

Inner Thames Estuary Feasibility Studies: Call for Evidence,
Airports Commission,
Sanctuary Buildings,
20 Great Smith Street,
LONDON. SW1P 3BT

1300/A3/GC/dw

BY EMAIL & BY POST: estuary.studies@airports.gsi.gov.uk

23rd May, 2014

Dear Sir or Madam,

INNER THAMES ESTUARY FEASIBILITY STUDIES: CALL FOR EVIDENCE

We write in response to the above consultation and thank you for the opportunity to engage at this stage of the strategic planning process for what is undoubtedly one of, if not the single most important planning issue at the present time, being of clear national social, economic and environmental significance.

By way of background, Barton Willmore is the UK's leading integrated planning and design consultancy. As a national Practice, we use our size to make a difference. By pushing the standards of legislation, stakeholder engagement and sustainability ever higher, we aim to influence methods of practice and projects, for the good of the property industry, local communities and the environment.

We are also a network of local offices spread throughout England, Scotland and Wales, each with its own ambitions and understanding of their local region. Our Reading office has a particular Thames Valley focus, and an active interest in the key planning issues for the sub region. It is in this context that our views on the Inner Thames Estuary consultation are submitted: the potential implications for the region in the eventuality of a Heathrow Airport closure (the likely outcome of the development of a hub airport in the Thames Estuary) are enormous and far reaching, likely to result in significant impacts for the Thames Valley and its current role as an economic powerhouse, key location for housing and employment growth and centre for global investment.

THE CALL FOR EVIDENCE

This response relates to the Airport Commission's ('the Commission') invitation to interested parties to submit 'analysis, evidence, additional research or comments' in relation to an inner Thames Estuary proposal, in order to inform the final inner Thames feasibility studies prior to their conclusion and publication (currently scheduled for early July 2014).

As per the guidance contained within the Introductory Note, this submission relates specifically to the finalised study terms of reference, where the Commission has concluded that additional analysis will be of value in reaching its decision on whether the inner Thames Estuary option can be regarded as a credible option.

Our comments relate specifically to 'Study 3 - Socio Economic Impacts' and set out our views as to the likely national, sub-national and local economic and social effects of closing Heathrow and seeking to assess the regeneration potential of east London and the south and east of England.

BACKGROUND AND CONTEXT - AIRPORT COMMISSION: INTERIM REPORT (2013)

In December 2013, the Commission published its Interim Report ('the report'), having been tasked with the taking a fresh and independent look at the UK's future airport capacity needs. The report sets out the nature, scale and timing of steps needed to '...maintain the UK's status as an international hub for aviation, alongside recommendations for making better use of the UK's existing runway capacity over the next five years.'¹

The report explains that the UK is one of the best connected countries in the world, with available seat capacity and the number of destinations served out of UK airports higher than any comparable European country. Heathrow serves the largest number of international passengers of any airport in the world, however it is now 'effectively full...it is becoming more and more difficult for airports and airlines to operate efficiently within the constraints of their existing infrastructure.' The report highlights Heathrow's dominant position in terms of connectivity amongst European hubs on routes to North America and other established aviation markets; however it also recognises that '...it has not been able to build on this and establish a similar position of strength in routes to emerging economies...the number of domestic routes to the airport is declining, restricting access from other UK regions to Heathrow's network of international services.'

The report advises that the current approach of forcing ever greater volumes of traffic through the existing infrastructure, if continued, would therefore have increasingly detrimental effects on the national economy, businesses, and air passengers. The analysis within the report suggests that the cost of failing to address these issues could result in approximately £30 - 45 billion of costs to the wider economy over a sixty year time period.

As a result of a range of different scenario testing in respect of aviation demand the Commission has concluded that there is significant growth in demand for aviation between now and 2050, which will place additional pressure on 'already stressed airport infrastructure in London and the South East.' By 2030, Heathrow, Gatwick, London City and Luton are predicted to be full. The conclusion reached is that

"...there is a clear case for one net additional runway in London and the South East, to come into operation by 2030...the Commission does not consider that there is a binary choice between providing additional hub capacity or additional point-to-point capacity...the optimal approach is to continue to invest in an airport system that caters for a range of airline business models...."

and

"...there is likely to be a demand case for a second additional runway in operation by 2050, or, in some scenarios, earlier."

It is in this context that the Commission selected two potential sites for further analysis and assessment in terms of delivery of the required new runway(s):

- (a) Gatwick Airport: a new runway over 3,000m in length, spaced sufficiently south of existing runway to permit fully independent operation.

¹ Airport Commission: Interim Report (December 2013)

- (b) Heathrow Airport: a new 3,500 runway constructed to the northwest of the existing airport, as proposed by Heathrow Airport Ltd., and spaced sufficiently to permit fully independent operation; *or* an extension of the existing northern runway to the west, as proposed by Heathrow Hub Ltd., lengthening it to at least 6,000m and enabling it to be operated as two separate runways: one for departures and one for arrivals.

The report advises that the Thames Estuary airport options were not originally shortlisted; '...while the potential they offered to reduce aviation noise impacts in the South East of England and to support economic development on the eastern side of London was attractive, they presented many challenges and uncertainties.' Furthermore

"They would be extremely expensive, with the cost of an Isle of Grain airport (the most viable of those presented) around five times that of the three shortlisted options at upto £112 billion. They would present major environmental issues, especially around impacts on protected sites. The new surface access infrastructure required would be very substantial, with potential cost, deliverability and environmental challenges of its own. And the overall balance of economic impacts would be uncertain – particularly as an Estuary airport would require the closure of Heathrow for commercial reasons and London City for airspace reasons."

The Commission is now at the stage where it is carrying out additional analysis in respect of the Thames Estuary (Isle of Grain) option in order to reach a view before the end of 2014 as to whether such an option would offer a credible proposal alongside the shortlisted options at Gatwick and Heathrow.

The following comments are confined to Study Area 3: Socio Economic Impact, being the term of reference that we believe we are able to make the most valuable contribution in terms of expertise and experience. We note that the Commission intends to publish the final study outputs in July 2014 with the deadline for views, comments, evidence and analysis on the study outputs indicated as August 2014. The Practice intends to submit more detailed evidence in respect of the socio economic impact of a new Thames Estuary proposal including the closure of London Heathrow and London City in due course.

STUDY 3: SOCIO-ECONOMIC IMPACTS

The Role of Heathrow Today

London Heathrow Airport (LHR) is widely recognised as one of world's major international airports. Until very recently - and arguably as a result of the delay in the required investment to increase its operational capacity - LHR was the busiest airport in the world. It is the busiest airport in Europe by passenger traffic and the third busiest by traffic movements, surpassed only by Charles de Gaulle Airport and Frankfurt Airport.

LHR is of significant importance to the area sometimes referred to as the 'western wedge', i.e. the west of London and the M4, M40 and M3 corridors. Aviation related activity at LHR supports 120,000 jobs and some £6bn in economic output across the western wedge economy - a further 170,000 to 230,000 jobs are significantly dependent on the good air connections offered by LHR.²

² <http://regeneris.co.uk/latest/news/entry/heathrow-economic-impact-study-submitted-to-the-davies-commission>

It is entirely clear that the closure of Heathrow and the construction of a new hub airport in the Thames Estuary would have wide-ranging economic and social impacts, both beneficial and adverse. We entirely support the Commission's endeavours to fully understand the national, sub national and local socio economic impacts of closing Heathrow; such a decision is most likely to represent one of the most important strategic decisions the Government will make, and will have enormous influence over the future development of London and the Thames Valley sub region and indeed the nation as a whole.

We consider that there are a number of issues which must be given careful consideration when analysing the strengths and weaknesses of constructing a new hub airport in the Thames Estuary. Such issues include:

- Regeneration potential of the Thames Gateway
- Connectivity to the rest of the United Kingdom vs. connectivity to continental Europe
- Labour market skills and capacity
- Loss of economic output at Heathrow vs. gains in the Thames Gateway
- Impact on the City of London
- Population growth
- Meeting London's unmet housing need.

We consider each point in turn.

The Regeneration Potential of the Thames Gateway vs. Economic Downturn in the Western Wedge

The possibility of a new airport on the Thames Estuary as part of wider regeneration objectives for the Thames Gateway have been proposed at various times for many years since the 1970s. Clearly, the construction of a hub airport in the estuary has the potential to deliver significant transformational economic and social change of a scale not witnessed in this area for decades, including reduced unemployment in the area, better community infrastructure and even a decrease in crime and other social issues associated with the economic disadvantage currently exhibited in this area, not to mention additional growth in GVA. Obvious socio economic benefits such as these must however be robustly quantified in order for the Commission to be able to make a reasoned judgement as to whether or not the positive outcomes for North Kent as a result of a new airport in this location would outweigh the patently negative outcomes for the towns surrounding Heathrow (often referred to as an 'aerotropolis,' a number of towns have grown around Heathrow, connecting workers, suppliers, executives and goods) and the wider Thames Valley sub-region (one of the wealthiest parts of the European Union, typified by a skilled workforce and accessibility to London and often considered a major high technology hub).

The closure of LHR (and London City airport) as a result of any future decision to pursue a new hub on the Thames Estuary would undeniably result in the loss of a significant number of jobs, damage to existing businesses (local, national and international) and very likely dramatically decrease the rate of growth in the Thames Valley and global investment in the area. Aviation and related activity at LHR currently supports around 120,000 jobs and contributes billions of pounds to the national economy - in the event of the closure of LHR, GVA could be £8bn lower.³ By contrast, research indicates that by 2040 an additional 35,000 jobs could be created if LHR expands, resulting in a boost to GVA of a further £3 billion; in addition, improved air connections could deliver business productivity benefits of £230m to £300m per annum and more frequent services, with around 50 additional long and short haul services offered⁴.

³ London Heathrow Economic Impact Study: A Report by Regeneris Consulting (September 2013)

⁴ *Ibid*

The socio-economic benefits to North Kent are fairly clear, however the far reaching impact the closure of LHR would have upon the sub region and London City as a whole should not, we suggest, be underestimated: by 2030 there would be a loss of around 105,000 FTE jobs linked to the activities at LHR, their supply chain and multiplier effects or the loss of £8 billion in GVA in the study area; on the basis of current travel patterns continuing, the extra travel costs to a more distant hub airport would add around £440m per annum to business costs by 2030, rising again by 2040; existing businesses may choose to relocate closer to a new hub airport; and this impact on competitiveness of current locations might tip the balance for investment decisions – in the long run, of the order of up to 170,000 to 230,000 jobs could be at risk in the wider LHR/Thames Valley area due to their links to and degree of use of LHR for travel.⁵

Connectivity to the Rest of the United Kingdom vs. Connectivity to Continental Europe

LHR occupies a very strong location close to several major motorways - M1, M3, M4, M25 and M40, meaning that it is extremely well connected to other parts of the UK. Access by bus and by rail is well developed, with links to the west being further strengthened by the advanced proposals for a Western Rail Access to Heathrow (WRAtH) - a rail link which will dramatically reduce journey times between LHR, the Thames Valley and all points west. Connections to central London are strong, with the Heathrow Express and Heathrow Connect running convenient services to London and Reading and the newly extended London Underground (Piccadilly line) also providing a service to the new Terminal 5 station.

Conversely, the Thames Estuary is closer to continental Europe and there is potential to link any international hub at North Kent with the High Speed 1 (HS1) service that runs to Kings Cross St. Pancras. The Commission must closely consider the real economic benefits of providing enhanced European connectivity against the socio-economic benefits of better connectivity to other UK regions as exhibited by LHR and, arguably London Gatwick (LGW).

Labour Market Skills and Capacity

Undeniably, LHR has exhibited tremendous success and until recently was the busiest airport in the world. The airport directly employed 76,500 people in 2009, 46% of which lived within the five Boroughs surrounding the airport.⁶ The extent to which North Kent can accommodate this level of labour supply and with the requisite skills needs to be fully understood; similarly job loss at this scale as a result of the closure of LHR - which would be necessary in eventuality scenario where a Thames Estuary proposal comes to fruition - simply cannot be ignored. There is a real risk of job loss on this scale resulting in significant social disadvantage within towns surrounding LHR.

Loss of Economic Output at Heathrow vs. Gains in the Thames Gateway

A significant proportion of economic output in the area to the west of London is directly linked to LHR and the associated aviation activity. On the basis that a Thames Estuary airport is likely to occupy a coastal location the volume of adjacent land for agglomeration businesses will arguably be smaller, at least in the shorter term. We suggest that the potential impact of this on indirect GVA should be estimated and compared against direct GVA gains from increased airport capacity at LHR.

Impact on the City of London

Plainly the City of London is a global financial centre, and London City Airport currently acts as a convenient link to other key centres such as Edinburgh, Glasgow and the main financial centres in continental Europe. The effect of increased journey times to a new airport on the Thames Estuary on the City should be the subject of close scrutiny.

⁵ *Ibid*

⁶ Heathrow's local employment profile (2009), Towards a Sustainable Heathrow, Heathrow Airport Limited 2010

Population Growth

The delivery of a new hub airport in North Kent will generate significant demand for additional housing and services over and above that already planned for the area. The ability of North Kent to accommodate such dramatic population growth both in housing and infrastructure terms will need to be carefully analysed to truly understand whether or not the closure of LHR - and the resultant socio economic impacts - is realistically going to be offset via a new facility on the Thames Estuary.

Meeting London's Unmet Housing Need

The lack of housing provision in London is severe and the level of housing need that simply cannot be accommodated within the physical boundaries of the capital is substantial. The Greater London Authority (GLA) is encouraging surrounding areas to absorb a proportion of this need in order to ease the significant pressure that currently exists on the capital. This is a highly relevant and very important regional issue that must be considered alongside the options for increased airport capacity given the notable demands that each of the options, i.e. expansion of LHR, LGW or a new hub within the Thames Estuary will place upon localised housing markets within London's sphere of influence. The potential redevelopment of the LHR and London City sites as a result of closure, in the face of a new airport within the Thames Estuary, and the ability of the capacity of these sites to accommodate new housing needs to be fully understood, as does the resultant effect this would have upon demand within the capital.

CONCLUDING REMARKS

We have serious concerns regarding the potential socio-economic impacts the closure of LHR would bring to the Thames Valley. Clearly the social, economic and environmental impacts for the UK of a new hub in the Thames Estuary need to be scrutinised in order to ascertain whether a proposal of this magnitude is the best solution for meeting the country's aviation needs. There is a significant question mark as to whether delivery of new hub represents the optimum solution in favour of more cost-effective investment at LHR, which already benefits from tremendous success nationally and internationally, bringing significant benefits in socio economic terms to the aerotropolis that has evolved around the airport and indeed the wider Thames Valley region as a whole.

We trust these brief comments are useful to the Commission and we look forward to providing more detailed representations and evidence at the next stage of consultation. Should there be any queries in relation to the above please do not hesitate to contact [REDACTED] by any of the means detailed at the head of the page.

