaining at the forefront of innovation.



Challenges include:

- global change and shifting markets
- impact of competition on business models
- increasing passenger demand
- changing expectations of passengers
- effects of international climate change
- making the most of new technology

In order to remain competitive on the global stage, and to safeguard its role as one of the leading aviation and aerospace sectors, the UK must be well positioned to take advantage of new opportunities, while managing the potential economic, political and environmental headwinds along the way. This is the motivation behind a new aviation strategy: Aviation 2050, which will be based around the following strategic themes.

Build a global and connected Britain

Aviation is important for the government's goal of building a global and connected Britain. The UK already plays a prominent role on the world stage with the biggest international aviation network in Europe and currently the third largest in the world. Through the Aviation Strategy the UK will be equipped to build new connections in rapidly growing aviation markets, and to use the leverage we have internationally to pursue our objectives on environmental measures and liberalisation.

The government is working to:

- improve standards globally
- maintain and improve the UK's connectivity
- support UK aviation exports, including overcoming barriers

Ensure aviation can grow sustainably

Demand for aviation has grown significantly since 2010 and the government welcomes growth in the sector, but this growth must be sustainable. Achieving this requires a partnership between the government, the regulator, the industry and other interested parties to work within a comprehensive policy framework to better manage the environmental impacts of the sector.

The consultation:

- outlines the government's preferred approach for developing a framework for sustainable growth and the respective roles for the government and the industry
- makes the case for making the most efficient use of infrastructure, including by considering the system for slot allocation at airports and continuing to support the industry in improving resilience
- describes the approach being taken to modernise airspace to deliver capacity and environmental benefits

- sets out a robust policy framework and package of measures to reduce the harmful effects of aviation on the environment, such as carbon emissions, air quality and noise
- sets out the government's expectations that communities living close to airports should benefit directly from growth

Support regional growth and connectivity

Airports are vital hubs for local economies, providing connectivity, employment, and a hub for local transport schemes. The government wants to see, through the Aviation Strategy, that these benefits are maximised, by ensuring that:

- markets are functioning effectively for consumers and local communities
- airports are delivering the connectivity that regions need to maximise their potential
- the industry continues to provide high quality training and employment opportunities
- barriers to the air freight industry are reduced

The government recognises the importance of rebalancing the UK economy through economic growth of the regions and ensuring that the UK remains competitive after we leave the European Union. Airports have a crucial role to play as hubs for growth within and beyond the region in which they are situated. The government is committed to working with the industry to develop appropriate and practical policies that support the industry's ambitions. The Aviation Strategy consultation focuses on:

- regional connectivity
- regional transport hubs
- supporting freight
- regional employment, training and skills

Enhance the passenger experience

All passengers should have a positive experience of flying. The industry is responsive to the needs of consumers but improvements can be made for passengers with additional needs and when things go wrong. The government is consulting on a new Passenger Charter to promote good practice in the sector, create a shared understanding of the level of service that passengers should expect, and communicate roles and accountabilities clearly. The government proposes to take necessary action to improve the experience at the border and tackle problems caused by disruptive passengers. It will also consider strengthening the Civil Aviation Authority's range of enforcement powers across the consumer agenda.

This Aviation Strategy consultation:

- sets out the proposed standards that could be included as part of a new Passenger Charter for aviation
- sets out a range of new measures for passengers with additional needs
- outlines measures to tackle the problem of disruptive passengers associated with alcohol

- describes the government's approach to improving the operating model at the border to enhance the passenger experience
- details proposals for simplifying and improving complaints and compensation procedures
- sets out the government's proposals for ensuring that consumers have timely access to the information they need to make informed choices

Ensure a safe and secure way to travel

The UK is a global leader in aviation security and safety, with one of the best and safest aviation systems in the world. The government and the CAA share knowledge and expertise with other nations, encouraging them to adhere to international standards and implement improvements with the industry to make the skies safer for everyone.

In order to maintain the UK's safety record the consultation focuses on:

- addressing the concentration of safety risks
- targeting emerging safety risks
- improving data and reporting
- addressing global variations in safety standards

In addition, through its Aviation Security Strategy, the government has committed to a major programme of work in partnership with industry to get ahead of the threat to aviation.

Support General Aviation

The General Aviation (GA) sector covers non-scheduled civil aviation. It includes, amongst other things, business jets, pilot training, emergency service flights, air displays and aerial photography as well as private flying. The aircrafts involved include single and multi-engine fixed wing aeroplanes, helicopters, gliders, balloons, microlights, paragliders and model aircraft. This Aviation Strategy consultation sets out how the government proposes to enable, facilitate and encourage growth in GA, and indicates where it thinks that GA itself should seize the initiative and capitalise on those opportunities. The consultation focuses on:

- how the government proposes to reduce regulation
- the government's proposals for a strategic network
- support for new and existing commercial activities
- airspace
- safety
- safeguarding of aerodromes

Encourage innovation and new technology

Innovation is key to delivering the outcomes of the Aviation Strategy. The government recognises the important role that technological advances and new business models play in economic growth, especially in industries such as aviation and aerospace.

The government wants to capture the benefits of innovation for consumers, by unlocking mobility and offering new options on how people and goods can move around; and for the aerospace and aviation sectors, to maintain the UK's global leadership, help support jobs, increase productivity, and boost our trade and export capabilities.

The consultation:

- sets out some of the main areas of opportunity for innovation in aviation – automation, electrification and digitalisation and data sharing
- identifies some of the barriers to innovation and how these can be addressed by the government in its enabling role, working in partnership with the sector
- proposes measures to better align policy and investment

Annex A: Legislation to enforce the development of airspace change proposals

The government recognises that there is a major challenge in coordinating multiple airspace changes across different airports and by NATS (En Route) plc (NERL) in the coming years to modernise the UK's airspace. The feasibility work conducted by NATS into airspace modernisation in the south of the UK shows that there is a high level of interdependence between different airports demands over airspace, especially in the South East.

Given this, airspace change sponsors – usually airports or Air Navigation Service Providers (ANSP) – will need to develop their airspace change proposals (ACPs) in close collaboration with each other and ensure that they develop and consult on these in a coordinated way. If they do not, a scenario could be created whereby airports consult separately on, and then submit to the CAA for decision, conflicting design options. This would be inefficient and could cause major issues and delays to the modernisation programme.

Neither the government nor the CAA currently have effective levers or powers to guarantee that airspace change as part of a wider modernisation programme is taken forward by airports or ANSPs. This means that, where airspace change proposals are interdependent, one airport could hold up several others. The government has therefore worked with key stakeholders to develop policies to address this risk.

The government's lead policy option (set out below) would allow the Secretary of State (SoS) for Transport to direct an airport or ANSP to bring forward an airspace change. This is subject to new primary legislation, which the Department for Transport is currently bidding for in a cross-government prioritisation exercise.

The information and questions in this section are detailed as the government is seeking stakeholder views on how the proposed legislation would work in practice.

Existing powers that will be used to require NERL to develop a masterplan

DfT and CAA have asked NATS to work with key stakeholders to develop a coordinated implementation plan and timeline for airspace changes (or airspace change masterplan) that will be required in the future in the South of the UK. The masterplan will identify where airspace changes are needed to deliver: safety, capacity, noise reduction, improvements to air quality, fuel efficiency, improved access to airspace for users including where controlled airspace is no longer justified or should be a different classification, military access, or to introduce new technology. These are all the factors that the CAA consider when undertaking their airspace functions, under section 70 of the Transport Act 2000.

The CAA intends to place an obligation on NERL to develop a masterplan of all airspace changes that will deliver modernisation, as part of the licence modifications implementing the UK Performance Plan for Reference Period 3 (RP3), which runs from January 2020 to December 2024.

Once the masterplan is produced, the CAA will provide assurance. The masterplan will also need to be refreshed periodically.

The new powers requiring ACPs to be developed to deliver the masterplan will also be applicable to ACPs which benefit a wide range of airspace users, including General Aviation (GA), and those affected by aircraft noise.

The powers are intended to be used only where airports or ANSPs do not voluntarily take forward key ACPs, and to provide assurance to all parties that the masterplan can be delivered.

Q1. Should the government legislate for powers to direct individual ACPs identified as necessary in a masterplan to be taken forward?

Proposed legislative powers

The proposal is for new legislative powers in the following two areas:

a. Secretary of State to direct airports/ANSPs to develop ACPs identified within a masterplan of changes

Airports and ANSPs would be directed to develop airspace change proposals in accordance with the CAA's CAP1616 airspace change process. The ACPs would be identified through a new masterplan of ACPs. Further detail on the masterplan and what NERL will be expected to deliver will be set out in the CAA's Airspace Modernisation Strategy and will be included in the CAA's consultation on a draft performance plan for RP3. Once the masterplan is assured and a delivery plan is in place, the CAA will monitor delivery; if delivery falters, the power may be used (see 'triggers for use of the powers', below).

b. Secretary of State to direct airports/ANSPs to cooperate with NERL to put forward ACPs identified as necessary within a masterplan of changes on the airport's behalf

Airports/ANSPs would be directed to hand over their ACP and any work to date to NERL who would take forward the changes on the airport/ANSPs behalf in accordance with the CAA's CAP1616 airspace change process. This option would require significant changes to the way that NERL operates and significant interaction with local communities, which is currently the responsibility of airports. This option would be implemented by:

- The Secretary of State directing the CAA (under S.66 of the Transport Act 2000) in relation to the development of ACPs
- CAA amending NERL's licence to make it mandatory that NERL carry out this work (see text below on updates to NERL's licensing framework)

Additionally, the government is considering whether other third parties could be asked to take forward ACPs on behalf of airports/ANSPs.

The government's proposal is that both of the above powers are taken, but option a. is the lead option as it would be preferable for the ACP to remain with the initial sponsor of the ACP.

The Secretary of State will also consider whether it is appropriate to delegate these powers to an appropriate authority such as the CAA.

Q2. What are your views on the above two proposals?

Q3. Do you agree that option a) should be the lead option?

Scope of powers

The government proposes that the powers should be used to ensure that the changes identified within the masterplan are delivered. The masterplan which the CAA will require NERL to develop will be designed around several policy considerations (changes to deliver safety, capacity, noise reductions, improvements to air quality, fuel efficiency, access to airspace for users including GA, military access, or to introduce new technology). It would therefore appear appropriate that the powers to direct an ACP would apply to all these factors.

Q4. What are your views on the scope for the use of the powers?

Triggers for use of the powers

The government proposes that before any formal action is taken to direct a change under the proposed legislation, the new Airspace Modernisation Strategy Delivery Monitoring and Oversight (DMO) team, (currently being set up within the CAA) would provide support and engage with the airport/ANSP to consider the circumstances and what other measures could be used to assist in bringing forward an airspace change. Where technical issues arose, or something exceptional, unforeseeable and outside the sponsor's control occurred, the government's preference would be to use alternative approaches rather than the powers.

The government considers that there could be at least two triggers for the activation of the powers:

1. Initiation: failure to initiate an ACP identified as necessary

Where an airspace change is not already in progress, the masterplan would be used to identify which ones are critical and should be directed, when a sponsor is not forthcoming.

2. Progress: failure to adhere to the proposed timeline for a necessary ACP

Sponsors agree a timeline for the airspace change with the CAA at an early stage of the CAP 1616 airspace change process. This timeline takes into account the dates of any gateways (stages of the airspace change process) the sponsor intends to meet, and when the CAA will make a decision, and will be aligned with the overall masterplan. This trigger could be used where a sponsor falls behind schedule because they have not passed their gateways on time (either because they have failed to submit materials to the gateway assessment, or the quality of those materials is rejected by the CAA at the gateway assessment, for example for failing to adhere to the objectives of a necessary ACP) to the extent that the overall masterplan delivery is called into question.

Q5. What are your views on the use of the triggers for using the legislative powers?

Sanctions and penalty regime

In order to ensure that the powers can be effectively enforced, the government proposes that these are accompanied by appropriate sanctions for non-compliance.

One option is that similar enforcement tools available to the CAA under the Civil Aviation Act 2012 for enforcing the economic licences of airports are used. Under that option the government would also propose that these additional tools are accompanied by appeal rights for airports/ANSPs, as is the case for airports regulated under the Civil Aviation Act 2012.

The proposed tools would include powers to:

- **Issue a contravention notice for failing to comply with the direction to take forward an ACP.** This would confer on the Secretary of State the power to issue a notice if the government considered that there was a contravention of the direction to take forward an ACP. The serving of a contravention notice would have no immediate consequences, but would be the first step before an enforcement order and penalty were imposed. This would also give the airport/ANSP further opportunity to take forward an ACP before a formal enforcement order was issued.
- **Make an enforcement order.** This would confer on the Secretary of State the power to impose fines of up to 10% turnover and/or a daily amount up to 0.1% of turnover until the direction to take forward an ACP was carried out by the company.

This proposal aims to give flexibility to enforce a direction to take forward an ACP, and the government considers that the threat of a financial penalty should act as an appropriate deterrent for non-compliance. A maximum fine of 10% turnover is already in place for the regulation of airports under the Civil Aviation Act 2012, and is also consistent with enforcement penalties issued in other regulated sectors such as water and energy. As is the case for those sectors and in line with HM Treasury policy, all proceeds from financial penalties would go into the Consolidated Fund.

Q6. What are your views on the proposed sanctions and penalties regime?

Appeal rights

In line with regulatory best practice, the government proposes that the tools to enforce a direction to take forward an ACP be accompanied by the introduction of additional safeguards for the airport/ANSP. The government believes the grounds for appeal should be set out in legislation to provide clarity on the scope that an appeal may have. It therefore proposes that the grounds for appeal are the same as those in the Civil Aviation Act 2012.

The government proposes that the appropriate destination for the handling of appeals under the proposed new legislation would be for a suitable tribunal chamber in the Unified Tribunal system, or the Competition and Appeals Tribunal (CAT), as is the case for enforcement appeals considered under the Civil Aviation Act 2012. The latter option would ensure consistency of appeals within the aviation sector and provide certainty to airports/ANSPs, in line with government recommendations following its review into Streamlining Regulatory and Competition Appeals.¹⁶⁵

¹⁶⁵ Department for Business, Energy and Industrial Strategy (2017): Streamlining Regulatory and Competition Appeals

The government proposes that the airport/ANSP would be able to appeal in relation to the following matters:

- the validity or terms of an enforcement order
- the imposition of a financial penalty
- the timing of the payment of a penalty
- the amount of the penalty

Q7. What are your views on the grounds for appeals?

Funding

It is a well-established principle that air passengers should fund the cost of their travel, rather than for this to be subsidised by the general taxpayer. The government continues to believe that this should be the case and that the existing funding mechanisms in place are the most effective way of delivering airspace changes.

The government's expectation is that where an airport or ANSP is directed to take forward an ACP (under option a) above), the airport or ANSP will fund this.

The government also expects that, under option b) where NERL or another third party takes forward an ACP on behalf of an airport, they will be eligible to recover its efficient costs from airspace users. It will also consider new funding mechanisms for this purpose if necessary.

However, the government recognises that for small airports where airspace change is required but where the airport may be in need of financial support to carry out some aspects of the airspace change process, there may be a justification to consider whether the ACP should be funded from other sources in order to avoid delays to the modernisation programme. If this is required, the government considers that the UK unit rate could be a suitable means of funding. It will also consider new industry funding mechanisms for this purpose if necessary. This could be applied before an airport, NERL or other ANSP was directed to develop the change proposal, or after.

Q8. What are your views on the best approach to funding an airspace change where a small airport may need financial support to do so?

Updates to the NERL Air Traffic Services Licensing Framework

Subject to new primary legislation, the government also intends to progress proposals to modernise the licensing framework for air traffic services. These measures have already been consulted on and were previously taken forward in the Vehicle, Technology and Aviation Bill in the last Parliament, but were subsequently put on hold following the calling of the June 2017 election.

The measures include:

- amendments to the air traffic services licence modification process to enable the CAA to modify licence conditions without the licence-holder's prior consent, such as conditions relating to the delivery of airspace modernisation. The process includes implementation of appeals mechanisms for licence holders, airspace users and some airport operators

- introduction of new enforcement tools to enable the CAA to enforce the licence proportionately
- amendments to modify terms of the licence, such as the licence notice period, to enable the licence holder to access competitive finance and therefore continue to invest in improving the service it provides

The government considers these measures important for the airspace modernisation programme as they will enable the CAA to regulate NERL more effectively in order to deliver change.