

DATED 6 APRIL 2016

CIVIL AVIATION AUTHORITY

Consultation on issues affecting passengers' access to UK airports:

a review of surface access (CAP1364)

**FURTHER
SUBMISSION ON BEHALF OF
HOLIDAY EXTRAS LIMITED (HX)**

The attached Response of HX to the House of Commons Transport Committee Surface Transport to Airports - First Report of Session 2015-2016 (HC516) is sent to the CAA as a further submission to its review of surface access to airports (CAP1364)

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DATED 6 APRIL 2016

HOUSE OF COMMONS TRANSPORT COMMITTEE

**Surface Transport to Airports - First Report of Session 2015-2016 (HC 516)
("the Report")**

RESPONSE OF HOLIDAY EXTRAS LIMITED ("HX")

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DEFINITIONS

1. In this response the following abbreviations shall have the meanings ascribed to them opposite:

"AMP"	Airport Master Plan
"AO"	airport operator
"ASAS"	Airport Surface Access Strategy
"CAA"	Civil Aviation Authority
"the CAA Review"	The CAA's consultation on issues affecting passengers' access to UK airports; a review of surface access (CAP 1364)
"DFT"	Department for Transport
"Drive and Park"	the mode of transport to the airport where the airline passenger drives his own vehicle and parks it either on- or off-airport
"HX's CAA Submission"	HX's submission to the CAA Review dated 18 March 2016, a copy of which is annexed as Appendix 1
"Kiss & Fly"	the mode of transport to airports where a family member, friend or colleague will drive the airline passenger to the airport and drop them off and/or pick the airline passenger up at the airport after the return flight
"the Leeds Bradford Appeals"	appeals for off-airport parking serving Leeds Bradford Airport reference APP/N4720/A/10/2139567 and APP/N4720/A/10/2138849
"Meet and Greet"	an airport parking product (also known as "Valet Parking") where the customer's vehicle is collected from the customer by the PO at or near the airport terminal, is parked at the PO's car park and returned to the customer by the PO at or near the airport terminal
"NPPF"	the National Planning Policy Framework published by the Department of Communities and Local Government - March 2012
"Park and Ride"	an airport parking product where the customer is transported between the car park and the airport terminal in a coach or other vehicle operated by the PO
"PO"	an on- or off-airport parking operator
"PSV"	a large public service vehicle capable of carrying more than eight passengers for hire or reward including a train, bus or coach

INTERPRETATION

- References in bold in square brackets are references to paragraphs of the Report.

ABOUT HX

- HX:
 - is the largest distributor of on- and off-airport car parking and other holiday-related products to users of airports in the United Kingdom;
 - takes more than 2,000,000 bookings each year in the United Kingdom for airport parking products;
 - seeks to offer airport users the broadest possible choice of good quality, competitively prices, authorised on- and off-airport parking.

GOVERNMENT ENVIRONMENTAL POLICY OBJECTIVES

- Government policy on surface transport to airports should be drafted to achieve wider policy objectives such as reducing congestion and improving air quality. The policy of encouraging modal shift from private vehicles to public transport derives from these wider overarching environmental concerns.
- Encouraging modal shift from private vehicles to public transport is not itself an objective which can be justified without verification of the environmental benefits which are assumed to derive from the policy.
- The wider overarching objectives of reducing congestion and improving air quality are referred to in the Report, for example at **[3]**, **[30]** and **[conclusions and recommendations 1]** HX believes that to achieve these wider environmental objectives it is necessary that the drafting of government policy and guidance on surface transport to airports should primarily promote the wider core environmental policies rather than the derivative policy of promoting modal shift to public transport.
- Focusing policy on surface transport to airports too rigidly on promoting modal shift to public transport risks foregoing the substantial environmental benefits which can be achieved by encouraging modal shift from less sustainable to more sustainable modes of car use.

THE DIFFERENT MODES OF TRAVEL BY CAR

8. When assessing environmental impact it is not useful to consider travel by car to airports as a single mode of transport.
9. When assessing the sustainability of different transport modes the following types of car journey should be assessed separately:
 - Taxis
 - Kiss & Fly
 - Drive and Park
10. As referred to in [26] the taxi and Kiss & Fly modes of transport will usually involve four car journeys as the taxi or Kiss & Fly driver will usually travel “empty” after dropping off the passenger at the airport and on the way to the airport to pick up the airline passenger after the return flight.
11. Drive and Park modes of transport where Park and Ride products are used require only two car journeys as the car is driven to the airport and parked.
12. Where the Drive and Park mode uses a Meet and Greet product there will be two additional short car journeys when the car is driven between the airport terminal and the on- or off-airport car park. In comparison with the “empty” legs of the taxi and Kiss & Fly modes the short journeys between the airport terminal and the car park are de minimis.
13. The Drive and Park mode involves approximately half the number of car journeys when compared with either the taxi or Kiss & Fly modes.
14. After public transport, walking and cycling Drive and Park is the most sustainable mode of surface transport to airports. Accordingly encouraging shifts from taxi and Kiss & Fly modes to the Drive and Park mode will make a material contribution to achieving the Government’s wider overreaching policy objectives of reducing congestion and improving air quality.
15. The only reference to the particularly “disproportionate impact” on sustainability objectives of the taxi and Kiss & Fly modes is contained in [26]. The Report does not, however, recommend that encouraging a modal shift to Drive and Park will help to achieve environmental objectives.
16. In the Leeds Bradford Appeals decision the Inspector commented at paragraph 20:

“Looking at the question of sustainability as a whole, I consider there to be merit in the argument that reduction in the amount of Kiss & Fly is an important factor to be borne in mind in

relation to assessment alongside modal shift. What evidence there is suggests that restricting car parking and increasing charging may make the use of public transport relatively more attractive. On the other hand, these measures could have potentially significant and, in the terms of miles travelled, a strongly negative impact on the proportion of people accessing the airport through Kiss & Fly.”

ADDITIONAL BENEFITS OF PARK AND RIDE

17. On-airport parking requires cars to be driven to and from the airport. This involves car journeys on the roads in the immediate vicinity of and on the airport which are frequently the most congested. Congestion leads to increased CO2 emissions and contributes to poorer air quality at and in the vicinity of the airport which is also most affected by aircraft pollution.
18. Locating airport car parks off-airport and transferring passengers to the airport by bus or coach can reduce congestion on airport roads and roads in the immediate vicinity of the airport with consequential benefits for air quality.
19. Off-airport car parks provide a Park and Ride facility for the airport.
20. Park and Ride schemes for town centres were introduced for a number of reasons. The principal reason for their introduction was to reduce road and town centre congestion. Other reasons include improving air quality, improving accessibility, improving economic benefits and improving the amenity of the town centre.
21. Whilst the vast majority of town centre park and ride schemes are considered by the Councils who have introduced them to be a success, they have not, in every case, succeeded in reducing congestion principally because a town centre park and ride scheme in itself can encourage car journeys.
22. The situation at airports is different from that of town centres. Whilst airport surface access strategies seek to promote a shift to the public transport mode it is accepted that an adequate supply of airport parking is required at airports to meet demand in order that the airport can function effectively.
23. In the Leeds Bradford Appeals decision the Inspector at paragraph 32 made the following comments:

“It is not suggested that the airport is ever going to turn a motorist away so as to cause them to probably miss their flight. Difficulty in finding a space would be likely to prompt people to either pre-book next time, be dropped off or possibly fly from a different airport with more plentiful parking. In this sense, I do not see the mechanism of physical parking restraint for long-stay

airport parking as operating in the same fashion as, for example, the provision of parking within a town or city centre where use of public transport is far more likely to be highly correlated with measures aimed at parking restraint. I accept the... point that there is no evidence to demonstrate that levels of parking have historically affected the modal share of public transport usage to or from the airport.”

24. Park and Ride for an airport is likely to be particularly effective in reducing congestion and improving air quality on and in the immediate vicinity of an airport.
25. As airport surface access strategies require the provision of adequate airport parking for passengers who decide not to travel by public transport or for whom public transport is not a viable option the provision of some of the required airport parking off-airport will not have an adverse effect on achieving the public transport mode target. Giving passengers who choose the Drive and Park mode the option of off-airport parking would further promote achievement of the environmental policy goals of reducing congestion and improving air quality.

DELIVERABILITY OF ENVIRONMENTAL BENEFITS

26. The majority of airport operators, including the operators of the London airports, are achieving and stretching their public transport mode targets. Without very substantial investment in public infrastructure additional environmental benefits from increasing the public transport mode of travel are likely to be incremental.
27. The Report details both the funding issues for major improvements in the public transport infrastructure to airports and the number of Government and public bodies and transport providers who will need to cooperate to deliver these improvements. These considerations are likely to mean that improvements to public transport to airports, which is one of the major enablers for improvement in the public transport mode share of travel to airports will, in many instances, take a considerable time to come to fruition.
28. [14] acknowledges that “[p]ublic transport is not always a suitable - or available - option for travel to and from airports. Passengers with large amounts of luggage and those with reduced mobility may still rely on private modes of transport.” Other categories of passenger for whom public transport may not be suitable include (a) those travelling with young children, (b) passengers who feel unsafe travelling alone, particularly at night, including women and other vulnerable persons, (c) passengers living in rural locations not served by public transport and (d) passengers, particularly families travelling together, who are unable to afford the high cost of public transport.
29. The Report acknowledges that public transport will not always be available. For public transport to be a suitable means of transport it needs to be available at the time that the passenger

departs from home or his other point of departure to the time of arrival at the airport leaving sufficient time for check in and security checks. There are a large number of flights late in the evening and early in the morning. Passenger transport to the airport is not available for a large number of passengers taking late or early flights.

30. Whilst public transport is a more sustainable form of transport when the PSV is carrying passengers near to its capacity. Public transport is unlikely to be either an economically viable option or the most sustainable form of transport when carrying only a few passengers. Accordingly the Drive and Park mode of transport may not only be a more cost-effective travel option, in terms of travel provision and for passengers outside of normal travel periods, but it may also be the most sustainable form of transport at these times.
31. When a Drive and Park journey takes place late at night or early in the morning it utilises road infrastructure at times when there is no congestion. This is both an efficient use of road infrastructure and is likely to mean that CO2 emissions are minimised as the journey takes place when there is no congestion on the road network.
32. These considerations show that public transport is unlikely to be the most sustainable mode of transport to an airport after the normal time that public transport timetables finish. Additional factors which may affect the sustainability of public transport as a mode of getting to and from an airport include whether the public transport is combined with other forms of transport, for example whether the passenger drives or takes a taxi to a train or coach station, this is very likely to be the case for passengers living in rural locations. Where a relatively short journey is made to a town centre or place of work it is less likely that the journey will involve travel by car than when a longer journey, involving public transport, is taken to an airport.
33. **[24]** refers to the Minister, Robert Goodwill's, comment that daily journeys made by airport staff are "low-hanging fruit" for encouraging modal shift. The same term can be applied to the environmental benefits to be achieved by promoting a shift from taxi and Kiss & Fly modes to Drive and Park. This modal shift can be achieved without public funding or large expenditure on transport infrastructure by, for example:
 - AOs charging for drop-offs and pick-ups by taxi and Kiss & Fly modes and by making those charges higher than for the more sustainable Drive and Park mode
 - AOs locating pick-ups and drop-offs for Drive and Park in the most convenient locations on the airport forecourt
 - promoting planning policies which do not prohibit or unduly restrict off-airport parking

THE NEED FOR SURFACE ACCESS STRATEGIES TO BE EVIDENCE-BASED

34. HX suggest that in order that surface access strategies to airports can be drafted to achieve the wider policy objectives of reducing congestion and improving air quality further research and information is required on:
- The effects on environmental objectives of transport to and from an airport by train, coach, taxi, Kiss & Fly and Drive and Park
 - The times of the day that public transport is available for travel to and from the most common postcodes for passengers using the airport for flights at different times of the day
 - The number of night flights when public transport is not available
 - Whether journeys to or from the airport by public transport include part of the journey being taken by car or taxi
 - The effect on congestion and air quality on and in the vicinity of an airport of airport car parks located on- and off-airport
35. Information on the availability and times of availability of public transport, which is different for each airport, and on the number of night flights, will also facilitate an assessment of the potential for further shifts to the public transport mode and how difficult it will be to achieve those shifts.
36. It is likely that AOs will already have much of this information. Regulators could request this information from AOs or require that detailed information on the sustainability of the different modes of surface access to airports be included in their AMP and/or ASAS.
37. **[32]** and **[3 of the conclusions and recommendations]** urging the CAA to strike a careful balance between fairness to motorists and deterring any increase in the number of private vehicle journeys to airports appear to be based on the premises:
- That public transport is for all passengers and at all times of the day a viable option for transport to airports.
 - That journeys to the airport by private vehicle whether by the taxi, Kiss & Fly or Drive and Park modes have the same detrimental effect on the achievement of the wider policy objectives of reducing congestion and improving air quality.
38. We have suggested why it is unlikely to be possible to substantiate these premises and have suggested that further research and information is required in order to determine the surface access strategy which is most likely to achieve wider policy objectives.

39. Surface access to airports is a complicated issue which is too important for the policy, recommendations and guidance of regulators to be prepared other than on an objective, evidence-based basis.

GOVERNMENT COMPETITION POLICY

40. The Committee's report refers to the need for surface access to airports to be planned to achieve the wider policy objectives of reducing congestion and improving air quality.
41. These wider policy objectives will be better achieved if surface access strategies are drafted from the premise that environmental benefits are deliverable from both a modal shift to public transport and a modal shift from taxi and Kiss & Fly to Drive and Park.
42. We have suggested that additional benefits to congestion and air quality on and in the immediate vicinity of airports will be realised if surface access strategies include off-airport parking as part of the surface access solution.
43. Paragraph 2.2 of the CAA Review refers to the CAA's statutory duty to promote competition, where appropriate and to the CAA's belief that competition between airport operators and between different surface access operators is the best way to keep prices at competitive levels and quality of service high for the benefit of consumers.
44. Other than referring to the CAA's investigation into how competitive conditions for road and forecourt access affect outcomes for consumers at **[26]** the Report makes no mention of Government policy to promote competition. The comment in the Report at **[32]** and **[3 of the conclusions and recommendations]** urging the CAA to strike a careful balance between fairness to motorists and deterring any increase in the number of private vehicle journeys to airports that might be a result of a loosening of the penalty regime suggests that Government policy on reducing congestion and improving air quality takes preference over Government policy to promote competition.
45. We believe that the Government's sustainability policy is not at odds or inconsistent with its policy on competition. Paragraph 7 of the NPPF explains that there are three dimensions to sustainable development: economic, social and environmental. The economic role is to ensure that development contributes to building a strong, responsive and competitive economy.
46. Promoting modal shifts to both public transport and from taxi and Kiss & Fly to Drive and Park is likely to achieve better sustainability outcomes than strategies which only deal with the former.

47. The CAA believes that competition between different surface access operators is the best way to keep prices at competitive levels and quality of service high. The attainment of these goals is most likely to be achieved with effective competition in airport parking markets, a pre-requisite of which is the availability of both on- and off-airport parking.
48. At [30] the Committee comments that the current system where airports set their own targets and assess their own performance is unlikely to deliver the Government's objectives of reducing congestion and improving air quality as the responsibility for delivering modal shift rests with airports. HX's CAA Submission (attached) suggests that the current planning regime for airports which requires AOs to produce AMPs and ASASs setting out their proposals for airport expansion is unlikely to deliver on the Government's policy of promoting competition in airport-related markets including those for airport parking.
49. The HX CAA Submission suggests that the DFT guidance on the preparation of AMPs and ASASs should require AOs to include in their proposals an assessment of relevant market conditions, how their proposals affect competition and how any adverse effect on competition could be mitigated.
50. HX welcomes the Committee's suggestion [2 of conclusions and recommendations] that the DFT should exercise greater scrutiny over AMPs and ASASs to assess the outcomes of surface access strategies for reducing congestion and improving air quality. HX suggest that the DFT and/or the CAA should also assess the outcome of surface access strategies for achieving greater competition in airport parking markets.
51. HX has also suggested that DFT guidance on the preparation of AMPs and ASASs might require AOs to include assessments of the effect on congestion and air quality of current surface access modes of transport to airports and how the AO's proposals are likely to affect those outcomes.

GENERAL

52. HX will be pleased and would welcome the opportunity to provide further evidence to the Committee on the subject of surface transport to airports whether in relation to the Report or in connection with future enquiries by the Committee.

.....
Matthew Pack
Chief Executive Officer, Holiday Extras Limited

APPENDIX 1

HX Submission on the CAA Review

DATED 18 March, 2016

CIVIL AVIATION AUTHORITY

Consultation on issues affecting passengers' access to UK airports:

a review of surface access (CAP1364)

**SUBMISSION ON BEHALF OF
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DEFINITIONS

1. In this submission the following abbreviations shall have the meanings ascribed to them opposite:

"AMP"	Airport Master Plans
"AO"	Airport Operator
"APF"	Aviation Policy Framework
"ASAS"	Airport Surface Access Strategies
"BIS"	Department of Business, Innovation and Skills
"CAA2012"	Civil Aviation Act 2012
"CMA"	Competition Markets Authority
"DCLG"	Department for Communities and Local Government
"DfT"	Department for Transport
"LPA"	Local Planning Authorities
"NPPF"	National Planning Policy Framework
"OACPO"	Off-Airport Car Parking Operator

INTERPRETATION

2. References in bold in square brackets are references to paragraphs of CAP1364.

ABOUT HX

3. HX:
- is the largest distributor of car parking and other holiday-related products to users of airports in the United Kingdom.
 - takes more than two million bookings each year in the United Kingdom for airport parking products.
 - seeks to offer airport users the broadest possible choice of good quality, competitively priced, authorised on- and off-airport parking.
 - believes that the CAA's review of surface access to airports provides the opportunity to improve the operation of the airport parking market to achieve the benefits for consumers of improving choice, value and fair treatment **[1.1]**.

IMPORTANCE OF ACHIEVING A COMPETITIVE MARKET

4. The CAA acknowledge that surface access to airports is a key part of the consumer experience of air travel, so any issues passengers face in these areas when using UK airports are of considerable importance **[1.2]**.
5. The CAA has a statutory duty to promote competition, where appropriate, and believes that competition between AOs and different surface access operators is the best way to keep prices at competitive levels and quality of service high **[2.2]**.
6. For customers to have a choice of airport parking provider, there must be both on- and off-airport parking operators. For there to be effective competition, which is the best way to keep prices at competitive levels and quality of service high, no single provider whether on- or off-airport should have an excessive share of the market.
7. Customers will have a restricted choice of provider where there is only one on-airport operator (this is the usual position) and one off-airport provider.
8. For many travellers on-airport parking is the choice of preference. For these passengers to have a real choice it will be necessary for AOs to allow independent third parties to have control of part of the on-airport parking supply. Requiring AOs to divest themselves of operational control of part of their on-airport parking will be especially effective in producing a competitive market where the AO has all or a large proportion of all authorised parking. Requiring AOs with dominant market power of airport parking to divest themselves of control of part of the on-airport parking supply is an issue which HX urges the CAA to consider.

CAA INITIAL CONCLUSIONS

9. The CAA's initial conclusions on market structure **[4.18]** found that AOs may have a dominant position in the upstream provision of surface access facilities. HX believes that for all OACPOs the AO has a dominant position in the upstream market. The CAA indicated that the AOs' dominance in the upstream market was particularly the case where there are planning restrictions around the use of land for car parking near the airport.
10. Whilst the consultation document sets out no initial conclusion in relation to dominance in the downstream airport parking market the CAA has formed an initial view that in general the surface access sector is a dynamic one "with a variety of parties active in providing surface access services of different types to consumers" **[9]**. HX does not believe that this general assessment applies to airport parking services at a number of UK airports.
11. At every UK airport the AO has a majority of authorised airport parking. At some airports, including Stansted and Bristol, the AO has a monopoly or virtual monopoly of authorised

airport parking. It is in relation to the downstream market that planning restrictions on off-airport parking are particularly important.

REGULATION OF SURFACE ACCESS ASSUMES A COMPETITIVE DOWNSTREAM MARKET

12. HX welcomes the CAA's suggestion of the development of a statement of good practice principles for AOs relating to access to their surface access facilities in the upstream market.
13. For most surface access operators use of on-airport facilities is essential for the operation of their businesses and off-airport facilities are not a viable substitute.
14. Only an effective downstream airport parking market will deliver the consumer benefits the CAA is seeking. Access to on-airport surface access facilities is a pre-requisite for a competitive downstream market. However, the primary building block for competition is a planning regime which allows off-airport parking. Where the planning regime does not deliver sufficient off-airport parking for an effective market to operate the regulator should be able to create an effective market by either requiring AOs to divest control of on-airport parking spaces or to have the ability to ensure that local planning allows for both on and off airport car park permissions.
15. HX has seen and supports IAPA's submission to this review. HX's associate company, Airparks Services Limited, is a member of IAPA. HX, being a consolidator of airport parking products for the airport parking industry, is especially concerned that AOs should face competition in the airport parking market. As a consolidator of airport parking products HX does not itself negotiate with AOs for surface access facilities. Accordingly this submission concentrates on planning policies for off-airport parking.
16. Where possible an adequate supply of both on and off-airport parking is the best way to achieve an effective airport parking market. This submission also deals with the situation where planning restrictions mean that an adequate supply of off-airport parking cannot be developed. In this situation effective competition can only exist if AOs are required to divest themselves of control of part of the on-airport parking supply or the CAA has the ability to ensure that planning authorities local plans promote competition.

PROMOTION OF COMPETITION

17. The CAA has a statutory duty under section 1(a) of the CAA2012 to "further the interests of users of air transport services regarding the range, availability, continuity, cost and quality of airport operation services". Air transport services include services at airports for the arrival or departure of passengers and their baggage (CAA2012 section 68(1)(c)). The CAA must carry out its function, where appropriate, in a manner which it considers will promote competition in the provision of airport operation services (CAA2012 section 1(2)).

18. The CAA believes that competition between AOs and between different surface access operators is the best way to keep prices at competitive levels and quality of service high [2.2].
19. The best way to achieve competition in airport parking markets is to ensure that there is an adequate supply of off-airport parking.
20. The DfT has responsibility for producing guidance on the preparation of AMPs and for producing the APF which local planning authorities are required to have regard to when drafting planning policies and determining planning applications.
21. The DCLG has responsibility for preparing the NPPF which gives general guidance to local planning authorities on the preparation of planning policies and the determination of planning applications.
22. Achieving competition in airport parking markets, particularly in relation to the development of an adequate supply of off-airport parking will require co-operation between the DfT, the DCLG and the CAA.

THE PLANNING PROCESS FOR AIRPORT PARKING

THE AVIATION POLICY FRAMEWORK

23. The APF produced by the DfT in March 2013 replaces previous Government guidance on AMPs and ASASs.
24. The White Paper The Future of Air Transport published by the DfT in December 2003 recommended that AOs maintain an AMP detailing development proposals.
25. Annex B of the APF contains the Government's current guidance on AMPs and ASASs.
26. The guidance indicates that AMPs and ASASs will continue to inform future land use, transport and economic planning processes and can support prospective planning applications (Annex B: B.1)
27. The guidance suggests that in addition to airside and terminal development and surface access infrastructure, plans might usefully include landside development including car parking and servicing and support areas (Annex B: B.4).
28. The guidance states that one of the most important issues AMPs should seek to address is long-term land requirements for future airport development and whether this requires changes to airport boundaries (Annex B: B.5).

29. In preparing local plans and making planning decisions LPAs are required to have regard to the APF [APF: 5.6].

THE NATIONAL PLANNING POLICY FRAMEWORK

30. The 2003 Air Transport White Paper provided that AMPs do not have development plan status, but the level of detail contained within them is essential to inform the content of the Local Development Framework (12.7).

31. The NPPF published by the DCLG in March 2012 sets out the Government's planning policies for England and how these are expected to be applied by LPAs in drafting planning policies and deciding planning applications. The NPPF contains the following guidance which is relevant to airport development:

"31. The local authority should work with neighbouring authorities and transport providers to develop strategies for the provision of a viable infrastructure necessary to support sustainable development, including large-scale facilities such as rail freight interchanges, road facilities for motorists or transport investment necessary to support strategies for the growth of ports, airports and other major generators of travel demand in their areas..."

"33. When planning for ports, airports and airfields that are not subject to a separate national planning statement, plans should take account of their growth and role in serving business, leisure, training and emergency service needs. The plan should take account of this Framework as well as the principles set out in the relevant national policy statements and Government Framework for UK Aviation."

"41. Local planning authorities should identify and protect where there is robust evidence, sites and routes which could be critical in developing infrastructure to widen transport choice."

"162. The local planning authority should work with other authorities and providers to:

...take account of the need for strategic infrastructure including nationally significant infrastructure with their areas."

32. Government guidance in the APF and NPPF mean that LPAs must take AMPs and ASASs into account when drafting planning policy and determining planning applications.

GOVERNMENT POLICY TO PROMOTE COMPETITION

33. In 2015 the Department of Business Innovation & Skills consulted on the Government's Strategic Steer for the CMA.
34. The foreword to the consultation acknowledges that: "Competition is the lifeblood of a healthy economy, energising our nation's productivity and growth. Strong competition in markets generates greater choice, lower prices and better quality goods and services for consumers."
35. The Secretary of State indicates that he wants all Government Departments to take a similar approach to promoting competition in markets.
36. In November 2015 a House of Commons briefing paper, number 04814 dated 9 November 2015 was published on "the UK competition regime."
37. The paper indicated that one of the main elements of the UK competition regime is:

"Competition Advocacy: Promoting the benefits of competition and challenging barriers to competition, such as those which result from existing or planned Government regulations."

EXISTING PLANNING REGIME PROMOTES MONOPOLIES

38. The present airport planning regime under which AOs produce AMPs and ASASs which inform the preparation of planning policies and the making of planning decisions enable AOs to promote monopolies or dominant market positions for AOs in airport parking markets.
39. Examples of AMPs, ASASs and planning policies which help to establish monopolies or dominant market positions for OAs are given in the case studies at paragraphs 55-75.
40. The guidance on producing AMPs and ASASs in the APF does not require AOs to include in AMPs and ASASs an assessment of competition in markets in which the AO competes for the provision of airport operation services or how the AO's proposals will affect competition. HX suggest that the CAA and the DfT should introduce such a requirement into the guidelines for preparation of AMPs and ASASs.
41. The provision of facilities for a number of airport operation services, including for the landing and taking off of aircraft and airport terminal buildings, can only be provided on-airport. Other airport-related development, including airport parking, hotels and offices can be located either on- or off-airport.

42. The guidance on the preparation of AMPs and ASASs does not distinguish between facilities which need to be provided on-airport and those which can be provided on- or off-airport. As well as having implications for competition in downstream markets for airport operation services this has material implications for the safeguarding of and taking of land for airport development.
43. IAPA suggest that the CAA and DfT consider amending the guidance on preparation of AMPs and ASASs to require AOs to indicate the facilities for airport-related services which can be provided either on- or off-airport.
44. Where the AO determines that it has a monopoly or significant market power in markets for the provision of airport operation services which can be provided either on- or off-airport the guidance on the preparation of AMPs and ASASs could be amended to provide that where the AO's proposals would result in or perpetuate a monopoly or dominant market position the AO is legally required to change its proposals to allow for such facilities to be provided both on- and off-airport.

DISCONNECT BETWEEN GOVERNMENT COMPETITION AND PLANNING POLICIES

45. The Secretary of State delivered a Ministerial Statement on 23 March 2011 indicating that LPAs when preparing local plans and deciding planning applications should, inter alia:

"Consider the range of likely economic, environmental and social benefits of proposals; including long-term or indirect benefits such as increased consumer choice, more viable communities and more robust local economies (which may, where relevant, include matters such as job creation and business productivity)."
46. The Ministerial Statement was cited in planning appeal decisions APP/N4720/A/10/2139567 & APP/N4720/A/10/2138849 which related to planning applications for off-airport parking serving Leeds Bradford International Airport. The AO made submissions opposing an appeal, inter alia, on grounds that it should have a virtual monopoly of airport parking serving the airport in order that it could control prices for airport parking as a means of achieving its target public transport mode for passengers travelling to and from the airport.
47. The Inspector deciding the appeals found that there was no evidence that the pricing of airport parking had a material effect on airports achieving their target for passenger use of public transport. At paragraph 55 of his decision, the Inspector stated: "A further factor to be borne in mind is that proposals for off-airport parking would provide an element of consumer choice compared with the near monopolistic offer that would exist in their absence. Increased choice is the thrust of PPS4, and one which is repeated in the

Ministerial Statement of 23 March 2011, Planning for Growth by the Minister for Decentralisation.

48. For these, and other reasons, the Inspector allowed the appeals.
49. PPS4 and the Ministerial Statement have been replaced by the NPPF.
50. At the heart of the NPPF is a presumption in favour of sustainable development which should be seen as a golden thread running through both plan-making and decision-taking (NPPF 14).
51. There are three dimensions to sustainable development: economic, social and environmental. The economic dimension of sustainable development is described as: "an economic role - contributing to building a strong, responsive and competitive economy, by ensuring that sufficient land of the right type is available in the right places and at the right time to support growth and innovation; and by identifying and coordinating development requirements, including the provision of infrastructure" (NPPF 7).
52. There is no other reference in the NPPF to the Government's policy of promoting competition and consumer choice.
53. HX suggest that the CAA and DCLG should consider amending the NPPF to reflect the Government's policy on promoting competition and consumer choice. This could be done in a number of ways, for example:
 - Providing that when drafting planning policy and making planning decisions LPAs should have regard to the Government's policy of promoting competition and consumer choice.
 - The consideration of competition and consumer choice issues would be facilitated further if the NPPF suggested that when drafting planning policies and making decisions LPAs should require that when owners of major infrastructure, including ports and airports, make applications for development of facilities for downstream markets, including long-stay parking, they submit an assessment of the downstream market, how it will be affected by the proposed development and how any adverse effect on competition and consumer choice could be mitigated.
 - Amending the description of the economic role of sustainable development by specifically referring to the role of promoting competition in markets and consumer choice.
 - Amending, as suggested in paragraphs 40, 43 and 44, guidance on the preparation of AMPs and ASASs which documents would in turn influence the preparation of local plans and decision making.

CASE STUDIES

54. The AMPs/ASASs for several UK airports specify that the AO wishes to provide all/all additional/all replacement airport parking on-airport. Either because such proposals influence the drafting of local plan policies and/or for planning reasons airport parking policies in local plans for a large number of Districts in the vicinity of airports severely restrict or prohibit off-airport parking. This is shown in the following case studies.

Stansted Airport Case Study

55. The following are extracts from the car parking proposals set out on pages 53-56 of the Stansted Airport Sustainable Development Plan 2015:

- "There are currently just over 26,600 passenger car parking spaces on-site all at surface level. The main facilities are:
 - SHORT STAY - 2,300 spaces, in a surface car park adjacent to the terminal;
 - MID-STAY - 5,100 spaces at South Gate, adjacent to the A120; and
 - LONG-STAY - 18,800 "self park" and storage spaces, mainly in the north western sector of Bury Lodge Lane"
- "Overall, we expect the current car parking provision of just over 26,200 passenger spaces to increase to between 45,000 and 55,000 spaces. This range is likely to satisfy growth to both 35 MPPA and beyond to 40-45 MPPA. These will all be contained within the current site."
- "As is common at most UK airports, there are a number of competitors that offer air passenger parking off-site. Examples are hotels and approved off-site car parks. ...estimates vary and numbers fluctuate, but off-site parking could amount to between 1,500 and 2,500 spaces.

As part of our planning obligations we regularly monitor this activity, in conjunction with local authorities. They are then responsible for investigation and enforcement against unauthorised uses...

Furthermore we will work with local authorities to ensure that their relevant planning policies can be implemented."

56. The airport parking policy in the Uttlesford Local Plan - January 2005 is as follows:

"Policy T3 - Car Parking Associated with Development at Stansted Airport.

Proposals for car parking associated with any use at Stansted Airport will be refused beyond the Airport boundaries, as defined in the Stansted Airport Insert Map."

57. HX has been able to identify a maximum of 750 authorised off-airport parking spaces (the actual figure is probably closer to 500) serving Stansted Airport. Additionally there are currently circa 1,450 spaces within the airport boundary which are operated independently of the AO.
58. As indicated in the AMP the local authority is responsible for enforcement against unauthorised off-airport parking. It is clear from the AMP that the AO holds the LPA to account in relation to its obligations to enforce against unauthorised off-airport parking uses.
59. As unauthorised off-airport parking is subject to enforcement action we suggest that in determining market share only authorised off-airport parking is taken into account. We would further point out that all off-airport parking operators exclusively offer meet & greet services. Accordingly the AO faces no competition for airport park and ride services.
60. According to the AMP there are currently 23,900 mid- and long-stay on-airport parking spaces. As mentioned above there are currently a maximum of 750 off-airport and 1,450 on-airport authorised spaces operated independently of the AO.. Based on these figures the AO currently has 91.57% of authorised on-airport and off-airport market which clearly gives it significant market power.
61. The AO's dominant position in the airport parking market will substantially increase if, in accordance with planning policies, all of the additional required parking spaces are provided on-airport.
62. Virtually all land which could be suitable, sustainable and viable off-airport parking is situate within Uttlesford district.

Bristol Airport Case Study

63. The following are extracts from the Bristol International Airport Master Plan 2006 - 2030:

- "Sequential approach to car parking locations:

7.44 In consultation with the Local Planning Authority, and to reflect the criteria established in Policy T12 of the Replacement Local Plan and the Inspector's Report, a sequential approach to assessing potential residual car parking locations and

options has been undertaken to determine the optimum solution with regard to the proposed expansion of BIA (eg environmental effects, planning policy, legislation, viability and financial implications). The sequential approach considers land in the following order:

- o Operational land within the proposed Green Belt inset;
- o Operational land outside of the Green Belt inset;
- o Strategic Park and Ride locations;
- o Sites with a contiguous boundary or non-operational land adjacent to BIA; and
- o Sites in the vicinity of BIA.

The aim of the sequential approach is to ensure that all potential development options are appraised before moving onto the next area of search in the sequence. The approach is aimed at ensuring that the maximum use is made of BIA's operational land, both inside and outside of the Green Belt, before looking at land outside of the existing boundary."

- "7.61 The land surrounding BIA is typically rural and agricultural in character. This area has seen a number of car park sites operating without formal planning permission, which have been the subject of consequent enforcement action by North Somerset Council. Nine appeals against this enforcement action by car park operators have been dismissed by Planning Inspectors, primarily because it is inappropriate development in the Green Belt (PPG2). Based on the large number of refusals of planning applications for small-scale airport parking by private landowners, enforcement against many owners, and a planning inspector's decision not to overturn such refusals of permission at a recent enquiry, it is considered that parking in the Green Belt away from the boundary of BIA is inappropriate, and is highly likely to be refused if a planning application was submitted. Due to these reasons no sites in the vicinity of BIA are considered to be appropriate for inclusion in the Master Plan."
- "6.5 Airport car parking

There are currently around 11,500 car parking spaces available for long-stay car parking at BIA...

A further 885 car parking spaces are available in the north side car park for short- and medium-stay use...

The last five years have seen the emergence of a large number of unauthorised airport car parks, primarily in fields around the Airport. In excess of 2,000 cars have

been observed on these sites. Enforcement action by North Somerset Council has been upheld on appeal at public enquiries and there has been some success with curtailing the unauthorised activity..."

64. The following is the part of Policy T/12 of the North Somerset Replacement Local Plan 2007 which relates to car parking:

"Car parking for the airport will not be permitted except in the following locations:

- (a) Within the Green Belt inset at Larsgate, subject to (iii) above [this required that the car parking "is suitably sited, designed and landscaped so as not to harm the surrounding landscape"];
 - (b) In association with overnight accommodation, provided that the number of parking spaces on-site does not exceed three times the number of bedrooms;
 - (c) Within the settlement boundary of Weston-super-Mare or within the Weston Regeneration Area, where the provision is planned as part of an integrated transport strategy for the town and its links with the airport that contributes to the creation of more sustainable travel patterns."
65. HX has been unable to identify any authorised off-airport parking sites (excluding at hotels and guest houses at which there are probably less than 250 authorised spaces) serving Bristol Airport. HX suggests that when determining market share for the dedicated single product airport parking market airport parking spaces at hotels and guest houses should not be taken into account as they are "sold" as part of a package which includes accommodation. Airport parking with accommodation is either a separate market or distinct segment of the wider airport parking market.
66. Accordingly, the AO has a monopoly of the dedicated single product airport parking market for Bristol Airport. It also has a virtual monopoly (circa 97.87%), of the wider market for airport parking which can be booked separately or together with accommodation.
67. The car parking policy in the Local Plan means that the AO's proportion of authorised airport parking is likely to increase over time.

Gatwick Airport Case Study

68. The following are extracts from section 3 of Access Gatwick - Our Surface Access Strategy 2012 - 2030:

- “Our key objectives for car parking are to:
 - Accommodate all additional airport-related car parking on-airport”
- “Car parking 2012:
Gatwick Airport provides a range of car parking for passengers and visitors which comprise long-stay surface car parks (27,410 spaces), short-stay car parks (5,060 spaces) and valet spaces (1,345)... Long-stay parking is for a day or more, and the demand may be met by a variety of parking products, such as valet parking, or remote parking requiring a shuttle-bus connection to the terminal.”

69. The 2012 Gatwick Airport parking count undertaken by local authorities, the AO and authorised off-airport parking operators gave the total figure for authorised on- and off-airport parking spaces as 46,392 (this figure includes authorised airport parking at hotels and guest houses). Of these 29,172 were stated to be on-airport. Based on these figures in 2012 62.88% of authorised on- and off-airport parking spaces were on-airport. Excluding authorised spaces at hotels and guest houses the AO controls a higher percentage of authorised spaces which are booked without accommodation.

70. The majority of authorised off-airport parking spaces for Gatwick are in Crawley District.

71. The airport related parking policy in the Crawley Borough Local Plan 2015 - 2030 is:

“Policy GAT3: Gatwick Airport Related Parking

The provision of additional or replacement airport parking will only be permitted within the airport boundary.

All new proposals must be justified by a demonstrable need in the context of proposals for achieving a sustainable approach to surface transport access to the airport.”

72. The AO's letter of 13 October 2014 to Crawley Borough Council making submissions in relation to the draft Local Plan included the following:

“GAT3 Airport Related Car Parking

For airport passengers and staff, our car parking strategy considers that future car parking requirements should be provided within the airport site. GAL strongly supports the need for the Plan policy in restricting the need for any further off-airport related car parking development and is in agreement with the Policy GAT3.”

- 73. Airport parking policies in local plans for other districts in the vicinity of the airport are either very restrictive of or prohibit off-airport parking.
- 74. Over time the implementation of Policy GAT3 and airport parking policies for other districts in the vicinity of the airport will significantly increase the proportion of authorised airport parking situated on airport.
- 75. The Crawley Local Plan safeguards land in the vicinity of the airport for airport expansion. If the AO receives planning consent for a second runway; purchases the whole of the land safeguarded for expansion; and replaces on-airport parking lost as a result of the expansion works, on-airport parking would account for circa 85% of total authorised airport parking based on 2012 authorisations.

ESTABLISHING EFFICIENT COMPETITIVE AIRPORT PARKING MARKETS

- 76. The suggestions we have made for amending guidance on the preparation of AMPs, ASASs and airport parking policies could result in those documents proposing a proportion of additional and replacement airport parking being located off-airport. Our suggested amendment to the NPPF could result in the drafting and adoption of airport parking policies which were not unduly restrictive or prohibitive of off-airport parking; in turn this could result in the grant of planning permissions for off-airport parking. However there is no guarantee of these outcomes.
- 77. The case studies for Stansted and Bristol Airports show that the AOs have a virtual monopoly of authorised airport parking. The case study for Gatwick Airport shows that the AO has significant market power in the airport parking market which is likely to increase if either current planning policies are implemented or a second runway at Gatwick is approved. In either case it is likely that over time the AO will obtain a virtual monopoly of authorised airport parking. HX believes that AOs at all other UK airports have significant market power in airport parking markets with some having virtual monopolies.
- 78. HX suggest that the CAA consider how to correct non-functioning existing airport parking markets to establish effective competition.
- 79. Where the AO currently has significant market power or achieves significant market power in the future HX suggest that effective competition can only be achieved by requiring AOs to dispense with control of a proportion of authorised on-airport parking, or a change in planning law to allow off-airport competition.
- 80. Divesting control of on-airport parking could be achieved in a number of ways including:

- The freehold sale
- The grant of long leases
- The grant of short term (preferably not less than 10 year) leases at rack rents

81. In each case it would be essential that transactions were dealt with on an at-arms-length basis with the AO having no control over pricing of airport parking products. It would be inappropriate for rent to be based in whole or in part on turnover or profit, but perhaps could be based on market comparables. A management agreement for on-airport parking would not be best suited to achieving the aim of increasing competition and consumer choice.

SAFEGUARDING OF LAND FOR AIRPORT EXPANSION AND COMPULSORY PURCHASE

82. Clarifying or amending guidance to AOs and LPAs on the safeguarding of land for airport expansion to provide that land required for airport-related development (including airport parking) which can take place either on- or off-airport should not be safeguarded would help to prevent AOs from increasing their dominant position in downstream markets.


83. Compulsory purchase legislation enables AOs to acquire land for airport expansion at favourable prices. This distorts competition in markets for airport-related services as off-airport providers of such services can only buy land at market rates.

84. In a democracy there is a presumption that assets should not be acquired by compulsory purchase other than in the public interest. It is difficult to justify the compulsory acquisition of land for airport-related development which can take place either on- or off-airport.

85. All AOs are privately owned companies which have a fiduciary duty to shareholders to maximise profits. It is against the public interest for the compulsory purchase regime to provide private companies with additional profit from the acquisition of land.

GENERAL

86. HX appreciates the opportunity to make this submission and is happy to provide any further evidence or clarification which the CAA require.



 Matthew Pack
 Chief Executive Officer, Holiday Extras Limited

