PROPOSAL TITLE:	**Bigger and Quieter: Luton**	**Short Term**	☐
SUBMITTED BY:	**Policy Exchange and CentreForum**	**Medium/Long Term**	☒

PROPOSAL

Following a review of various aspects of the southeast airport policy debate, including economic, environmental and technical aspects, the submitter concludes that the preferred solution is to develop hub capacity at Heathrow. However, if that option were politically unacceptable, it concludes that the next preferred option would be to develop an alternative hub at Luton.

In order to render Luton commercially viable, Heathrow would be closed. Stansted would also be closed due to airspace restrictions, with a second runway developed at Gatwick to accommodate displaced leisure and low cost flights.

In principle two options are presented, to either build a new airport between Luton and Harpenden, or to extend the existing airport broadly along the lines of the airport's former master plan. New surface access connections would link the airport to the M1 and the Midland Mainline.

INITIAL ASSESSMENT COMMENT

The submission is only in part the presentation of a developed proposal for a detailed capacity solution. At its time of writing (October 2012), the report was presented as a contribution to the policy debate around the time of the establishment of the Airports Commission.

Given the closure of Stansted and Heathrow, it is not clear that the concept delivers a significant capacity benefit to the London network. It would also reduce competitive forces in the London market. The closure of Stansted and re-definition of Luton into a hub airport drives the need to expand Gatwick largely to compensate for lost capacity at Stansted.

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OVERVIEW

Proposal	Development of Luton with either a second runway or as a replacement hub for Heathrow. The new hub would be built between Luton and Harpenden. New surface access connections would link the airport to the M1 and the Midland Mainline.	
Approach	No details provided. It is assumed that following enabling legislation an appropriate special purpose vehicle would be established to construct and operate the airport and presumably manage the, State led, closure of Stansted and Heathrow airports. Opening may be 2025-2030.	**Assumed Capital Cost** **£20 bn**
Potential Benefits	▪ Higher capacity hub could improve resilience, reducing delays and travel times for passengers and cargo, reducing airline operating and capital costs and in the long-run fares. ▪ Additional hub capacity could allow for growth in a number and possible the range of flight destinations. ▪ Potential for enhanced connectivity internationally, and between regional UK locations and the rest of the world. ▪ Low additional population affected by noise given closure of Heathrow and Stansted. ▪ Reasonably well located to access the strategic highway and rail networks. ▪ Opportunities for economic development in Bedfordshire and Northamptonshire including areas of unemployment and deprivation.	**Additional Capacity (mppa)** Luton: 25 Gatwick: 10-40 **Additional Capacity (ATM)** 200,000 – 400,000
Key Issues & Risks		
Strategic Fit	▪ The proposal adds capacity to the London system through the expansion of Gatwick and a net increase with the expansion of Luton and closure of Heathrow and possibly Stansted.	
Economy	▪ May reduce competition in the London system given closure of Stansted and possibly Heathrow. ▪ Given its distance from Heathrow existing businesses and workforce at Heathrow would be adversely impacted unless they are able to adjust to the new opportunities presented at the redeveloped site, or relocate to the new location.	
Surface Transport	▪ Uncertain whether proposed rail and road enhancements can cater for the predicted level of demand and what measures will be implemented to achieve acceptable rail mode share target. ▪ Widening of the motorway network as well as additional rail and platform capacity may be required.	
Environment	▪ New noise impact for currently unaffected populations. ▪ Considerable loss of agricultural land along with likely loss of a number of cultural heritage designations, ancient woodland and landscape impacts.	
Cost	▪ The stated cost appears to only refer to the development of Luton and does not include any compensation payments due on closure of Heathrow or if necessary, Stansted. It also does not seem to include offsite surface transport costs, or any costs associated with the development of Gatwick. With these costs included, the total cost may be in order of £40-50 bn.	
Operation	▪ Capacity of developed Luton (150 mppa) delivers a net increase of c 25 mppa following the closure of Heathrow and Stansted. Depending upon 2nd runway configuration at Gatwick, this has the potential to increase system capacity by a further 10-40 mppa, giving a system increase of 35-65 mppa.	
Delivery	▪ The undulating topography of the area, with notable changes in level, is unfavourable. ▪ Unclear how a funding/financing strategy and ownership structures would work. ▪ Unclear as to the possible effects of closing Heathrow or Stansted. ▪ Range of support measures needed for private financing, including government support / commitment and supportive regulatory framework and planning environment. ▪ The scale of private financing involved is large and deliverability is not certain despite significant government funding and underwriting of risk. ▪ The required government support also raises fundamental value for money and government accounting questions.	