



Aviation: London Heathrow Airport

Standard Note: SN/BT/1136

Last updated: 19 February 2009

Author: Louise Butcher, Business and Transport

This note looks at issues surrounding the future development of London Heathrow Airport, including Terminal 5, which opened in March 2008; plans for expanding the airport; and the position of the airport's parent company BAA. **More detail on the expansion of Heathrow can be found in [Library Research Paper 09/11: Expansion of Heathrow Airport](#).**

For more information on the other airports in the South East and London, see Library Standard Note SN/BT/2893; and for regional airports outside the South East see SN/BT/323.

Contents

1	History	2
2	Demand	2
3	Expansion: a third runway?	3
3.1	Aviation White Paper, December 2003	3
3.2	Airport master plan, June 2005	7
3.3	Government consultation and technical reports, November 2007	8
3.4	Government announcement, January 2009	11
3.5	The planning procedure	13
4	Terminal 5	13
4.1	Public inquiry	15
4.2	Government decision	16
4.3	Construction	17
5	Environment/noise	17
6	Surface transport	18

This information is provided to Members of Parliament in support of their parliamentary duties and is not intended to address the specific circumstances of any particular individual. It should not be relied upon as being up to date; the law or policies may have changed since it was last updated; and it should not be relied upon as legal or professional advice or as a substitute for it. A suitably qualified professional should be consulted if specific advice or information is required.

This information is provided subject to [our general terms and conditions](#) which are available online or may be provided on request in hard copy. Authors are available to discuss the content of this briefing with Members and their staff, but not with the general public.

7	Service levels	18
	7.1 Regulatory control	19
	7.2 Security	20
8	Position of BAA	21

1 History

London Heathrow Airport officially opened in May 1946 after it had been transferred from the military to civilian control in January of that year. The first aircraft to land there was a BOAC Lancastrian from Australia. There were no terminal buildings and passengers checked in at a temporary tent village on the north side of the airfield. International communications needs were handled by a row of telephone boxes and a mobile post office. The only facilities were armchairs, a bar, a WH Smith shop and chemical toilets. By the end of its first year of operation, Heathrow was serving 18 destinations, with 60,000 passengers and 2,400 tons of cargo passing through the airport. As traffic grew the tents were replaced by pre-fabricated concrete buildings.

In April 1955 Heathrow's first real terminal, the 'Europa Building' (the current T2), opened for short-haul flights. In April 1968 a new short-haul building (now T1) was opened - at the time the largest airport terminal in Europe. Terminal 3 was expanded in 1970 to accommodate the new Boeing 747s and in 1976 Concorde began operating from the airport.¹ Terminal 4 was opened in April 1986. In 1998 the Heathrow Express rail link from Paddington was opened and in November 2001 permission was granted to proceed with the building of Terminal 5 (see below).

The British Airports Authority was established by the passing of the *Airport Authority Act 1966*, to take responsibility for four state-owned airports at London Heathrow, Gatwick and Stansted and Prestwick in Scotland. In the next few years, the authority acquired responsibility for Glasgow, Edinburgh and Aberdeen airports. Thirty years later, the *Airports Act 1986* restructured the Authority into a main holding company, BAA plc, with seven separate airport companies operating London Heathrow, Gatwick and Stansted; Edinburgh; Glasgow; Aberdeen; and Southampton airports and an intermediate holding company over the four Scottish airports. It was privatised in July 1987. In June 2006 the Ferrovial Consortium, a Spanish construction firm, bought BAA for £10.3 billion.²

2 Demand

The demand for air travel is not spread evenly across the UK. It is greatest in the capital and the South East. In real terms, there were some 120 million journeys through South East airports out of a national total of around 200 million in 2003.³ Figures from the Department for Transport estimate an unconstrained capacity demand by 2030 of 500mppa (million passengers per annum). In the South East, the unconstrained demand would be 300mppa in 2030, 60 per cent of the UK-wide total.⁴ The substantial demand in the South East reflects not only air trips by UK residents in the South East but also trips by foreign residents, many

¹ for more information on Concorde, see Library Standard Note SN/BT/2764

² "Ferrovial lands BAA with final offer of £10.3bn", *The Guardian*, 7 June 2006

³ Department for Transport, [The Future of Air Transport](#), Cm 6046, December 2003, para 11.1

⁴ *ibid.*, para A.18

of whom are visiting tourist attractions, are on business or are visiting friends and relatives. London is the area with the largest demand for air travel. There is also considerable demand for air travel from the M4 corridor between London and Reading.

Figures from 2000 show the huge numbers of people coming into London and South Eastern airports compared to other regions of the UK – some 40 million into London and another 30 million in the South East compared to, for example, 15 million in Scotland and 10 million in the North West – the next highest totals.⁵ While traffic at London and South East airports continues to rise, compared with similar airports in Europe, Heathrow is woefully ill-equipped to deal with projected future rises in passenger numbers. For example, the table below compares passenger traffic and the number of runways at Heathrow, Paris Charles de Gaulle, Amsterdam Schiphol and Frankfurt.⁶

European hub airports	Number of runways	Number of passengers per year	Efficiency of runway use - Average number of passengers per flight	Current air traffic movements per hour (and targeted)
London Heathrow	2	67.7 million	146	80
Frankfurt/Main	3	51.9 million	113	80 (120)
Paris Charles de Gaulle	4	53.5 million	113	120
Amsterdam Schiphol	5	44.1 million	112	90 (120)

The pressures on existing capacity in the South East of England are already more severe than those in the rest of the country. At Heathrow, for many years now the demand for runway capacity has exceeded the available supply for virtually all hours of the day - and there are very stringent controls on the number of flights permitted at night. At the same time, the South East is the most densely populated part of the United Kingdom. As a result, the pressures from competing land uses are greater, and the likelihood of airport growth impacting on people, and on protected land such as green belts, will often be greater.

3 Expansion: a third runway?

3.1 Aviation White Paper, December 2003

The *South East and East of England Regional Air Services Study* (SERAS) complemented equivalent studies into airports and air services in the other UK regions, which were co-ordinated in RASCO, the *Regional Air Services Co-ordination Study*. SERAS and RASCO provided an appraisal of the physical dimension of future airports policy. SERAS presented

⁵ *ibid.*, para A.19

⁶ DfT, [The Future of Air Transport Progress Report](#), Cm 6977, December 2006, para 5.18

the Department for Transport with a plethora of 'packages' and options for developing various combinations of airports throughout the South East.⁷

In 2002 the Government published a series of consultation documents seeking views on the future development of air transport in the UK. One of the consultation documents covered the South East of England. In November 2002, the High Court held that it was wrong to exclude from that consultation document options for development of new runways at Gatwick. The Government decided not to appeal the judgment and published a second edition of the consultation document covering the South East of England.⁸

The consultation sought to solicit opinion on three central questions: whether new airport capacity should be provided in the South East and if so, how much; where new capacity should be located; and what measures should be taken to mitigate the environmental impacts of growth. On the question of where any new airport capacity should be located, the Department proposed the following options for Heathrow:

At Heathrow, the maximum use case does not provide any more capacity than the base case which already assumes the construction of Terminal 5. Neither maximum use nor the new runway option presented below assumes any alteration to operation in segregated mode on the existing runways or to the numbers of night flights.

In Stage 2 of the SERAS study, options for a single new runway (either 2000m or 4000m long) were considered. The Government has rejected the option of a new 4000m runway, because, while the benefits of short and long runways are comparable, the disbenefits of a long runway (particularly in terms of property demolition) were very much greater than for the 2000m runway.

The additional terminal capacity (beyond Terminal 5) which would be required to support a new short runway is assumed to be provided through reconfiguration of the Central Terminal Area (CTA) - Terminals 1, 2 and 3 - and the space between the existing runways at Heathrow and to the south of the airport site near Terminal 4.⁹

Stakeholder responses to the consultation process were mixed. While organisations representing the aviation industry were keen to emphasise the material and commercial benefits to significant airport expansion in the South East,¹⁰ conservation and consumer groups contested the need for air transport expansion at all.¹¹

The December 2003 White Paper, *The Future of Air Transport*, offered support for the development of Heathrow provided that stringent environmental limits could be met, including a new runway. The White Paper stated that demand for Heathrow was 'very strong' and would always like to be 'far in excess' of capacity. Heathrow enjoys a unique role as the

⁷ DfT, [South East and East of England Regional Air Services Study \(SERAS\): Appraisal findings report](#), April 2002, p2

⁸ the structure and most of the content of the second consultation document (and the separate summary of it) are essentially the same as the version published in 2002; for the purposes of this Note, all references are to the second version: [The Future Development of Air Transport in the UK: South East, Second edition](#), February 2003

⁹ op cit., *The Future Development of Air Transport*, paras 7.4-7.6

¹⁰ see, for example: [BAA, Responsible Growth: BAA's response to the Government's consultation on the future of air transport](#), May 2003

¹¹ see, for example: TCPA, *Response to the Department for Transport Consultation: The Future Development of Air Transport in the South East (2nd Edition 2003)*, June 2003; [The response of HACAN ClearSkies to the The Future of Air Transport in the United Kingdom: South East Consultation Document](#), November 2002; and: London Sustainable Development Commission, [Response to the Government's consultation on the future of air transport in the UK - South East](#), June 2003

UK's only major hub airport, competing with international airports such as Amsterdam-Schiphol, Frankfurt and Paris-Charles de Gaulle rather than other UK airports. Heathrow directly, or indirectly, supports nearly 100,000 jobs. The Government stated in the White Paper that it believed there to be a 'strong case' for seeking to secure the large economic benefits achievable through the addition of a third runway at Heathrow.

Overall, the White Paper stated that Government supported a third runway at Heathrow, to be built after a second runway at Stansted, probably in the period 2015-2020. BAA stated in their submission to the consultation preceding the White Paper that a third runway would require the building of a sixth terminal outside of the current airport boundary. With that in mind, the White Paper recommended that BAA carry out work on further proposals for terminal capacity and an appraisal of the potential impacts, on the basis of which a further consultation would be required.

The White Paper also recommended that airport operators should maintain a 'master plan' document detailing development proposals. It went on to state: "We will expect airport operators to produce master plans or, where appropriate, to update existing master plans to take account of the conclusions on future development set out in this White Paper".¹² The Department produced a guidance document for the development of master plans in July 2004.¹³

In December 2006 the Department published its progress report on the White Paper. The paper re-cast the debate about air travel within the context of the Government's recent emphasis on climate change and environmental impacts, brought about by the publication of the *Stern Review on the Economics of Climate Change*, published in October 2006. Aside from this emphasis on climate change and impacts on the local environment, the paper also set out again the economic benefits of air travel and summarised progress that had been made on the White Paper since December 2003. On Heathrow it said:

The White Paper recognised the importance of Heathrow to the national economy and its unique role in the UK as a major hub airport. Heathrow is the world's busiest international airport. It accounts for almost 30 per cent of all passengers from UK airports and directly or indirectly supports 100,000 jobs. In 2005, over 35 per cent of Heathrow's passengers were business travellers, directly supporting the international competitiveness of London and the wider economy. Fifty-five per cent by volume of all air freight movements come through Heathrow. London First, a business organisation whose members include many major UK companies, has highlighted Heathrow as 'vital for London's economic competitiveness and attractiveness to international investment'.

The Government continues to support the development of a third runway at Heathrow, as soon as it is possible to meet the stringent environmental limits set in the White Paper, taking account of the mitigation measures needed to allow this to happen.

Demand at Heathrow is now far in excess of runway capacity,(47) and over the last five years passenger growth at Heathrow was just 5 per cent compared to 27 per cent at UK airports overall.(48) Heathrow is in an increasingly uncompetitive position in relation to other major European airports. Although it handles more passengers per year than any other European airport, it has less runway capacity than competing major European hub airports...

¹² op cit., *The Future of Air Transport*, p141

¹³ DfT, [Guidance on the Preparation of Airport Master Plans](#), July 2004

As a result, Heathrow's route network is now largely static. Without additional runway capacity, Heathrow's competitive position will diminish to the disadvantage of the UK economy and to the advantage of continental hub airports which are continuing to grow.

Increasing capacity at Heathrow would have a higher economic value than at any other UK airport, and adding a short third runway would be worth over £5 billion⁽⁴⁹⁾ in net present value terms. But the economic benefits of expansion must be weighed against environmental disadvantages - both climate change emissions and the local impacts on noise and air quality. The Government continues to support the development of a third runway so that the benefits of expansion might be realised, but only if we can be confident of meeting the strict environmental conditions set in the White Paper.

- No net increase in the size of the area of the 57 dBA Leq noise contour beyond its 2002 position (127 km²). The Government is committed to preventing deterioration in the noise climate.
- Compliance of any future development at Heathrow with EU air quality limits, including nitrogen dioxide (NO₂), applicable from 2010. This will require measures to reduce emissions from aviation and other sources, including road traffic, which is a significant contributor.
- Provision of improved public transport access.¹⁴

In May 2005 the Labour peer Lord Soley launched Future Heathrow, a group founded by parties interested in expanding Heathrow.¹⁵ At the launch, Lord Soley described Future Heathrow's aims thus:

Heathrow is critically important to the economic prosperity of West London and the Thames Valley and is a uniquely valuable asset to London and the UK.

However, there's a real threat to the airport unless its development continues. Visit any modern airport in Europe and you will see how Heathrow has fallen behind. In 1990, Heathrow served more destinations in Europe than any other airport except Frankfurt. By 2004, it was overtaken by Amsterdam, Paris Charles de Gaulle and Munich and, without the third runway, will be overtaken by Madrid, Milan and Rome, by 2015. These airports will continue to increase their competitive advantage over Heathrow until it is able to increase its capacity.

We believe Heathrow can develop in a way that is sensitive to environmental issues and the needs of the local population. We have a duty to address the local residents' concerns but their economic welfare is linked to Heathrow and no one will thank us for ducking difficult decisions now if we store up greater problems for the future.¹⁶

The Times reported that BAA had not joined the group, "saying that it does not want to be seen to favour one of its airports over another".¹⁷

¹⁴ op cit., *The future of air transport progress report*, Cm 6977, December 2006, paras 5.16-5.20

¹⁵ founder members of Future Heathrow are: AMICUS; Air Transport Action Group; BALPA; Board of Airline Representatives in the UK; British Air Transport Association; bmi; British Airways; CBI; GMB; International Air Transport Association; London Chamber of Commerce and Industry; London First; London Heathrow Airline Operators Committee; Thames Valley Economic Partnership; TUC; TGWU; Virgin Atlantic Airways; and West London Business

¹⁶ Future Heathrow press notice, "[Launch of Future Heathrow campaign group](#)", 23 May 2005

¹⁷ "Peer will lead push to enlarge Heathrow", *The Times*, 6 May 2005

The main organisation opposing the expansion of Heathrow is HACAN Clearskies. A press release, accompanying the publication of the White Paper, states:

Pressure group HACAN ClearSkies has claimed there will be years of uncertainty for the people of London and the Thames Valley as a result of the Government's refusal in today's White Paper to rule out a 3rd runway. It claimed that the houses that would be required for a 3rd runway will remain blighted. It also expressed dismay that runway alternation may be brought to an end in West London.

John Stewart, Chair of HACAN ClearSkies, said, "Alistair Darling has left Heathrow up in the air. Of course, we are pleased that a third runway has been ruled out for now. But blight and uncertainty remains. We will redouble our efforts to ensure that further expansion at Heathrow is ruled out for ever and a day. We have won the first round. We are confident of final victory."

Stewart added, "The threat to end runway alternation in West London will cause fury amongst local people. It is the only thing that makes life bearable for them. It will also be a betrayal of the Government's promise that flight numbers at the airport would not exceed 480,000 a year. We will oppose mixed-mode tooth and nail."

HACAN ClearSkies argues the no new runways in the UK would be required if the tax concessions currently enjoyed by the aviation industry were removed.

Stewart said, "Our battle is not with the campaigners at Stansted and Gatwick, but with the Government and the aviation industry. We will continue to stand shoulder to shoulder with our fellow campaigners at the other airports."¹⁸

3.2 Airport master plan, June 2005

Further to the recommendation in the White Paper that airport operators should maintain a 'master plan' document detailing development proposals, BAA Heathrow published its interim master plan in June 2005. The plan mapped out BAA Heathrow's vision for accommodating increased passenger growth and catering for expanding airline businesses. Aside from the £4.2 billion investment in Terminal 5, the Plan set out how a further £3 billion would be spent to 2015. The plan also outlined possible further developments beyond the ten year timeframe, including the safeguarding of an interim boundary for a possible third runway. The plan was prepared as a consultation document with the intention of publishing an updated version sometime in 2006; this did not happen. Instead, BAA Heathrow decided to await the conclusions of the technical work being undertaken by Project Heathrow and the Government's decision on whether a third runway could go ahead.

The press notice accompanying the draft plan outlined the airport's approach in two main areas. On developing Heathrow within its existing limits:

Heathrow is not a new, modern purpose-built airport – it is an airport which constantly needs to renew and reinvent itself. The opening of Terminal 5 in 2008 presents BAA Heathrow with an opportunity to help airlines and alliances relocate, and at the same time redevelop and improve the rest of the airport. Commercial agreements have already been signed with BA, Star Alliance and Virgin and other talks are progressing well.

Modernising Heathrow's facilities is already underway. There is already a major programme of works underway. In May, a £22m extension to Terminal 1 International

¹⁸ HACAN press notice, "[Darling leaves Heathrow 'up in the air'...](#)", 16 December 2003

Departure Lounge opened. Other major projects include the £100m redevelopment of Terminal 3's Pier 6 to accommodate the A380.¹⁹

And the addition of a third runway:

Faced with strong passenger demand across the South East, now and in the future, the White Paper recommends that plans should be brought forward to create additional runway capacity, first for a new runway at Stansted and then for further runway development at Heathrow, subject to stringent environmental conditions being met.

The White Paper notes Heathrow's unique role as a major network hub airport and the important benefits it brings to the local and national economies. It also recognises the strong economic case for additional runway capacity and acknowledges the case for further facilities – in the form of satellite buildings or a terminal - to support a third runway.

The government is currently carrying out studies on the feasibility of additional runway capacity at Heathrow and will report back towards the end of 2006. In the meantime, Heathrow has published this plan to provide a framework with which to consult with all of its stakeholders, including the local communities. The plan contains a map in response to the White Paper's request that a boundary for the development of a third runway should be identified and safeguarded. As any potential development is still years away, BAA Heathrow has included a map which is an amalgamation of the various boundaries previously published. Depending on the final scheme, any potential development could affect up to 700 houses, as previously mentioned in BAA's 2003 Responsible Growth. BAA Heathrow will shortly be publishing property blight schemes to assist those homes which may be blighted by these plans.²⁰

3.3 Government consultation and technical reports, November 2007

On 22 November 2007 the Government published its consultation document on the future of Heathrow, and, in particular, whether a third runway should be built and whether mixed mode should be introduced. All of the documents pertaining to the consultation, which closed in February 2008, are available on the Department for Transport's website:

<http://www.dft.gov.uk/consultations/closed/heathrowconsultation/>

The issues outlined in the document are introduced as follows:

The [2003 aviation] White Paper made clear that, given the strong economic benefits, the Government supported the further development of Heathrow, by adding a third runway and exploring the scope for making greater use of the existing two runways.

This support was conditional on:

- a noise limit - no increase in the size of the area significantly affected by aircraft noise (as measured by the 57dBA Leq noise contour in 2002);
- air quality limits - being confident of meeting European air quality limits around the airport, in particular for nitrogen dioxide (NO₂) which is the most critical local pollutant around Heathrow; and
- improving public transport access to the airport.

¹⁹ BAA Heathrow press notice, "[Transforming Heathrow](#)", 6 June 2005

²⁰ *ibid.*, the draft plan is available on the [BAA website](#) [warning: large document]

The Department for Transport's Project for the Sustainable Development of Heathrow was set up to consider whether, and how, these conditions might be met. As envisaged in the White Paper, this work has drawn on a wide range of expertise, including BAA as the airport operator, the Highways Agency, the Civil Aviation Authority (CAA) and NATS, to review the science, develop options and model their impacts. The consultation document presents the results of this work. It describes in detail how Heathrow operates today and sets out forecast future demand. It presents a revised proposal by BAA for adding a third runway north of the A4 (2,200 metres (m) operational length compared with the original 2,000m proposal), with associated passenger terminal facilities and access to the road and rail networks. This could potentially enable the airport to handle around 700,000 air transport movements (ATMs) a year, nearly 50 per cent more than today.

The consultation also presents proposals for introducing mixed mode on the existing two runways, either with or without additional ATMs, as an interim measure ahead of a third runway. Runway alternation would have to cease during mixed mode operations. An important aim of this consultation is to get a better understanding of the importance attached by local communities to the benefits of runway alternation, and the time of day it is of most value, so that this can be taken into account in the decision-making process; and to understand the wider benefits of the various options.

Adding a third runway at Heathrow could also potentially provide capacity to increase movements in the night period. However, night flights at Heathrow are strictly controlled between 2300 and 0700, including limits on the permitted numbers and total amount of noise in the night quota period (2330 to 0600). In view of this, nothing in this consultation will affect the continued operation of the current night flying restrictions which were put in place in 2006 and extend until they next review in 2012.²¹

At the same time, the Government published a number of technical reports on economic and environmental matters surrounding Heathrow and its possible expansion; these are also available on the [website](#).

Shortly after the consultation was published, anti-expansion groups, lead by HACAN, stated that they would challenge the building of a third runway on economic as well as environmental grounds.²² Later, in March 2008 *The Sunday Times* ran a story, based on documents obtained under the Freedom of Information Act, to the effect that "the airports operator BAA colluded with government officials to "fix" the evidence in favour of a new third runway at Heathrow".²³ The story continued:

Documents seen by The Sunday Times reveal that BAA executives prevented the use of data in the consultation document which showed that the expansion would cause unlawful levels of pollution and extra noise.

Instead, they gave civil servants amended data that showed the anticipated 230,000 extra flights a year at Heathrow would have a minimal impact on noise and pollution levels.

A leaked report shows the government's own watchdog, the Environment Agency, has now criticised the Department for Transport (DfT) consultation document into the third runway as flawed and incomplete.

²¹ DfT, [Adding capacity at Heathrow Airport: consultation document](#), 22 November 2007, pp8-9

²² "Report attacks Heathrow expansion", *The Times*, 2 December 2007

²³ "Revealed: the plot to expand Heathrow", *The Sunday Times*, 9 March 2008

The agency says the science is not "sufficiently robust" to sustain the document's backing for a third runway and that it has neglected to consider the health impact of the extra pollution, which could increase the risk of serious illness and deaths in the area.

One official who was involved in "Project Heathrow" -the DfT unit that researched the environmental impact of the runway -said: "It's a classic case of reverse engineering. They knew exactly what results they wanted and fixed the inputs to get there. It's appalling."

Previously unpublished documents obtained under freedom of information laws show:

- BAA gave instructions to DfT officials on how to "strip out" data that indicated key environmental targets would be breached by the airport.
- The airports operator repeatedly selected alternative data used for the consultation to ensure that the final results showed a negligible impact on noise and pollution.
- The DfT gave BAA unprecedented access to confidential papers and allowed the company to help to rewrite the consultation document.
- The final document significantly reduced the likely carbon emissions caused by the runway by not including incoming international flights.²⁴

The Government repeatedly stressed that this was not the case. For example, in April 2008 the Minister for Transport, Jim Fitzpatrick, told MPs:

The hon. Members for Lewes (Norman Baker) and for Chipping Barnet (Mrs. Villiers) made accusations of collusion, which we refute entirely. We refute the accusations that the Department has behaved improperly in its relations with BAA plc and in managing the consultation exercise.

The 2003 air transport White Paper made it absolutely clear that we expected the aircraft operator, working with the Civil Aviation Authority, NATS and the Government, to develop proposals to form the basis of consultation. It would not have been sensible, or indeed possible, to attempt this work without the technical and operational expertise of the operator.

I must also say that it is outrageous of my right hon. Friend the Member for Oldham, West and Royton (Mr. Meacher) to suggest that civil servants should be disciplined on the basis of an article in a newspaper.²⁵

And in November 2008 he said:

In respect of allegations of collusion with BAA, may I reiterate a point of which the hon. Gentleman is well aware? We were very clear in the 2003 White Paper that we would seek the assistance of the Civil Aviation Authority and NATS, as well as BAA, to ensure that we produced a consultation document that could be put to the public with confidence. It was also clear that it would have to comply with any regulations that we set down. The key word in the hon. Gentleman's comments is "compliance". BAA will have to comply with the requirements that will be set down if the third runway goes ahead.²⁶

²⁴ *ibid.*; the documents in question are available from *The Times'* website as [FOI 1](#), [FOI 2](#), [FOI 3](#), [FOI 4](#) and [Doc 08-03-09](#)

²⁵ HC Deb 2 April 2008, cc880-881

²⁶ HC Deb 11 November 2008, c674

3.4 Government announcement, January 2009

On 15 January 2009 the Secretary of State for Transport, Geoff Hoon, announced the Government's support for a third runway and new terminal at Heathrow, conditional on environmental and air quality criteria being met and additional ground transport capacity being added:

This leaves the question of a third runway. Let me first explain my conclusions, in the light of the conditions on noise, air quality and surface access set out in the 2003 White Paper. In 1974, some 2 million people around Heathrow were affected by average levels of noise at or above 57 dB. By 2002, that number had reduced to 258,000 people as the result of significant improvements in aircraft technology. In the White Paper, the Government committed not to enlarge the area within which average noise exceeded 57 dB. In the light of all the evidence, including from the consultation, I have decided that this condition can be met, even with a third runway. Indeed, because newer aircraft are quieter, the numbers of people within the 57 dB contour by 2020 is expected to fall by a further 15,000 from 2002, even with more aircraft movements in 2020. And the number of people affected by higher levels of noise is expected to fall even more significantly: for example, a 68 per cent. reduction—more than 20,000 fewer people—in the number of those affected by noise averaging 66 dB and above.

On air quality, the Government are committed to meeting our EU obligations. The relevant pollutant at Heathrow is nitrogen dioxide, for which the EU has set a 2010 target of an annual average of no more than 40 micrograms per cubic metre. As with most other major European economies, the UK does not yet fully comply with this limit, largely as a result of emissions from motor vehicles. The area around Heathrow is by no means the worst example in the country, and the limit is currently exceeded in a number of places in the UK, in most cases by more than near Heathrow. Meeting EU air quality targets is an issue that must to be addressed right across the United Kingdom, not simply around Heathrow airport. The European Commission has agreed that member states could be allowed an extension to 2015 if member states can show that they have plans in place to meet the targets. This presents a significant challenge, but I am committed to supporting the actions, mainly in relation to motor vehicle emissions, necessary to achieve it. Immediately around Heathrow, action will be necessary to ensure that we meet the air quality limits by 2015. Our forecasts predict that, in any event, we will be meeting the limits by 2020 even with airport expansion.

Usually these decisions would be taken on the basis of forward projections and modelling. To reinforce our commitments on noise and air quality, I have decided, however, that additional flights could be allowed only when the independent Civil Aviation Authority is satisfied, first, that the noise and air quality conditions have already been met—the air quality limit is already statutory, and we will also give the noise limits legal force—and secondly, that any additional capacity will not compromise the legal air quality and noise limits. We will give the CAA a new statutory environmental duty to ensure that it acts in the interests of the environment in addition to its existing obligations and duties, and that it follows guidance from myself and my right hon. Friends the Secretaries of State for the Environment, Food and Rural Affairs and for Energy and Climate Change. Moreover, in the event that air quality or noise limits were breached, the independent regulators would have a legal duty and the necessary powers to take the action—or require others to take it—needed to come back into compliance. In the case of noise, the matter would be for the CAA. In the case of air quality, where emissions from roads and rail around Heathrow also need to be considered, the Environment Agency will act as the enforcement body, with appropriate guidance from Ministers.

The third local condition for expansion for Heathrow was the provision of adequate public transport. Major improvements in rail access have already been announced, including increases in capacity on the Piccadilly line and the introduction of Crossrail services from 2017. This will provide a maximum capacity of 6,000 passengers per hour, which will be able to accommodate the estimated demand for rail access to a three-runway airport. The Government also welcome the lead being taken by BAA to promote the Airtrack project providing direct rail access to the airport at terminal 5 from the south and west. The Department will work with BAA and Network Rail to consider this and other schemes to improve connections from Heathrow to places such as Waterloo and Guildford, Reading and other stations on the Great Western main line.

Having considered all the evidence, I have decided that all three of the Government's conditions for supporting a third runway at Heathrow can be met. I can therefore confirm that an additional terminal and the slightly longer runway proposed in the consultation are the best way to maximise the efficiency of a larger airport. However, I want there to be a limit on the initial use of the third runway so that the increase in aircraft movements does not exceed 125,000 a year rather than—at this stage—allowing the full additional 222,000 aircraft movements on which we consulted. I have also decided that any additional capacity available on the third runway will, after consultation, be subject to a new “green slot” principle to incentivise the use at Heathrow of the most modern aircraft, with further benefits for air quality and noise—and, indeed, carbon dioxide emissions.²⁷

However, mixed mode will not go ahead, instead the Cranford Agreement will be ended, permitting easterly take offs from the northern runway:

Two of the options would use the existing runways for both arrivals and take-offs, otherwise known as mixed mode. This would improve resilience, reduce delays and has the potential also to provide early additional capacity. It is clear from the consultation, however, that residents under the flight paths greatly value the present alternation of runway operations at around 3 pm, which gives them respite from overhead aircraft noise for at least eight hours a day. Having carefully considered the evidence, including from the consultation, I have decided not to proceed with mixed mode. I have also decided to extend the benefits of runway alternation to those affected by aircraft taking off and landing when the wind is blowing from the east. I will therefore end the Cranford agreement, which generally prohibits easterly take-offs on the northern runway. This will benefit the residents of Windsor and others to the west of the airport, and Hatton and north Feltham to the east. I support the continuation of the other operating procedures as set out in the consultation.²⁸

The documentation published alongside the Secretary of State's statement, including a report on the consultation responses, is available on the [website](#).

In response to the statement, the Conservative Shadow Transport Secretary, Theresa Villiers, said:

Let us be in no doubt: this is a bleak day for our environment and for all those of us who care about safeguarding it. Labour's plans for a third runway at Heathrow would inflict devastating damage on the environment and on quality of life, and the Conservatives will fight them every step of the way.²⁹

²⁷ HC Deb 15 January 2009, cc357-358

²⁸ *ibid.*, c357

²⁹ *ibid.*, c360

In a separate press notice Ms Villiers stated that an incoming Conservative Government would stop the further progress of a third runway.³⁰

Responding for the Liberal Democrats, Normal Baker also expressed his Party's opposition to the plans:

The decision to proceed with the third runway is the worst environmental decision that the Government have made in 11 years. It drives a jumbo jet through their Climate Change Act 2008, on which the ink is barely dry. With a commitment to a reduction of 80 per cent. in carbon emissions, how can the Secretary of State and his colleagues possibly justify the construction of a new runway? It is also one of the worst political decisions in 11 years, on a par with that on the millennium dome. It has huge opposition in the Labour party, and has united the opposition in the House and in the country and destroyed the Government's green credentials. I make it plain that the Liberal Democrat manifesto will include a commitment to reverse the decision.³¹

The Mayor of London, Boris Johnson, has also stated his opposition to the scheme:

This is a truly devastating blow for millions of Londoners whose lives are now set to be blighted by massive increases in air pollution and noise.

The Government has singularly failed to deliver a convincing case for expansion throughout or adequate solutions for the nightmare problems this would cause.

No amount of sweeteners in the shape of transport infrastructure will fundamentally alter the fact that the Government is hell-bent on exacerbating a planning error of the 1940s and that Heathrow is not fit for purpose.

I am deeply concerned that the proper processes of coming to this decision may not have been followed, and will support a legal challenge should this prove to be the case. To this end we are currently considering today's announcement in detail.³²

3.5 The planning procedure

There are several possible procedures that might be followed, depending upon the timing of the application. At the time when the application is submitted, there will almost certainly not be a choice for either the applicant or the Government as to which procedure to use. However, BAA is a private company that can choose when to submit its application. A considerable amount of work is involved in preparation of the application, which may take several years. This issue is gone into in more detail in [Part III of Library Research Paper RO 09/11](#).

4 Terminal 5

Terminal 5 opened on 27 March 2008 to a slew of bad headlines after the baggage system failed.³³ British Airways cancelled a number of flights from T5 over the following days and has reportedly delayed moving all of its operations to the new terminal.³⁴ The problems cost

³⁰ Conservative Party press notice, "[Third runway at Heathrow will be an environmental disaster](#)", 15 January 2009

³¹ HC Deb 15 January 2009, c363

³² Mayor of London press notice, "[Statement from the Mayor on Heathrow expansion](#)", 15 January 2009

³³ see, e.g., "Disastrous start at Heathrow embarrasses BA", *Financial Times*, 28 March 2008; and "Making history? It is memorable, but for all the wrong reasons", *The Times*, 28 March 2008

³⁴ "BA postpones shifting flights to T5", *Financial Times*, 12 April 2008

BA approximately £20 million.³⁵ In November 2008 the Transport Select Committee published a short report into the opening and concluded:

The opening of Terminal 5 revealed serious failings on the part of both BAA and British Airways. Like both organisations, we acknowledge the inevitability of 'teething problems' but deeply regret that so many were allowed to bring the operation of Heathrow's newest terminal to a halt. Nevertheless, we are glad that our inquiry has enabled the BAA, British Airways and Unite to describe how they are working together to make Terminal 5 a success.³⁶

The public enquiry into the building of a fifth terminal at Heathrow airport began on 16 May 1995 and closed on 17 March 1999 making it the longest in UK planning history. The Inspector told the inquiry that he expected to take up to two years to produce his report;³⁷ in the end he delivered it to the then Department for the Environment, Transport and the Regions (DETR) in December 2000.³⁸ On 20 November 2001 the then Secretary of State for Transport, Stephen Byers, announced that the Government had given its approval to the development of Terminal 5.³⁹ He said that conditions had been imposed to protect the interests of those living in the vicinity of the airport.

BAA claimed that the terminal is needed to cope with the projected rise in numbers of passengers from around 58 million then to 80 million in 2013, to maintain Heathrow's position as a world airport hub. BAA argued that because aircraft were getting larger the number of flights would only increase by eight per cent. BAA told the public inquiry that it was prepared to accept a cap on aircraft noise at 1994 levels and a limit on the number of night flights at then current levels. It maintained that noise would not increase because engines are getting quieter and there is better noise monitoring. BAA said that if Terminal 5 was rejected the South East of England would run out of airport capacity in five years with damaging effects on the economy. BAA also claimed that opinion polls showed a growing number of local residents supported the terminal.

The London Chamber of Commerce launched a campaign, Business for T5, to promote the benefits of expanding the airport.⁴⁰ It claimed that overseas visitors would spend an estimated 10 million fewer nights in Britain if Terminal 5 did not go ahead with a loss of about £1 billion to the hotels sector and another £500 million to the wider tourist industry.

HACAN argued in a press release before the start of the inquiry that the arguments used by BAA were fundamentally flawed for, amongst others, the following reasons:

1. The proposed terminal is designed to handle an extra 30 million passengers per annum with better facilities and without the need for additional runway or night flying – but the runways are already close to full capacity;
2. The Government promised an end to Heathrow expansion when it agreed to the construction of Terminal 4;

³⁵ "Terminal chaos costs BA £20m", *The Daily Telegraph*, 31 March 2008

³⁶ Transport Committee, [The opening of Heathrow Terminal 5](#) (twelfth report of session 2007-08), HC 543, 3 November 2008, para 22

³⁷ HC Deb 26 May 1999, c173W

³⁸ HC Deb 16 January 2001, c183W

³⁹ HC Deb 20 November 2001, cc177-179W

⁴⁰ "Go-ahead urged for fifth Heathrow terminal", *Financial Times*, 10 February 2000

3. The Government promised to limit air transport movements to 275,000 per annum but in 1992 these were already 375,000 per annum; and
4. Heathrow already imposed more noise on more people than any other international airport in the world and the increased flights required to justify Terminal 5 would add enormously to noise pollution, air pollution, ground congestion and to the real risk of mid-air collision.

Another major objection of local authorities and residents was the effect of any additional traffic caused by Terminal 5 on the already over-stretched infrastructure.

4.1 Public inquiry

BAA plc and Heathrow Airport Ltd lodged a planning application on 17 February 1993 to the London Borough of Hillingdon for a fifth terminal building to be constructed on land which was then occupied by the Perry Oaks sewage sludge works.⁴¹ The applications referred to:

- the development of an additional passenger terminal complex together with the provision of aircraft aprons, taxiways and associated facilities including an aircraft hangar;
- infrastructure for aircraft maintenance and other tenants' developments;
- hotel accommodation, car parking, rail station for facilities for Heathrow Express and London Underground;
- connections to the airport road system and the public highway network;
- an aircraft visual control room;
- re-alignment of rivers and landscaping; and
- the development of a fuel farm comprising tankage for storage and supply of aviation fuel together with the provision of associated facilities including office accommodation, car parking, the construction of roadways and hard-standing and landscaping.

The then Secretary of State for the Environment, Michael Howard, wrote to the Director of Hillingdon Council on 15 March 1993 stating that, as the proposals related to a development of considerable regional and national importance and would give rise to substantial controversy, it was an application that should not be dealt with by Hillingdon. It should instead be dealt with jointly by the Secretaries of State for Environment and Transport under section 77 of the *Town and Country Planning Act 1990*.⁴² The letter also announced plans for a public inquiry.

The public enquiry started on 16 May 1995. The Inspector for the inquiry was Mr Roy Vandermeer QC, assisted by Mr Michael Brundell BA DipTP FRTPI. As outlined above, the inquiry's scope included not just the plans for a new terminal building and taxiways, but also the associated transport infrastructure including a spur to the M25 link roads, proposals for the Heathrow Express railway and an extension to the Piccadilly Underground line. Plans put

⁴¹ an earlier public inquiry into expansion plans at Heathrow and Stansted, held between 1981 and 1983, had already identified the Perry Oaks site as land onto which the airport should be able to expand

⁴² DEP 5317(3S)

forward by Thames Water to relocate their Perry Oaks sewage works to Iver South in Buckinghamshire were also considered. The public enquiry was expected to last about 18 months but actually lasted almost four years. The total costs of the inquiry to all participants is estimated at over £83 million of which the private sector is estimated to have spent some £64 million with the rest borne by central and local government.⁴³ The Departments and their agencies spent approximately £11.8 million on the inquiry.

The main organisations opposing the construction of the terminal were HACAN and the all-party coalition of 12 local authorities around Heathrow, Local Authorities Against Terminal 5 (LAHT5). The local authorities are estimated to have spent £6.5 million on the inquiry⁴⁴ and because of budgetary restraints had to tell their lawyers to stop attending for a time although they returned at the end of the inquiry to make written submissions. Lawyers from Hillingdon, the local planning authority, apparently stayed.⁴⁵

A press report claimed that a decision had been made to build Terminal 5 despite the fact that it had been discovered that the building project could cause flooding;⁴⁶ the terminal building will be partly built on the flood plain of the Colne River. Two rivers, the Duke of Northumberland and the Longford, which run parallel to each other, would be diverted. The article claimed that BAA had been asked to carry out water flow tests on the two rivers. A written answer on 23 October 2001 stated that BAA's revised proposal for the diversion of two rivers round the proposed terminal site was still being considered.⁴⁷

4.2 Government decision

In his statement to the House of Commons announcing the Government's approval for the construction of Terminal 5, the Secretary of State explained that the delay in announcing the decisions was due to BAA's decision to revise the twin rivers scheme which was a part of the original application. He highlighted the benefits of going ahead with the scheme, as identified by the inspector in his report:

- Heathrow is essential to keep the UK air transport industry strong and competitive;
- Heathrow has done much to attract investment to the UK as a whole;
- London's success as a world city and financial centre would be threatened unless Heathrow stays competitive; and
- Terminal 5 would relieve pressure on the other four terminals and would be good for passengers.

He also referred to the disbenefits identified by the inspector, such as: noise; extra road traffic; air quality; intrusion into the green belt; and the effects of construction. The inspector concluded that the benefits would outweigh the environmental impact as long as the effects were properly controlled.

The Secretary of State outlined the following conditions attached to the development of Terminal 5:

⁴³ HC Deb 19 December 2000, c117W

⁴⁴ HC Deb 17 December 1997, c196W

⁴⁵ "Inquiry caught up in a holding pattern", *Financial Times*, 15 May 1998

⁴⁶ "Flooding risk hits Heathrow terminal plans", *Sunday Times*, 22 July 2001

⁴⁷ HC Deb 23 October 2001, c199W

- A limit on the number of flights each year of 480,000;
- The noise effects of Terminal 5 to be limited by a condition restricting the area enclosed by the 57-decibel noise contour to 145 sq km as from 2016;
- Stricter control on night flights, he would consult on extending the night quota period;
- Promotion of the use of public transport - the extension of the Piccadilly line and Heathrow Express would be required before the new terminal opens;
- Reduction in the provision of car parking places for the airport as a whole below that in the original proposals;
- Rejection of the proposal to widen the M4 between junctions 3 and 4b; and
- Work should not start before approval has been given for the scheme to divert the twin rivers which flow across the site.⁴⁸

4.3 Construction

The construction cost of Terminal 5 was estimated at around £2.5 billion in 2001.⁴⁹ In 1996 the CAA supported BAA's proposal for a pricing formula which would allow it to pre-fund construction of Terminal 5. This followed a core recommendation of the Monopolies and Mergers Commission that BAA's revenues from landing fees at Heathrow and Gatwick should be allowed to rise by the rate of inflation minus three per cent for the five years from 1 April 1997. The figures assumed that BAA would be able to pre-fund £230 million of the cost of the terminal. The MMC left the option open to the CAA to back an RPI-8 formula from 1997 to 2002 followed by a sharp increase in landing charges when the terminal opens.

The final cost was £4.2 billion.⁵⁰ In addition to the main terminal building, T5 also consists of two satellite buildings (the second of which will be completed by 2011), 60 aircraft stands, a new air traffic control tower, a 4,000 space multi-storey car park, the creation of a new spur road from the M25, a 600-bed hotel, the diversion of two rivers and over 13km of bored tunnel, including extensions to the Heathrow Express and Piccadilly Line services.⁵¹

5 Environment/noise

Detailed information about the environmental issues surrounding the proposed expansion of Heathrow is given in [Part II of Library Research Paper RP 09/11](#); more general information about aviation and climate change is given in [Library Research Paper RP 08/08](#).

In May 2007 BAA launched a noise website for its airports, a press notice said:

The system is part of a £1.8 million investment programme by BAA to upgrade its noise and track keeping and complaints handling systems at its London airports and includes the launch of 'Webtrak.' 'Webtrak' is an innovative on-line tracking system that at a scroll of a mouse allows local residents to track aircraft arriving and departing from

⁴⁸ HC Deb 20 November 2001, cc177-179W

⁴⁹ "Flooding risk hits Heathrow terminal plans", *Sunday Times* 22 July 2001

⁵⁰ [BAA Terminal 5: Project Overview](#)

⁵¹ transport proposals initially mooted by BAA in a 1996 public transport strategy document: BAA, *Making Tracks - Airports as catalysts for public transport*, 1996

the airport, and displays their height, allowing them to make more detailed enquiries about aircraft noise.⁵²

You can visit the site here: <http://www.baa.com/noise>.

Heathrow is a 'designated' airport for the purposes of Section 78(3)(b) of the *Civil Aviation Act 1982*, which allows the Secretary of State to specify the maximum number of occasions on which specified aircraft may be permitted to take off or land during specified periods. As a result, although night flights are not banned, (except for the noisiest types of aircraft), restrictions are imposed on the number of night departures and arrivals. The Department currently imposes movement limits and quotas between 2330 and 0600. There are also restrictions on the noisiest types of aircraft between 2300 and 2330 and 0600 and 0700.⁵³

6 Surface transport

Another of the central problems for Heathrow is public transport access. At present one can access LHR using any of the following methods: London Underground, via the Piccadilly Line; Heathrow Express and Heathrow Connect from Paddington; a number of bus and coach services from London and other towns and cities; taxis and private hire cars; and the private car. Further expansion of Heathrow will lead, necessarily, to increased pressure on the ground transportation systems which will ferry passengers to and from the airport. LHR must also be connected to central London and to the rest of the UK and the continent. While this could be achieved with short haul and internal flights from the airport itself, environmental considerations have led to persistent calls to improve the public transport infrastructure to the airport. Detailed information about the surface access issues affecting Heathrow is given in [section I.E of Library Research Paper RP 09/11](#).

7 Service levels

A 2007 report by the Transport Select Committee looked at the passenger experience of air travel and concluded that much of the misery of modern air travel is a consequence of scruffy, over-crowded, badly managed airports. The Committee highlighted BAA's belief that the best way to improve the passenger experience of its airports is to build more of them and to extend the ones which exist. They argued that this would mean larger passenger check-in areas, better security provision and more commercial space airside. The Committee pointed particularly to the ongoing problems at Heathrow where the primary cause of poor customer experience is lack of runway, terminal and apron capacity. Heathrow is permanently under stress because of its high utilisation. The effect of this is that when there is disruption of any type – be it weather, security, air traffic control problems, etc. – the airport fails to cope.⁵⁴

There have been a series of reports in recent years about the poor levels of service at Heathrow and the threat that this may pose to the UK's economic prosperity.⁵⁵

⁵² BAA press notice, "BAA launches noise websites", 25 May 2007

⁵³ for more information on night flights, see [Library Standard Note SN/BT/1252](#)

⁵⁴ Transport Committee, [Passengers' experiences of air travel](#) (eighth report of session 2006-07), HC 435, 26 July 2007; this comment made by one of the airport's main clients – British Airways, see para 60

⁵⁵ see, for example, "'Hassle of Heathrow' takes toll on City", *Financial Times*, 30 July 2007; "Heathrow delays hurting London's financial status", *The Daily Telegraph*, 31 July 2007; and "London cannot afford this Heathrow chaos", *London Evening Standard*, 31 July 2007

7.1 Regulatory control

UK airports are regulated under part IV of the *Airports Act 1986*. Section 40 requires the CAA to make quinquennial references to the Competition Commission under section 43, relating to designated airports, including Heathrow. The references cover two aspects: firstly, the maximum amount that should be capable of being levied by way of airport charges; and secondly, whether the airport has pursued a course of conduct which has operated or might be expected to operate against the public interest in relation to airport charges or operational activities. Section 36 of the 1986 Act defines airport charges as:

- (a) charges levied on operators of aircraft in connection with the landing, parking or taking off of aircraft at the airport (including charges that are to some extent determined by reference to the number of passengers on board the aircraft, but excluding charges payable by virtue of regulations under section 73 of the 1982 Act (air navigation services etc)); and
- (b) charges levied on aircraft passengers in connection with their arrival at or departure from the airport by air.

Under section 40 of the 1986 Act the CAA is required to impose conditions on the operators of designated airports to regulate the maximum they may levy in charges over a five year period (or quinquennium). The quinquennial review has been in place since the privatisation of BAA plc in 1987. The CAA's review of charges for the fourth quinquennium was published in February 2003 for the period 2003 to 2008. It concluded that the price cap would be RPI+6.5 per cent per annum at Heathrow. The CAA's review of charges for the fifth quinquennium, running from April 2008-April 2013 set the following for Heathrow:

- £12.80 per passenger in 2008/09
- 23.5 per cent increase in real terms from 2007/08 price cap (like-for-like basis)
- equivalent to an extra £2.44 per passenger
- allowed charges subsequently increasing in each of the following four years by no more than retail price index (RPI) inflation plus 7.5 per cent each year.⁵⁶

As the Transport Committee pointed out, the CAA also regulates the levels of service quality at Heathrow (and Gatwick). The Heathrow service quality scheme covers both passenger and airline aspects such as security queuing, baggage claim availability, cleanliness, wayfinding and flight information. If any terminal at the airport fails to meet any service level target in a given month, then the airport is required to pay rebates of airport charges to the airlines using that terminal, according to a formula specified by the CAA. The total amount of rebate at each airport in a given financial year is capped at three per cent of annual airport charges, comprised of 1.5 per cent for the directly measured standards, 0.5 per cent for standards measured by passenger survey responses, and one per cent for aerodrome congestion. The CAA told the Committee that things have been improving since 2003 "with some notable exceptions such as Heathrow's failure to meet security queuing standards at all terminals in the first quarter of 2006...".⁵⁷ Between 2003 and 2007 BAA Heathrow paid

⁵⁶ CAA, [Airports price control review: CAA briefing](#), 11 March 2008, slide 5; all supporting documentation available on the [CAA website](#)

⁵⁷ *op cit.*, *Passengers' experiences of air travel*, para 72

between £600 million and £1.8 billion, compared to between £180 and £835 million for Gatwick and £130 and £335 million for Manchester.⁵⁸

7.2 Security

Passing through airport security is one of the areas that has a severe detrimental effect on the air traveller and Heathrow is facing some of the toughest challenges, due partly to the fact that it operates close to maximum capacity and also due to the high levels of transfer passengers that pass through the airport.⁵⁹

In the early hours of Thursday 10 August 2006, police acted to stop a suspected plot to blow up several planes leaving the UK, possibly using liquid explosives carried on-board in hand-luggage. More than 20 people were arrested – a few of whom would subsequently be released without charge – and the Joint Terrorism Assessment Centre (JTAC) upgraded the UK security threat level to ‘critical’, indicating that they believed an attack to be imminent.⁶⁰ Immediate restrictions on hand luggage were introduced, with passengers only being allowed to carry a small range of essential items, such as prescription medicines in necessary quantities for the flight, and infant formula, onto aircraft. The sudden introduction of these restrictions caused widespread disruption to flights departing from all UK airports, including the cancellation of many flights.

On 14 August, the security threat was downgraded from ‘critical’ to ‘severe’ and passengers were allowed to take one small bag, not containing any liquids or gels, onto their flight. However, the large airports operated by BAA were unable to implement the new restrictions until the following day.⁶¹ On 22 September, the restrictions were further relaxed. The maximum permitted size of cabin baggage was increased and musical instruments and solid cosmetics were also allowed to be taken on board.⁶² The restrictions as at 7 January 2008 are given on the [DfT website](#).

The effect of the alert on airports and airlines were summarised by the Transport Committee in their July 2007 report:

ACI Europe reports that passenger throughput at central search areas has fallen by some 25–30% as a result of the restrictions on liquids. Similarly, time taken to pass through queues at peak periods in airports has doubled in many cases, with peak processing periods typically of the order of 20 minutes or longer ... London Luton Airport Operations Ltd told us that at that airport the throughput of passengers and hand baggage at a search area Archway Metal Detector and associated X-ray are approximately only 60% of that achieved twelve months previously.

The impact on the airlines was equally significant. During the course of our inquiry into Transport Security, Captain Tim Steeds, Head of Safety and Security for British Airways, told us that the airline cancelled 1,283 flights, affecting over 100,000 passengers, and that thousands of bags did not connect with passengers (these were mainly for transfer passengers going through Heathrow). British Airways announced in September 2006 that the August alert had cost them £40 million. Ms Gaynor

⁵⁸ *ibid.*, para 73

⁵⁹ for more information on aviation security, see [Library Standard Note SN/BT/1246](#)

⁶⁰ see, for example: “London terror attack drama”, *London Evening Standard*, 10 August 2006; “Air bomb plot failed, say police”, *Financial Times*, 11 August 2006; “Anger, frustration and chaos as hundreds of flights are cancelled”, *The Guardian*, 11 August 2006

⁶¹ see, for example: “Ban on hand luggage lifted as BAA cuts flights”, *The Guardian*, 14 August 2006; “Pressure mounts to end airport chaos”, *Financial Times*, 14 August 2006

⁶² see, for example: “Restrictions eased on air passengers’ hand luggage”, *The Guardian*, 22 September 2006

McLaughlin, Deputy Security Director for easyJet stated that the airline cancelled approximately one third of its flights on 10 August and smaller amounts on the following three or four days; its regional operations recovered “quite quickly”. Ms McLaughlin put the estimated cost to easyJet for those few days at £6.5 million. Press reports in August 2006 quoted a senior industry source as estimating that the cost to British airlines of the additional security measures was approximately £50 million per day.⁶³

8 Position of BAA

As outlined in section 1, above, the British Airports Authority was established by the *Airport Authority Act 1966*. The *Airports Act 1986* restructured the Authority into a main holding company, BAA plc, with seven separate airport companies operating. It was privatised in July 1987. In June 2006 the Ferrovial Consortium, a Spanish construction firm, bought BAA.

Although BAA clearly has its supporters, over the years the voices in favour of breaking up BAA have grown louder, in particular as regards the effective monopoly position it holds over the main London airports, including Heathrow.

Following a referral by the Office of Fair Trading (OFT) the Competition Commission (CC) announced an investigation into BAA in March 2007.⁶⁴ In April 2008 the Commission published a report on its ‘emerging thinking’. The accompanying press notice stated that “BAA’s common ownership of seven airports in the UK may not be serving well the interests of either airlines or passengers”.⁶⁵ The report stated that the CC was inclined to the view that:

- There is potential for competition between Edinburgh and Glasgow airports, hence common ownership adversely affects competition between them;
- There is a ‘real possibility’ of competition between the BAA London airports but common ownership adversely effects competition between them; there is also potential for competition from Heathrow and Gatwick to Southampton, if not vice versa; hence competition problems also derive from BAA’s ownership of Southampton.⁶⁶

The CC’s provisional findings report was published on 20 August 2008, along with a notice of possible remedies and an accompanying press notice. The press notice gives a good short overview of the provisional findings. Generally, it states:

The Competition Commission (CC) has provisionally found that there are competition problems at each of BAA’s seven UK airports (Heathrow, Gatwick, Stansted and Southampton in England, and Edinburgh, Glasgow and Aberdeen in Scotland) with adverse consequences for passengers and airlines. A principal cause is their common ownership by BAA. There are also competition problems arising from the planning system, aspects of Government policy and the system of regulation.⁶⁷

⁶³ op cit., *Passengers’ experiences of air travel*, paras 95-96

⁶⁴ OFT press notice, “OFT refers BAA airports to the Competition Commission”, 30 March 2007; and CC press notice, “Competition Commission airports investigation: invite for evidence”, 3 April 2007; all material associated with the investigation available on the [CC website](#)

⁶⁵ CC press notice, “CC sees potential for competition at all BAA airports...”, 22 April 2008

⁶⁶ CC, [BAA market investigation: emerging thinking](#), 22 April 2008, para 36

⁶⁷ CC press notice, [“CC may require BAA to sell three airports”](#), 20 August 2008

The CC also published its proposed remedies. If these are implemented, the CC will order BAA to sell two of its three London airports, and also either Edinburgh or Glasgow airport. This is a more radical set of remedies that was anticipated in many of the press reports that preceded the report.⁶⁸ In response to the report, Colin Matthews, chief executive of BAA, said:

By calling not just for a fundamental restructure of BAA but also for a review of the Government's Air Transport White Paper, the Commission risks delaying that delivery of new runways and making better customer service less, not more, likely. We will be seeking urgent clarification from the Government of how it believes this report's findings can be reconciled with the air transport policy it established in 2003 and its current review of economic regulation.⁶⁹

The CC will publish its final report in February 2009.

The BBC reported that BAA has said it has "no intention" of selling Heathrow.⁷⁰

The Transport Select Committee has consistently published reports⁷¹ calling for BAA to be broken up. Most recently, in March 2008, it published a report on the future of BAA which stated that:

BAA's monopoly position in the UK airports sector is unnecessary. Indeed, it is bad for passengers and bad for the aviation industry. We do not agree that the status quo is a necessary condition of sustained investment and development. We are firmly of the view that increased competition is possible and could have huge benefits for both airlines and passengers. We look forward to the Competition Commission's analysis of all the issues, and hope that it undertakes detailed cost-benefit analyses of all the possible outcomes.⁷²

The Committee also looked at a more radical option of introducing competition within Heathrow itself.⁷³

⁶⁸ see, e.g.: "Watchdog expected to order BAA's break-up", *The Guardian*, 18 August 2008; "Commission to break up BAA", *The Sunday Telegraph*, 17 August 2008; and "International bidders line up for BAA airport sale", *The Sunday Times*, 17 August 2008

⁶⁹ BAA press notice, "[BAA responds to Competition Commission's provisional findings](#)", 20 August 2008

⁷⁰ "BAA 'should sell three airports' ", *BBC News Online*, 20 August 2008

⁷¹ for example: op cit., *Passengers' experiences of air travel*, HC 435, para 64; [The work of the Civil Aviation Authority](#) (thirteenth report of session 2005-06), HC 809, 8 November 2006, paras 141-142; and [Aviation](#) (sixth report of 2002-03), HC 454, 17 July 2003, paras 108-117

⁷² Transport Committee, [The future of BAA](#) (fourth report of session 2007-08), HC 119, 15 March 2008, para 85

⁷³ *ibid*, paras 75-78