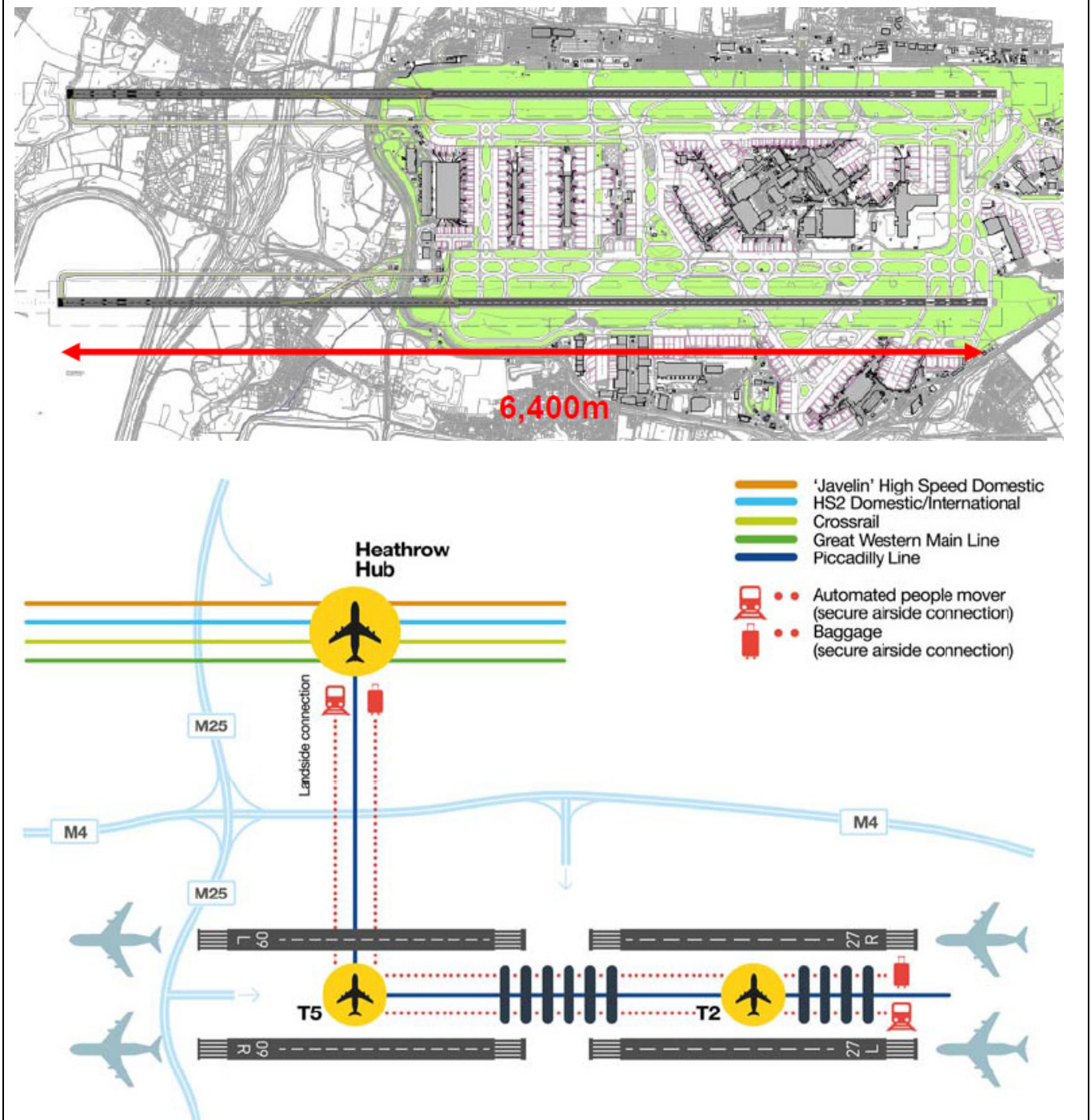


PROPOSAL TITLE:	Heathrow Hub	Short Term	<input type="checkbox"/>
SUBMITTED BY:	Heathrow Hub Limited	Medium/Long Term	<input checked="" type="checkbox"/>

PROPOSAL

The proposal contains two elements. Firstly, an extension of both existing runway to a length of 6,400m enabling each runway to operate as two runways: the down-wind runway used for arrivals and the up-wind runway for departures. Secondly, a multi-modal interchange and passenger terminal, “Heathrow Hub”, located 3km north of the existing airport.



INITIAL ASSESSMENT COMMENT

Although the runway operational configuration is unconventional, it is not unreasonable. The proposal shares similarities with other submissions, notably that from Policy Exchange and CentreForum.

The proposal enables increased airport capacity and therefore seems to be in line with the Commission’s remit.

PROPOSAL TITLE:	Heathrow Hub	Short Term	<input type="checkbox"/>
SUBMITTED BY:	Heathrow Hub Limited	Medium/Long Term	<input checked="" type="checkbox"/>

## OVERVIEW

Proposal	The proposal contains two elements. Firstly, an extension of both existing runway to a length of 6,400m enabling each runway to operate as two runways: the down-wind runway used for arrivals and the up-wind runway for departures. Secondly, a multi-modal interchange and passenger terminal, "Heathrow Hub", located 3km north of the existing airport.		
Approach	<b><u>Enabling legislation to be provided 2015-2018 with design and procurement commencing, at risk, in 2017, enabling construction to start in 2018 and Phase 1 to open in 2023.</u></b> It is implicit in the proposal that this would be delivered by the airport owner through established regulatory capital investment programmes.	Assumed Capital Cost <b>Phase 1: £10.5 bn</b> <b>Phase 2: £1.7 bn</b>	
Potential Benefits	<ul style="list-style-type: none"> <li>Phased expansion building upon existing airport and transport infrastructure.</li> <li><b><u>Increased GDP of £60-£90bn (NPV).</u></b> Current jobs maintained with <b><u>36,000 more at Heathrow and 53,000 more nationally through "intra-UK trade and spending" by 2050.</u></b> <b><u>Enhanced agglomeration along the Thames Valley.</u></b></li> <li>Increased surface access options improving connectivity to regions beyond the southeast and reducing existing journey times.</li> <li>Possible reduction in night flight nuisance with additional capacity/flexibility.</li> <li>Lower construction carbon footprint compared to new hub locations with use of existing infrastructure.</li> <li>Potential for increased resilience over current Heathrow operations.</li> <li><b><u>RAB-based approach with limited impact on aero charges anticipated.</u></b></li> </ul>	Additional Capacity (mppa) Phase 1: 30 Phase 2: 85  Additional Capacity (ATM) Phase 1: 190,000 - 220,000 Phase 2: 370,000 - 420,000	
<b>Key Issues &amp; Risks</b>			
Strategic Fit	<ul style="list-style-type: none"> <li>The scheme adds to capacity and seeks to minimise the environmental impact of flying whilst making maximum use of existing infrastructure. It is therefore aligned with the Commission's terms of reference.</li> </ul>		
Economy	<ul style="list-style-type: none"> <li>Some services could transfer from Gatwick because of enhanced opportunities to increase their viability and take advantage of hub connectivity.</li> </ul>		
Surface Transport	<ul style="list-style-type: none"> <li>Uncertainty exists around multimodal interchange on this scale and popularity with users untested.</li> <li>Uncertain that the target <b><u>60% public transport modal share</u></b> could be achieved on which much of the surface capacity analysis depends.</li> <li>The proposed rail links goes beyond what is currently planned with additional services utilising a HS2/HS1 link, (yet to be formalised) and a high speed service to Bristol and South Wales, (not currently part of HS2).</li> </ul>		
Environment	<ul style="list-style-type: none"> <li>Risks to air quality continuing in medium term.</li> <li>Additional impacts from M25 diversion likely.</li> <li>Flood risk area affected and compensatory storage required.</li> <li>Although the scheme affects the reservoirs southwest of the airport, which given their environmental designation, would require appropriate assessment and demonstration of no alternative and overriding public interest plus compensatory habitat creation, this is considered more deliverable than for other schemes affecting similar, more unique habitats in the Thames Estuary.</li> </ul>		
Cost	<ul style="list-style-type: none"> <li>Although the cost estimate includes 50-60% optimism bias allocations, it appears to underestimate the potential cost and appears low by comparison with other submissions. Surface transport costs are specifically excluded, and the cost of replacement reservoirs does not appear to be included.</li> <li>Airport infrastructure may be higher with a further £5bn+ for surface access.</li> </ul>		
Operations	<ul style="list-style-type: none"> <li>Novel, largely untried operational proposal, which whilst not unreasonable may require an extended introduction period to safely deliver full capacity benefits. Total cost may be nearer £15-20bn.</li> </ul>		
Delivery	<ul style="list-style-type: none"> <li>Construction may affect existing runways and is likely to disrupt current operations.</li> <li>Major reconfiguration of the M25 required; major works affecting the reservoirs west of Heathrow.</li> <li>Various underlying RAB assumptions presented but insufficient information to allow assessment of consistency/credibility of financial proposition including scale/nature of private finance envisaged.</li> <li>Unclear if proposal requires a single RAB for both airport and the Heathrow Hub or separate.</li> <li>Unclear whether government/regulatory support required to achieve ability to attract inward investment/viability.</li> <li>Government support requirement raises issue re affordability and value for money.</li> </ul>		