

# London Luton Airport Operations Limited (LLAOL) response to the National Infrastructure Commission's Call for Evidence

## Introduction - The need for aviation capacity growth in the UK

1. This response is submitted on behalf of **London Luton Airport Operations Limited (LLAOL)**, the operator of London Luton Airport (LLA). LLA is the 5<sup>th</sup> largest and one of the fastest growing airports in the UK. In 2015 the airport handled a record 12.3 million passengers. The airport indirectly employs over 8,600 staff and is a key economic driver for the surrounding Three Counties region (Bedfordshire, Buckinghamshire and Hertfordshire), bringing in a total of £732 million in GDP locally in 2013.<sup>1</sup>
2. **Aviation is a vital component of the UK economy.** The Airport Operators Association (AOA) has calculated that the sector contributes over £52 billion to the UK economy, supports a million jobs and pays almost £9 billion a year in taxes. The strategic importance of airports is set to rise even further with the demand for air travel to increase by 1-3% a year to 2050, with passenger numbers predicted to increase to 315 million in 2030 and 445 million by 2050<sup>1</sup>.
3. **LLAOL supports the creation and aims of the National Infrastructure Commission (NIC).** Infrastructure investment is one of the most important drivers of economic growth in the UK and therefore LLAOL welcomes the Government's focus on this area. The creation of the NIC, coupled with further plans for infrastructure construction outlined in the Government's Infrastructure Bill 2015, are encouraging signs of the Government's commitment. However, LLAOL is disappointed that aviation infrastructure is not a specific concern of the Commission. As we have outlined above, aviation growth is essential to the prosperity of the UK economy. We acknowledge the NIC's argument that it does not want to revisit the work of the Airport Commission, but the expansion of Heathrow and Gatwick forms only a part of the country's airport capacity. We call on the NIC to revise its focus and consider the totality of the UK's aviation industry in its thinking.
4. **Furthermore, LLAOL believes that the NIC can be a vehicle for urban economic growth.** LLAOL shares the view of many in the aviation industry, that by improving London's transport infrastructure to better connect regions to London, the Capital can harness the benefits of these satellite areas for commercial and economic good. London's regional airports are great examples of these areas of wealth creation. The NIC should therefore consider how it can help to improve road and rail links from London to its regional airports so they can continue to fulfil their role in connecting people and business to the Capital.

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5. **LLA is growing.** In December 2013 LLAOL got the go ahead to begin a £110 million redevelopment of the airport site. This construction programme is now well underway and is set to grow the capacity of the airport from 12 million to 18 million passengers by 2020. A LLAOL commissioned economic impact assessment, undertaken by Oxford Economics and published in November 2015, calculated that LLA's contribution to the national economy is set to increase by 77% from £1.3 billion in 2013 to £2.3 billion per annum by 2030. Such a huge increase in the economic output of the airport shows just how vital aviation infrastructure growth is to the UK economy.
6. Therefore, LLAOL believes that the **Government should provide support to regional airports** to enable them to grow. As outlined above, LLA is set to increase its capacity by six million by 2020. LLAOL calls on the Government to recognise the vital role that regional airports play in acting as key economic engines for the UK, particularly in the south east of England. The Airport Commission's final report states that it is **"imperative"** that regional airports like Luton continue to grow and make best use of their capacity, and we repeat our call to the Government to ensure that we are allowed to do just that when it publishes its next Aviation Policy Framework in 2016. We accept that airport capacity is not a part of this inquiry, however we urge the NIC to recognise how regional airports can assist in the growth of London as a major world economic centre through better surface access links.

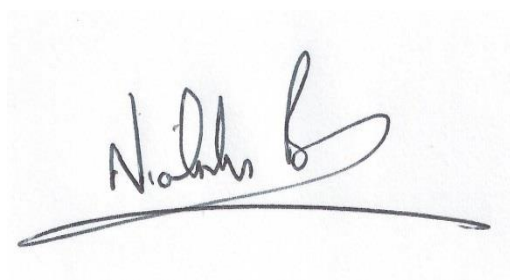
## **The importance of London's transport infrastructure to LLA's success**

1. **LLAOL believes that improved surface access to London's airports is vital to the success of London's transport network both now and in the future.** It is imperative that LLA remains a viable option for both commuters and passengers from central London. For this to happen, a number of key improvements to the rail infrastructure between London and LLA are needed to cater for the extra capacity provided for by the redevelopment. These improvements include:
  - i. LLA is the fastest airport for passengers to reach from central London with a journey time of only 19 minutes. However, this train service is only available once an hour and LLA remains the only London airport without 'Express' services. LLAOL is therefore engaging with the Department for Transport in the build up to the East Midlands rail franchise to ensure that this one fast train per hour is increased to four. This achievable change would essentially provide LLA with a comparable 'Express' service from St. Pancras International to Luton Airport Parkway Station.

- ii. The journey between Luton Airport Parkway Station and the airport itself is currently a suboptimal solution for passengers. A shuttle bus ride is required to complete the journey from the rail station. LLAOL accepts that this is an issue that needs to be addressed to deliver the excellent customer experience that our passengers expect. LLAOL and its main shareholders, AENA and Ardian, are currently exploring a number of solutions:
  - A light rail solution connecting Luton Airport Parkway station to the airport site.
  - A heavy rail solution that would create a spur connecting the airport site directly to the main rail line to central London.
- 2. **LLAOL can provide support to the Government's investment strategy for transport infrastructure.** LLAOL is prepared to help the Government ease the financial burden of this construction by funding the surface access upgrades outlined in point (ii) above by itself. LLAOL and its shareholders, AENA and Ardian, are simply seeking explicit support for its plans from the Department for Transport.
- 3. **LLAOL can support the NIC** in how it can best include aviation infrastructure development into the Commission's thinking. As a first step, we recommend meeting with Commission members to outline in greater detail why aviation infrastructure is essential to the UK's infrastructure stock and why the Heathrow and Gatwick debate can easily sit outside the broader discussion on improving the overall quality of the country's airports.

Thank you for taking the time to read this submission. I would be happy to discuss the issues raised with Commission members at the earliest convenient opportunity.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nick Barton', with a long horizontal flourish underneath.

**Nick Barton**  
**Chief Executive**  
**London Luton Airport Operations Limited (LLAOL)**