CABINET

CIVIL AERODROMES: WHITE PAPER

MEMORANDUM BY THE MINISTER OF AVIATION

At the meeting on 13th June, the Cabinet endorsed the approval given by the Economic Policy Committee to my proposals for decentralising the ownership and operation of civil aerodromes. The Cabinet invited me to circulate a draft statement setting out the new policy (C.C. (61) 31st Conclusions, Minute 11).

2. In the discussion of this matter, the view was expressed that since there was little chance of time being found for legislation in the next Session, it might be best to defer publication of a White Paper and at this stage merely to make a less detailed statement of the Government's intentions. But I consider that a White Paper should be published as soon as possible. The setting up of an Authority for the international airports at present run by the State is only one of the features of the new policy: there are other important aspects which do not depend on legislation. I wish to make an early start on the municipalisation of airports serving the main centres of population and also to conclude agency arrangements for the management of the airports serving the Scottish Highlands and Islands and the Isles of Scilly. Similarly, it is highly desirable that the proposal to levy charges separately for technical services (for which the necessary legislative sanction will be sought in the Eurocontrol Bill already in the programme for next Session) should be seen in its proper context as an essential feature of our new policy.

3. For these reasons, it is important that our policy should be explained at greater length than could conveniently be contained in a statement in Parliament. I therefore seek the agreement of my colleagues to publication of the attached draft White Paper before the Recess. The draft has been shown in confidence to the Northern Ireland Government who have no objection to its publication. The Association of Municipal Corporations and the Aerodrome Owners Association have been informed in broad terms of what is proposed, and the Corporations of Edinburgh, Glasgow, and Aberdeen will be similarly informed within the next few days.

P. T.

Ministry of Aviation. W.C. 2,

CONFIDENTIAL
CIVIL AERODROMES AND AIR NAVIGATIONAL SERVICES

The Present Position

The State owns and operates 22 civil aerodromes. There are 25 municipal and 48 private aerodromes licensed for public transport. Those owned by the State range from large international airports such as Heathrow, Gatwick and Prestwick, to small aerodromes in the Scottish Highlands and Islands. Some of the municipal airports, such as those at Manchester, Southend and Birmingham, handle more traffic than many of the State aerodromes. Those owned privately differ widely in size and activity. Standards of safety are maintained at the municipal and private aerodromes through the requirement for annual licensing by the Minister of Aviation.

2. The *en route* technical services, that is to say those necessary for the safe navigation of civil aircraft (air traffic control, navigational aids, telecommunications and meteorological services), are provided by the State over the country as a whole. The aerodrome technical services, that is to say those necessary for the approach, take-off and landing of aircraft, are normally provided by the aerodrome owner, i.e. by the Minister of Aviation at the State aerodromes, and by the respective aerodrome authorities at the rest. Exceptional arrangements govern the provision of aerodrome technical services at the municipal airports at Manchester, Liverpool and Birmingham, where the State has kept in its own hands the provision of these services as part of the terms on which it was agreed that the local authorities, rather than the State, should manage the airports.

3. The present patterns of aerodrome ownership and of responsibility for technical services have developed over the past 25 years, during which time the air transport industry has grown from infancy to maturity. In considering future policy it is advisable to bear in mind how the present arrangements have evolved.

The historical background

4. Before the war the main responsibility for providing aerodromes in the United Kingdom rested with local authorities, the only ones owned by the State being those at Croydon, Heston and Lympne. The State did not give financial assistance to aerodrome owners except that, in 1938, it was agreed that grants should be made from the Exchequer towards the provision of full night-lighting equipment at certain main aerodromes.

5. The State's responsibility for providing *en route* technical services, on the other hand, is of long standing and has been accepted by successive Governments. It was recognised from the outset, however, that the full cost of these
services should ultimately be paid by the operators of aircraft. Thus the Maybury Committee of 1937 emphasized that the help to be given to the new industry was to be of a temporary nature:

In this examination and in framing our recommendations that the necessary radio facilities and air traffic control organisation should be provided by the State, we have considered that an appreciable measure of Government assistance is desirable, and indeed essential at this stage, to secure a satisfactory degree of development, and that such assistance should be given with the objective of eventually rendering civil aviation economically self-supporting. (Cmd. 5351.)

6. At the end of the war the very great expansion in civil aviation, and the need to provide extensive ground facilities that were beyond the financial resources of the industry, led to the decision that the State should not only continue to provide the en route technical services, but should also own and manage the major aerodromes required for scheduled services.

7. The traffic served by the ground services has increased greatly since the war. In 1946 fewer than three-quarters of a million passengers passed through United Kingdom aerodromes; in 1960, the figure was over ten million. There is every reason to think that this trend will continue as the low-fares policy pursued by the Government and the United Kingdom airlines brings air travel within the reach of a widening public.

8. At the end of the war large programmes of capital development, for which only the State had the necessary resources, were required if this country was to play its proper part in civil aviation and derive full benefit from it. Large sums have accordingly been devoted to developing the ground services. Nearly £28 million have been spent in making Heathrow one of the finest airports in the world, handling more international passengers than any other. Gatwick has been built to play an important complementary role in handling the growing volume of air traffic to and from London. Prestwick has developed as the United Kingdom's second international airport and much work, including the extension and strengthening of the runways and the construction of a new terminal building, has been and is being undertaken at Prestwick to meet the requirements of the jet age. Programmes of development have also been carried out at other airports owned by the State.

9. These programmes have been a major factor in enabling the United Kingdom to gain a leading position in civil aviation, which the Government are determined shall be retained. To this end, the supporting ground facilities must continue to match the increasing demand, which has been made more complex by the introduction of larger and faster aircraft. The Government share the view expressed before the war that the full cost of paying for these services should as far as possible be borne by the operators of aircraft without subvention from the taxpayer. This is the only sound basis for the long-term prosperity of air transport. In recent years the Government have accordingly taken steps to increase the airlines' share of the cost of providing ground services, and they propose to continue with this policy, though they recognise that it may be some years still before the industry can be fully self-
supporting in this respect, and that there are certain facilities, such as some of
the aerodromes in the remote parts of Scotland, which may need to be supported
by means of a direct subsidy.

10. With these aims in mind, the Government have been reviewing the
present arrangements for providing the ground services for civil aviation.

Technical Services

11. The first consideration must be the safety of aircraft, their passengers
and crews. At present the technical services provided by the State are
recognised to be as good as any in the world. The Government intend to
maintain this position.

12. On operational and technical grounds it is necessary that the civil en
route services should continue to be provided by a single agency covering the
whole country, and the close interaction between en route services and aerodrome
technical services at certain main aerodromes makes it highly desirable that the
same agency should provide the technical services at those main aerodromes.

13. The en route services provided for civil air traffic in this country need to
be co-ordinated with those required for military air traffic. Some facilities are
already used in common, and integration is likely to go further in future.
Moreover the systems must be compatible with those in operation in other
countries, and international collaboration at Government level is needed to
ensure this. The United Kingdom is already bound to such collaboration as
a member of the International Civil Aviation Organisation; and under the
Eurocontrol Convention air traffic control in the upper air space of member
states, including the United Kingdom, is to become the responsibility of an
international agency. The Government therefore propose to retain direct
responsibility for providing en route services, and also to provide the technical
services at aerodromes where these interact closely with the en route services,
or where other special circumstances require it. Technical services at the
remaining aerodromes will be the responsibility of the local aerodrome
authorities.

Ownership and Management of Aerodromes

14. Some of the circumstances which led to the adoption of the policy that
aerodromes required for scheduled services should be owned and administered
by the State no longer apply. Thus the establishment of the national pattern
of civil aerodromes after the war involved such questions as the widespread
compulsory acquisition of land, the transfer of numerous aerodromes from
military to civil use, and the need for substantial expenditure of public funds
to establish and operate the civil aerodromes. There was no early prospect of
making the aerodromes pay, and any alternative ownership would have been
heavily dependent on grants from the Exchequer, and so would have had little
freedom of management. Central control and financing were essential to avoid dislocation and delay in providing aerodrome facilities at a crucial time in the development of air transport.

15. At the end of the war the operating losses at the aerodromes taken over by the State were large, and the prospects of eliminating them appeared to be remote. The financial prospects have now changed. Direct Departmental management and development have brought the aerodromes to a position in which it is possible to consider transferring their ownership and operation to other hands. In the present financial year the revenues of Heathrow are expected to cover all the operating costs and also interest on capital and depreciation. The role of the other aerodromes owned by the State is also clearer than it was in the early post-war years. Central control, although essential to the establishment of a co-ordinated network of aerodromes, is no longer necessary for running it. There is now less need for assistance from the Government, or for direct Ministerial responsibility and supervision over day-to-day matters in what is largely a business enterprise.

16. The Government have therefore decided that the time has come to decentralise the ownership and management of the State aerodromes. In carrying out this policy, they will concern themselves to ensure that satisfactory arrangements are made to safeguard, as far as possible, the employment interests of the staff concerned.

17. The new arrangements for the ownership and operation of the aerodromes must take account of the wide differences which exist between them, both in size and in the nature of the facilities now provided or likely to be required in the future. For example, the running of a major international airport such as Heathrow or Prestwick is quite a different business from the running of a small aerodrome in the Scottish Islands. From this point of view the aerodromes fall into the following four groups:

**Group I**
- London (Heathrow)
- London (Gatwick)
- Stansted
- Prestwick

**Group II**
- Bournemouth
- Blackpool (negotiations on the future of this aerodrome are currently taking place with the City Corporation)
- Cardiff
- Belfast
- Glasgow
- Edinburgh
- Aberdeen
Group III
Inverness
Benbecula
Islay
Kirkwall
Machrihanish
Stornoway
Sumburgh
Tiree
Wick

Group IV
Airports serving the Isles of Scilly (St. Just and St. Mary's)

Group I
18. The first group comprises the principal international airports owned by the State (including Stansted, which is at present one of the airports in the London group). In 1960/61 their gross revenue was over £6.5 million, and in 1960 the passengers at these airports made up nearly 60 per cent of the total number using United Kingdom aerodromes. The airports in this group have a closely co-ordinated function as the principal gateways into the country for normal scheduled services. They also form a convenient unit for management which is at the same time large enough to offer a reasonable career structure and variety of work and to be attractive to able men. Furthermore, these airports are collectively within sight of paying their way.

19. The Government have therefore come to the conclusion that an Airport Authority should be set up to own and manage the main international airports now owned by the State, and to plan, build and manage any new ones eventually required. The Authority might also be made responsible for providing and managing an international heliport in Central London. It may be noted that similar arrangements have been made for many of the main international airports in Europe and in the United States.

20. The Government are giving further consideration to the form which an Authority for the international group of airports should take. The necessary legislation for establishing the Authority will be introduced when details of its structure and functions have been fully worked out.

Group II
21. The second group comprises aerodromes, other than the principal international gateways, which serve some of the main centres of population in the United Kingdom. Although the cost of operating them is at present a charge on the general body of taxpayers, they serve primarily local needs, though with different degrees of value to the nation as a whole.

22. Since the war there have already been cases in which the ownership and control of aerodromes have been decentralised from State to local management. In 1950 it was decided—as an exception to the policy of State-ownership for
aerodromes needed for scheduled services—not to acquire Manchester Airport, but to make an agreement with the City Corporation under which the latter would be responsible for the future development and management of the airport. Subsequently similar arrangements have been entered into with the Corporations of Birmingham and Liverpool. More recently, the formerly State-owned aerodrome at Southampton has been taken over by a private concern. These developments, together with the fact that a considerable number of aerodromes have never been taken over by the State, mean that, over the country as a whole and apart from the airports in Group I, the Minister of Aviation now operates only seven aerodromes serving large centres of population, whereas 25, including a number at which the traffic exceeds that at some of the seven, are operated by municipalities. Against this background there appears to be insufficient justification for requiring the taxpayers to meet automatically the full cost of providing these seven aerodromes, while the ratepayers at certain places, in addition to their obligation as taxpayers, meet the full costs of their local aerodromes.

23. Experience both in this country and abroad has shown that local responsibility for the development and management of aerodromes has many advantages. Users' needs are more easily identified and catered for, and local management is in a better position than the Government to adapt its standards of passenger-handling services and costs to suit local needs and circumstances. In developing non-aviation revenue through concessions, and in providing management services generally, local management should be able to make use of facilities already existing for other purposes without corresponding extra expense.

24. In short, local pride and prestige, coupled with local knowledge and financial responsibility, and with the help of an advisory service from the Government, should provide the best setting for the provision of good and efficient aerodromes of this kind without extravagance.

25. The Government have therefore decided that the future development of the aerodromes in Group II can best be furthered under local ownership and management with the support of local resources. The most suitable form of local management would be for the local authorities to assume the prime responsibility for their ownership and operation, thus bringing these aerodromes into line with the well established pattern which has been adopted successfully in other parts of the country.

26. The Government have already discussed these proposals in general terms with the Association of Municipal Corporations, the Aerodrome Owners Association, and appropriate authorities in Scotland. They have also discussed the application of the policy of decentralisation in Northern Ireland with the Northern Ireland Government. The Government propose to open negotiations in the near future with the appropriate authorities about the future arrangements for these airports.

Government Aid for Aerodromes

27. The Government recognise that some aerodromes serving main centres of population meet a national as well as a local need. Where the cost of
running these aerodromes would place an unduly heavy burden on local resources, it would be reasonable for the local authorities to expect the Government to give some assistance in recognition of the contribution made by the aerodrome towards the air transport needs of the nation as a whole.

28. Any application by a local authority for Government financial aid, whether to continue operating an aerodrome after previous Government management or to support an aerodrome already under local control, will be considered on the merits of the particular case. Among the criteria that will be adopted, two will be of particular importance: whether the aerodrome in question is regarded as one of the limited number indispensable to the national transport system; and, if so, whether the local authority needs help.

29. The test of indispensability will be strict. Account will be taken, *inter alia*, of the location of other aerodromes and the facilities there, the population in the area served by the aerodrome, the existence and convenience of alternative means of travel, the likely growth of traffic in the future, and the prospect of the aerodrome paying its way within a reasonable period of time.

30. The test of the local authority's need for assistance will also be strict. The local authority will need to show that the financial loss likely to be incurred in running the aerodrome at appropriate standards is greater than the local community can reasonably be expected to bear.

**Group III**

31. The aerodromes of the third group are in the remote parts of Scotland. They are never likely to pay their way, but they are at present essential to the economy and social welfare of the areas they serve. The Government recognise the importance of these aerodromes, and that there is no scope for transferring their ownership to the local communities. They do, however, form a homogenous unit for management, and the Government are therefore exploring the possibility of arranging for the management to be carried out by an agent on their behalf. Arrangements will be made for the cost to the Exchequer of subsidising these aerodromes to be separately identified in the national accounts.

**Group IV**

32. The aerodromes at Land's End and the Isles of Scilly also fall into a special category similar to Group III, and for these too the Government will seek to make arrangements for management by an agent.

**Financial Implications**

33. The proposals outlined in this paper for decentralising the ownership of many of the aerodromes now owned by the State mean that it will not be possible for the Government's general policy of making air transport ultimately self-sufficient to be implemented by progressive increases in landing fees alone. The revenues at these aerodromes, including landing charges, will in future accrue to the new owners. Group I, comprising the international airports, should soon be able to pay its way. In respect of the aerodromes in Group II,
there will be a saving to the Exchequer as a result of transferring responsibility to local authorities, though some continuing financial assistance from the State may be needed for a period. It is expected that a small number of aerodromes at present not supported by Exchequer grants will receive assistance for their development in recognition of their contribution to national requirements.

34. Since the new policy will have the result that the ownership of the aerodromes and the provision of the *en route* technical services (and aerodrome technical services in some cases) will be in different hands, new arrangements will have to be made for payment for the use of the technical services provided by the State. The Government consider that it would be right to levy charges for the use of these services, as was envisaged when central provision of air traffic control and communications was first undertaken in 1937. Powers to levy such charges will accordingly be sought from Parliament. It will not be practicable to recover fees sufficient at the outset to meet the full cost of the technical services, but the aim will be to increase the fees progressively until the cost is borne entirely by the civil aviation industry.

35. Although the Government’s proposals will reduce the burden on the taxpayer, it cannot be eliminated immediately; some payments from the Exchequer towards ground facilities for civil aviation will have to continue for a time. The rate of progress made towards financial self-sufficiency will need to be very carefully considered in the light of what the industry can bear at any particular time, but it is right that people travelling by air should pay an increasing part of the cost, and ultimately the whole cost, of the ground services. The total charges levied on the users of the ground services, and their make-up as between the charges levied by the State towards the cost of the technical services on the one hand, and charges levied by the aerodrome owners for the use of their facilities on the other, will have to be kept under constant review. But the Government are convinced that the proposals outlined in this White Paper provide the best way of meeting the two fundamental aims of their policy, namely to ensure the continued efficiency of the ground services and to make air transport self-supporting as soon as possible in order to secure the long term prosperity of the industry.