

February 2023

# London Luton Airport Expansion

Planning Inspectorate Scheme Ref: TR020001

Volume 5 Environmental Statement and Related Documents  
**5.01 Chapter 11: Economics and Employment**

Application Document Ref: TR020001/APP/5.01

APFP Regulation: 5(2)(a)

**The Planning Act 2008**

**The Infrastructure Planning (Applications: Prescribed Forms and Procedure)  
Regulations 2009**

**London Luton Airport Expansion Development Consent  
Order 202x**

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**5.01 ENVIRONMENTAL STATEMENT CHAPTER 11: ECONOMICS  
AND EMPLOYMENT**

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<b>Regulation number:</b>	Regulation 5(2)(a)
<b>Planning Inspectorate Scheme Reference:</b>	TR020001
<b>Document Reference:</b>	TR020001/APP/5.01
<b>Author:</b>	Luton Rising

<b>Version</b>	<b>Date</b>	<b>Status of Version</b>
Issue 1	February 2023	Application issue

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# 11 ECONOMICS AND EMPLOYMENT

## 11.1 Introduction

- 11.1.1 This chapter presents the assessment of likely significant effects of the Proposed Development on Economics and Employment.
- 11.1.2 The Environmental Impact Assessment (EIA) Scoping Report (refer to **Appendices 1.1 and 1.2** of this Environmental Statement (ES) [TR020001/APP/5.05]) and **Section 11.3** of this chapter sets out the proposed scope of the Economics and Employment assessment. In summary, direct impacts on employment, gross value added (GVA) and existing businesses; indirect and induced impacts on employment and GVA; wider economic impacts; in-combination effects; and cumulative effects have been assessed in this ES.
- 11.1.3 For details of impacts scoped out of the Economics and Employment assessment, see **Section 0**.
- 11.1.4 The remainder of this chapter consists of:
- a. **Section 11.2** Legislation, policy and guidance relevant to the scope and methodology of the Economics and Employment assessment;
  - b. **Section 0** Scope of the assessment;
  - c. **Section 11.4** Stakeholder engagement and consultation undertaken to inform the assessment;
  - d. **Section 0** Methodology applied to the assessment;
  - e. **Section 11.6** Assumptions and limitations;
  - f. **Section 11.7** Baseline conditions;
  - g. **Section 11.8** Embedded and good practice mitigation measures;
  - h. **Section 11.9** Assessment;
  - i. **Section 11.10** Additional mitigation;
  - j. **Section 11.11** Residual effects;
  - k. **Section 11.12** In-combination climate change effects;
  - l. **Section 11.13** Monitoring; and
  - m. **Section 11.14** Assessment summary.
- 11.1.5 The Economics and Employment assessment has been informed through a detailed study undertaken by Oxford Economics in 2022 provided as **Appendix 11.1** of this ES [TR020001/APP/5.02]. This assessment is also informed by the **Employment and Training Strategy (ETS)** [TR020001/APP/7.05] and the **Need Case** [TR020001/APP/7.04].

## 11.2 Legislation, policy and guidance

11.2.1 This section identifies the key legislation, policy and guidance relevant to the scope and methodology for the Economics and Employment assessment and which may influence the type of mitigation measures that could be incorporated into the Proposed Development during construction or operation.

11.2.2 **Table 11.1 to Table 11.3** provides a description of the relevant policy and guidance, and where each of these have been addressed in this chapter. **Table 11.2** identifies relevant policies from the Airports National Policy Statement (ANPS) the status of which is addressed in **paragraph 11.2.4**.

### Legislation

11.2.3 There is no legislation relevant to the scope and methodology for the assessment of Economics and Employment effects.

### Policy

Table 11.1: Economics and Employment policy

Policy	How and where addressed in ES
<p>National Planning Policy Framework (NPPF) (2021) (Ref. 11.1)</p> <p>The purpose of the planning system is to contribute to the achievement of sustainable development, through three overarching objectives:</p> <ul style="list-style-type: none"> <li>a. Economic;</li> <li>b. Social; and</li> <li>c. Environmental.</li> </ul> <p>The economic objective aims to build <i>“a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure.”</i></p> <p>The Government’s commitment to creating jobs and prosperity through continued economic growth is defined within the NPPF, which sets out the importance of:</p> <ul style="list-style-type: none"> <li>a. local and regional economic market business needs (paragraphs 81, 85);</li> <li>b. setting out a clear economic vision and planning for economic development (paragraph 82); and</li> <li>c. provision and accessibility of new jobs (paragraph 83).</li> </ul>	<p>The NPPF provides context for undertaking the assessment of effects on Economics and Employment by highlighting aspects of relevance from a socio-economic perspective.</p>

Policy	How and where addressed in ES
<p>National Policy Statement for National Networks (NPSNN), December 2014 (Ref. 11.2)</p> <p>The NPSNN sets out the need for, and Government’s policies to deliver, development of nationally significant infrastructure projects on the national road and rail networks in England. It provides planning guidance for promoters of nationally significant infrastructure projects (NSIP) on the road and rail networks. The provisions of the NPSNN relevant to environmental assessment broadly mirror those as outlined in the ANPS.</p>	<p>There are no elements of the Proposed Development on the national road or rail network that that would be classified as a NSIP in their own right. However, the NPSNN remains an important and relevant consideration, particularly as works are proposed on the Strategic Road Network (SRN) at Junction 10 as part of the Proposed Development. Where the relevant policies of the NPSNN are consistent with the relevant policies of the ANPS, they have not been repeated here and accordingly the ANPS compliance table (<b>Table 11.2</b>) provides the necessary policy response.</p>
<p>Aviation Policy Framework (APF), March 2013 (Ref. 11.3)</p> <p>The APF puts economic growth and the environment at the heart of the Government’s vision for aviation and this is made clear in the Secretary of State’s Foreword: <i>“The Government believes that aviation needs to grow, delivering the benefits essential to our economic wellbeing, whilst respecting the environment and protecting quality of life.”</i></p> <p>Chapter 1 of the Framework concerns the support for growth and the benefits of aviation. The introductory paragraphs reaffirm the importance of aviation to economic growth: <i>“We believe that aviation infrastructure plays an important role in contributing to economic growth through the connectivity it helps deliver. For example, it provides better access to markets, enhances communications and business interactions, facilitates trade and investment and improves business efficiency through time savings, reduced costs and improved reliability for business travellers and air freight operations.”</i></p>	<p>The objectives and policy position set out in the APF provides context for undertaking the assessment of effects on Economics and Employment.</p>

Policy	How and where addressed in ES
<p><i>“There is broad agreement that aviation benefits the UK economy, both at a national and a regional level. While views differ on the exact value of this benefit, depending on the assumptions and definitions used, responses to both the scoping document and the consultation demonstrated that the economic benefits are significant, particularly those benefits resulting from the connectivity provided by aviation. In addition we believe there to be social and cultural benefits from aviation.”</i></p> <p>The Framework goes on to note the specific benefits the industry brings through its contribution to Gross Domestic Product (GDP) and jobs, imports and exports, manufacturing and technology, greater productivity and growth, tourism, and wider societal benefits. These are summarised in the Executive Summary:</p> <p><i>“Aviation benefits the UK economy through its direct contribution to gross domestic product (GDP) and employment, and by facilitating trade and investment, manufacturing supply chains, skills development and tourism. The whole UK aviation sector’s turnover in 2011 was around £53 billion and it generated around £18 billion of economic output. The sector employs around 220,000 workers directly and supports many more indirectly. The UK has the second largest aircraft manufacturing industry in the world after the USA and will benefit economically from growth in employment and exports from future aviation growth. Aviation also brings many wider benefits to society and individuals, including travel for leisure and visiting family and friends.”</i></p> <p>In overall terms, the policy position is summarised at paragraph 5 of the APF as:</p> <p><i>“The Government’s primary objective is to achieve long-term economic growth. The aviation sector is a major contributor to the economy and we support its growth within a framework which maintains a balance between the benefits of aviation and its costs, particularly its contribution to climate change and noise. It is equally important that the aviation industry has confidence that the framework is sufficiently stable to underpin long-term planning and investment in aircraft and infrastructure.”</i></p>	
<p>Aviation 2050 the Future of UK Aviation: A consultation, October 2019 (Ref. 11.4)</p> <p>This Green Paper was published by the Department for Transport for consultation in December 2018. This document reaffirms the economic importance of aviation,</p>	<p>The consultation concluded in October 2019 and a new Strategy for Aviation is currently being developed which will replace the Aviation Policy Framework.</p>



Policy	How and where addressed in ES
<p>repeating the language from the earlier call for evidence and stressing that:</p> <p><i>“Aviation has an important role to play in the future of our country. It is key to helping to build a global Britain that reaches out to the world. It underpins the competitiveness and global reach of our national and our regional economies.”</i></p> <p>It goes on to set out a number of strategic objectives, namely:</p> <ul style="list-style-type: none"> <li>d. build a global and connected Britain;</li> <li>e. ensure that aviation can grow sustainably;</li> <li>f. support regional growth and connectivity;</li> <li>g. enhance the passenger experience;</li> <li>h. ensure a safe and secure way to travel;</li> <li>i. support General Aviation (GA); and</li> <li>j. encourage innovation and new technology.</li> </ul>	<p>The consultation document provides context for undertaking the assessment of effects on Economics and Employment.</p>
<p>Beyond the horizon: The future of UK aviation, April 2018 (Ref. 11.5)</p> <p>This document sets out how the government will take account of the responses to the call for evidence through the next phase of development of the Aviation Strategy. The document examines each of the strategy’s objectives, which are:</p> <ul style="list-style-type: none"> <li>a. help the aviation industry work for its customers;</li> <li>b. ensure a safe and secure way to travel;</li> <li>c. build a global and connected Britain;</li> <li>d. encourage competitive markets;</li> <li>e. support growth while tackling environmental impacts; and</li> <li>f. develop innovation, technology and skills.</li> </ul>	<p>The document provides context for undertaking the assessment of effects on Economics and Employment.</p>
<p>Beyond the Horizon: The future of UK aviation. Making best use of existing runways, June 2018 (Ref. 11.6)</p> <p>This document set outs that the government agrees with the Airports Commission’s recommendation and was minded to be supportive of all airports who wish to make best use of their existing runways, including those in the South East.</p> <p>This document reaffirms the government’s recognition of the impact on communities living near airports and local communities concerns over local environmental issues.</p>	<p>The document provides context for undertaking the assessment of effects on Economics and Employment.</p>

Policy	How and where addressed in ES
<p>This document highlights that as airports look to make the best use of their existing runways, it is important that communities surrounding those airports share in the economic benefits of this, and that adverse impacts are mitigated where possible.</p>	
<p>Flightpath to the Future, May 2022 (Ref. 11.7)</p> <p>Flightpath to the Future was published by the Department for Transport and sets out a 10-year aviation strategic policy framework, acknowledging the importance of recovery and considering the opportunities and challenges facing the aviation sector over the medium-term. The strategic framework focuses on four key themes comprising:</p> <ul style="list-style-type: none"> <li>a. enhancing global impact for a sustainable recovery;</li> <li>b. Embracing innovation for a sustainable future;</li> <li>c. Realising benefits for the UK; and</li> <li>d. Delivering for users.</li> </ul> <p>As part of the ‘realising benefits the UK’ theme, the strategic framework identifies how the aviation sector can unlock national and local benefits and supporting levelling up through trade, air freight, aerospace, investment and tourism as well as improved connections.</p>	<p>The Flightpath to the Future strategic framework provides context for undertaking the assessment of effects on Economics and Employment.</p>
<p>UK Transport Vision 2050: investing in the future of mobility, August 2021 (Ref. 11.8)</p> <p>The UK Transport Vision 2050 sets out at vision, <i>“for a 2050 transport system that enables the movement of people and goods from one location to another through seamless, safe, net zero, connected, cost effective, accessible and reliable means.”</i> This would be achieved through the 6 pathways below:</p> <ul style="list-style-type: none"> <li>a. travel and transport demand;</li> <li>b. connectivity;</li> <li>c. energy vectors;</li> <li>d. autonomy;</li> <li>e. business models; and</li> <li>f. infrastructure.</li> </ul> <p>The infrastructure pathway identifies the importance of <i>“upgrading for future demand”</i>, including upgrades to existing infrastructure, such as air traffic control and other airport facilities.</p>	<p>The UK Transport Vision 2050 provides context for undertaking the assessment of effects on Economics and Employment.</p>

Policy	How and where addressed in ES
<p>UK Industrial Strategy: a leading destination to invest and grow, December 2017 (Ref. 11.9)</p> <p>The UK Industrial strategy aims to set out ways in which to help businesses and the UK economy thrive, through developing a skilled workforce and by improving infrastructure.</p> <p><i>“Every successful free market economy needs firm foundations: the skills of its workers, the quality of the infrastructure, and a fair and predictable business environment”</i> (Prime Minister’s Foreword).</p> <p>There are five foundations on which the Industrial strategy is built:</p> <ol style="list-style-type: none"> <li>a. Ideas: the world’s most innovative economy;</li> <li>b. People: good jobs and greater earning power for all;</li> <li>c. Infrastructure: a major upgrade to the UK’s infrastructure;</li> <li>d. Business Environment: the best place to start and grow a business; and</li> <li>e. Places: prosperous communities across the UK.</li> </ol>	<p>The UK Industrial Strategy provides context for undertaking the assessment of effects on Economics and Employment.</p>
<p>Build Back Better: Our Plan for Growth, March 2021 (Ref. 11.10)</p> <p>This document sets out the key economic policy themes put forward by the Government in recent times, notably its vision for a Global Britain, the importance of ‘levelling up’, and the importance of infrastructure in economic growth. The document highlights the Government’s commitment to a Global Britain and states that:</p> <ol style="list-style-type: none"> <li>a. <i>“The UK’s prosperity is built on our integration into the global economic and financial system. An open economy, which permits the free flow of ideas, goods, services and data based on adherence to a mutually agreed set of rules and principles, will drive long-term prosperity and innovation.”</i></li> <li>b. <i>“The UK’s success as a trading nation will depend on its ability to use its comparative strengths to anticipate evolving demand at both a country and sector level. Trends such as continued rapid growth in emerging economies, the expansion of the global middle class, as well as the growing demand and increasing tradability of more</i></li> </ol>	<p>Build Back Better provides context for undertaking the assessment of effects on Economics and Employment.</p>

Policy	How and where addressed in ES
<p><i>sophisticated sectors of the global economy all provide potential opportunities for UK businesses. Openness to international markets ensures UK access to multiple diverse sources of supply for the goods and services we need, improving the resilience of our supply chains and benefitting prosperity.”</i></p> <p>c. <i>“Inward investment brings economic benefits to the UK – in 2019-20 inward investment created over 56,000 jobs across the UK, of which over three quarters were outside London – and it can also play a role in supporting the UK Government’s key priorities, such as levelling up and net zero.”</i></p> <p>The document also highlights the importance of world class infrastructure in supporting the Government’s aspirations for economic growth. It states that:</p> <p>a. <i>“High quality infrastructure is crucial for economic growth, boosting productivity and competitiveness.”</i></p> <p>b. <i>“The government is committed to transforming the UK’s infrastructure and increased investment is also a central part of economic recovery.”</i></p> <p>c. <i>“[Infrastructure is a] key factor in determining where firms choose to locate and grow, and people’s ability to access resources. It unlocks development of housing. It can also support and enable our businesses to integrate into the international economy and trade goods and services across the world.”</i></p> <p>Build Back Better also provides details of the Government’s levelling up agenda. It emphasises the Government’s desire to boost economic prosperity in areas that are behind London and the South East.</p> <p>a. <i>“We will tackle geographical disparities in key services and outcomes across the UK: improving health, education, skills, increasing jobs and growth, building stronger and safer communities and improving infrastructure and connectivity. We will focus on boosting regional productivity where it is lagging to improve job opportunities and wages.”</i></p> <p>b. <i>“Cities are a fundamental driver of productivity growth. They play a critical role in the success of the wider region – successful regions benefit from strong cities to anchor growth. Our long-term vision is therefore for every region and nation of the UK to have at least one globally competitive city at its</i></p>	

Policy	How and where addressed in ES
<p><i>heart, helping to drive prosperity and increasing opportunity for all those who live nearby.”</i></p> <p>The Levelling Up Fund: Prospectus (Ref. 11.11) published alongside Build Back Better provides a classification of each local authority in Great Britain in terms of its priority level of levelling up. There are six local authorities located around the airport that are classified as either Priority 1 (most in need) or Priority 2 (in need) - Luton (Priority 1), North Hertfordshire (Priority 2), Bedford (Priority 2), Watford (Priority 2), Hertsmere (Priority 2), and Broxbourne (Priority 2).</p>	
<p>Non-statutory policy produced by Local Enterprise Partnerships (LEPs)</p> <p>LEPs produce Strategic Economic Plans (SEPs) to describe aims for business growth, skills development and investment. These voluntary partnerships between local authorities and businesses lead economic growth and job creation within an area by specifying local economic priorities. The SEPs relevant to the Proposed Development are:</p> <ul style="list-style-type: none"> <li>a. Hertfordshire LEP’s The refreshed Strategic Economic Plan: 2017-2030, July 2017 (Ref. 11.12);</li> <li>b. South East Midlands LEP’s Strategic Economic Plan, July 2019 (Ref. 11.13);</li> <li>c. Buckinghamshire LEP’s Strategic Economic Plan Refresh (2016-2031) (Ref. 11.14); and</li> <li>d. Cambridgeshire and Peterborough LEP’s Strategic Economic Plan (Ref. 11.15).</li> </ul> <p>LEPs also produce Local Industrial Strategies (LISs) which set out clearly defined priorities for how their cities, towns and rural areas will maximise their contribution to UK productivity. The LISs relevant to the Proposed Development are:</p> <ul style="list-style-type: none"> <li>a. Hertfordshire LEP’s Draft Hertfordshire Local Industrial Strategy, September 2019 (Ref. 11.16);</li> <li>b. South East Midlands LEP’s Local Industrial Strategy: A Partner in the Oxford-Cambridge Arc, July 2019 (Ref. 11.17);</li> <li>c. Buckinghamshire LEP’s Local Industrial Strategy: A Partner in the Oxford-Cambridge Arc, July 2019 (Ref. 11.18); and</li> </ul>	<p>The extent of several LEP areas relative to London Luton Airport’s estimated functional economic market area has been used to define the study areas used in the assessment of effects on Economics and Employment set out in <b>Section 11.9</b> and are described in <b>Section 11.7</b>. These areas are:</p> <ul style="list-style-type: none"> <li>a. Hertfordshire LEP;</li> <li>b. South East Midlands LEP;</li> <li>c. Buckinghamshire LEP; and</li> <li>d. Cambridgeshire and Peterborough LEP.</li> </ul>

Policy	How and where addressed in ES
<p>d. Cambridgeshire and Peterborough LEP’s Local Industrial Strategy: A Partner in the Oxford-Cambridge Arc, July 2019 (Ref. 11.19).</p>	
<p>Luton Borough Council Local Plan 2011-2031, November 2017 (Ref. 11.20)</p> <p>There are three strategic objectives relating to the Economic Strategy for the Borough. These include:</p> <ul style="list-style-type: none"> <li>a. <i>“Strategic Objective 1: Retain and enhance Luton’s important sub-regional role as a place for economic growth and opportunity including the safeguarding of London Luton Airport’s existing operations and to support the airport’s sustainable growth over the Plan period based on its strategic importance.”</i></li> <li>b. <i>“Strategic Objective 2: To utilise Luton’s economic, social and environmental resources efficiently and sustainably including appropriate mitigation within the limited physical land capacity of the borough whilst ensuring the permanence of the Green Belt.”</i></li> <li>c. <i>“Strategic Objective 6: Reduce social, economic and environmental deprivation, particularly where it is spatially concentrated, by taking priority measures to reduce unemployment, improve skills and education and renew housing, community and environmental conditions.”</i></li> </ul> <p>The key issues that the borough faces in terms of planning for growth and prosperity over the plan period include the need to plan for growth of around 18,000 jobs (8,000 B class jobs and 10,000 non-B class jobs), the Luton economy is capable of generating those jobs as evidenced by the Employment Land Review, March 2013 (Ref. 11.21).</p> <p>The development of, and improved access to, the London Luton Airport Strategic Allocation, which includes Green Horizons Park (formerly New Century Park), are needed to serve aviation engineering, business and logistics related growth and some small scale B2 accommodation for local businesses.</p> <p>Through Policy LLP6 London Luton Airport Strategic Allocation, the Local Plan aims to serve the strategic role of the airport and associated growth of business and industry, including aviation engineering, distribution and service sectors which are important for Luton, the sub-regional economy, and for regenerating the wider</p>	<p>The objectives and policies set out in the Local Plan provide context for undertaking the assessment of effects on Economics and Employment. Cumulative effects, including consideration of Green Horizons Park development, have been assessed and discussed in <b>Chapter 21</b> In-Combination and Cumulative Effects of this ES [TR020001/APP/5.01].</p>

Policy	How and where addressed in ES
<p>conurbation. In particular, the London Luton Airport Strategic Allocation of approximately 325 hectares includes land within the airport boundary, Green Horizons Park and Wigmore Valley Park. LLP6 provides a detailed framework for any activity related to the airport. In particular LLP6B refers to the airport expansion. Airport Safeguarding, car parking, design, drainage together with the developments in Green Horizons Park and Wigmore Valley Park are provided in detail.</p> <p>Policy LLP13 Economic Strategy sets out a positive and flexible economic strategy for delivering jobs and strategic allocations. LLP3ii refers to Century Park (Green Horizons Park) development as a mixed aviation related B1b-c, B2 and B8, small scale ancillary service uses and hotel use.</p> <p>Policy LLP14 Employment Areas will regulate the process by which land will be protected and delivered in accordance with the Employment evidence supporting the Local Plan.</p>	
<p>Luton Borough Council Luton 2020-2040, October 2020 (Ref. 11.22)</p> <p>Luton Borough Council’s strategic vision identifies London Luton Airport as a key strength and asset for the town. As part of the vision, the inclusive economic strategy identifies growing the airport as a target outcome. This includes:</p> <ul style="list-style-type: none"> <li>a. <i>“Maximising passenger numbers;</i></li> <li>b. <i>Increasing airport jobs and economic output;</i></li> <li>c. <i>Contributing more to the local voluntary and community sector.”</i></li> </ul> <p>At the heart of the vision and the inclusive economic strategy there is also a commitment to sustainability. As part of this, Luton Borough Council is targeting making the airport <i>“the UK’s most sustainable airport.”</i></p>	<p>The targets set out in the strategic vision provide context for undertaking the assessment of effects on Economics and Employment.</p>
<p>Central Bedfordshire Council Local Plan 2015-2035, July 2021 (Ref. 11.23)</p> <p>There are two strategic objectives (SO) relating to Economics and Employment in the Local Plan. They are:</p> <ul style="list-style-type: none"> <li>a. <i>“SO1: Ensuring sustainable growth and associated infrastructure including the continued regeneration of town and neighbourhood centres to deliver the</i></li> </ul>	<p>The objectives and policies set out in the Local Plan provide context for undertaking the assessment of effects on Economics and Employment.</p>

Policy	How and where addressed in ES
<p><i>annual target for new homes and the provision of integrated health and care hubs.”</i></p> <p>b. <i>“SO5 Provide a minimum of 24,000 new jobs by 2035, accommodating new economic growth along strategic and sustainable transportation routes, new mixed use developments and existing established sites.”</i></p> <p>Whilst Central Bedfordshire has been experiencing consistent record levels of employment growth, the Council has identified a number of priority sectors, including the visitor economy and transport and logistics. The Council will be supportive of growth proposals within these sectors and will monitor and review progress throughout the Plan period.</p>	
<p>Central Bedfordshire Council Central Bedfordshire 2050, September 2020 (Ref. 11.24)</p> <p>The Council’s vision is broken down into four outcomes and sixteen ambitions. Those relating to Economics and Employment are as follows:</p> <ul style="list-style-type: none"> <li>a. <i>“Easy to get around: We will benefit from our excellent connections, and be a place where public transport and other shared and active modes are convenient and affordable, connecting our villages and rural areas;</i></li> <li>b. <i>Beneficial growth: We will carefully plan where and how we grow. New and existing communities will be planned and connected with the right infrastructure. We will set new standards for quality growth;</i></li> <li>c. <i>A culture of innovation: We want to harness the benefits of economic recovery and growth, and be increasingly productive. We will continue to nurture our local industries and leading sectors;</i></li> <li>d. <i>Diverse and flourishing local businesses: We will continue to be a great place for business - especially SMEs which bring investment, employment opportunities and vibrancy to our towns and villages.”</i></li> </ul>	<p>The outcomes and ambitions set out in the vision provide context for undertaking the assessment of effects on Economics and Employment.</p>
<p>Central Bedfordshire Council All Age Skills Strategy Refresh 2016-2020, September 2016 (Ref. 11.25)</p> <p>There are two key objectives relating to Economics and Employment in the Strategy. These are:</p>	<p>The objectives set out in the Strategy provide context for undertaking the assessment of effects on Economics and Employment.</p>



Policy	How and where addressed in ES
<ul style="list-style-type: none"> <li>a. <i>“Objective 1: Bringing together partners to ensure that the skills needs of employers, schools, individuals and the economy are understood and met;</i></li> <li>b. <i>Objective 2: Responding to employer skills and employment needs and building employer ownership.”</i></li> </ul>	
<p>Central Bedfordshire Council Economic Insight 2016, September 2016 (Ref. 11.26)</p> <p>The Council’s Economic Insight provides a robust evidence base to inform the Council’s delivery of, <i>“actions to support the local economy to grow.”</i> It identifies the following opportunities for the local area relating to Economics and Employment:</p> <ul style="list-style-type: none"> <li>a. <i>“Potential to work with four key sectors to create additional jobs and help promote business and jobs growth. The sectors are Agriculture and Food; High Performance Technologies, Research and Development; Transport and Logistics; and the Visitor Economy.”</i></li> <li>b. <i>“To work to attract new inward investment and greater promotion of the area to attract businesses and visitors.”</i></li> <li>c. <i>“To further develop apprenticeships across Central Bedfordshire, maintaining, and expanding, the current growth rate.”</i></li> <li>d. <i>“Transformational infrastructure investment, such as East West rail, enabling delivering of significant housing and employment growth.”</i></li> </ul>	<p>The evidence and opportunities set out in the report provide context for undertaking the assessment of effects on Economics and Employment.</p>
<p>North Hertfordshire District Council Local Plan No.2 with Alterations, April 1996 (Ref. 11.27)</p> <p>There are two policies relating to Economics and Employment. These are:</p> <ul style="list-style-type: none"> <li>a. <i>“Policy 36 – Employment Provision: For employment uses, the Council will permit proposals, particularly for small firms, for development and redevelopment to meet the needs of the available labour supply and changes in the local economy.”</i></li> <li>b. <i>“Policy 52 – Access for People: The Council will require, as part of any development proposals, the reasonable provision of facilities and easy access</i></li> </ul>	<p>The policies set out in the Local Plan provide context for undertaking the assessment of effects on Economics and Employment.</p>

Policy	How and where addressed in ES
<p><i>for all sections of the community, including people with disabilities, the infirm and parents with young children. The Council will have regard to the buildings (notwithstanding the Building Regulations), their surroundings and routes between buildings, particularly in town centres where the aim is to encourage visitors and customers. In urban and rural locations, the provision of appropriate facilities and easy access will generally be sought particularly when associated with open space and leisure facilities.”</i></p>	
<p>North Hertfordshire District Council Draft Local Plan 2011-2031, October 2016 (Ref. 11.28)</p> <p>There are two strategic objectives relating to Economics and Employment for the District. These are:</p> <ul style="list-style-type: none"> <li>a. <i>“ECON1: Support a vibrant, diverse and competitive local economy that provides a range of job opportunities enabling new and existing businesses to grow and thrive.”</i></li> <li>b. <i>“ECON8: Ensure all development is supported by the necessary provision of, or improvements to infrastructure, services and facilities in an effective and timely manner to make development sustainable and minimise its effect upon existing communities.”</i></li> </ul> <p>There are two policies relating to Economics and Employment. These are:</p> <ul style="list-style-type: none"> <li>a. <i>“Policy SP3: Employment”</i> which will <i>“proactively encourage sustainable economic growth, support new and existing businesses and seek to build on the District’s strength.”</i> This includes promoting and supporting the expansion of the knowledge-based economy. Proposals for the redevelopment of existing employment sites and the development of new employment sites which increase the level of knowledge-intensive employment will be supported in principle.</li> <li>b. <i>“Policy ETC2: Employment development outside Employment Areas and Employment Allocations BA10 and RY9”</i> which states planning permission for employment use outside these areas will be granted provided the proposal meets a set criteria outlined within the Local Plan and will not generate</li> </ul>	<p>The objectives and policies set out in the Local Plan provide context for undertaking the assessment of effects on Economics and Employment.</p>

Policy	How and where addressed in ES
<p>significant adverse impacts on living conditions. Equally, the loss of existing employment uses on unallocated sites will only be granted if it can be demonstrated that the land or premises is no longer required to meet future employment needs of either the local community or the District, the existing use has significant adverse impact on the amenities of the surround land uses or is detrimental to highway safety.</p>	
<p>Dacorum Borough Council Core Strategy 2006-2031, September 2013 (Ref. 11.29)</p> <p>The Council’s Core Strategy outlines their vision for the Borough and sets out how this will be realised. The strategic objectives relating to Economics and Employment are “<i>The Sustainable Development Strategy</i>” and “<i>Strengthening Economic Prosperity</i>” which are complemented by a set of local objectives set out in each Place Strategy.</p>	<p>The objectives set out in the document provide context for undertaking the assessment of effects on Economics and Employment.</p>
<p>Hertfordshire County Council Corporate Plan 2019-2025, July 2019 (Ref. 11.30)</p> <p>The Council’s Corporate Plan outlines their vision for the county and sets out the steps they will take to achieve their aims. The objectives and steps relating to Economics and Employment are as follows:</p> <ul style="list-style-type: none"> <li>a. <i>“Opportunity to share in Hertfordshire’s prosperity: We want Hertfordshire’s strong economy to continue to grow, with resilient and successful businesses that offer good employment opportunities and help to maintain a high quality of life for all. We want Hertfordshire to be recognised as a great place to do business, with a skilled and productive workforce and infrastructure that supports the local economy.”</i></li> <li>b. <i>“We will: improve Hertfordshire’s workforce by delivering the county’s Skills Strategy; broaden access to the labour market by developing the county’s offer of work experience and employment opportunities; address the county’s strategic infrastructure priorities; and implement our long-term strategic Transport Vision for the county.”</i></li> </ul>	<p>The objectives and policies set out in the Corporate Plan provide context for undertaking the assessment of effects on Economics and Employment.</p>
<p>South East Midlands Local Enterprise Partnership (SEMLEP) Strategic Economic Plan, November 2017 (Ref. 11.31)</p>	<p>The objectives and strategic direction set out in SEMLEP’s SEP provide</p>

Policy	How and where addressed in ES
<p>SEMLEP, which includes Luton Borough Council (LBC), published a revised Strategic Economic Plan (SEP) for the South East Midlands. The SEP sets the ambition and strategic economic direction for the south east Midlands to 2050, focusing particularly on the next 10 years. It details priority areas where SEMLEP and partners will target investments and actions to create and support the right conditions for successful growth, doubling the size by area’s economy by 2050. The SEP provides detailed economic evidence that underpins long-term strategic priorities.</p> <p>Luton Airport Enterprise Zone is one of the key drivers across the LEP. The area focuses in particularly on aerospace businesses and advanced engineering sectors.</p> <p>The identified sectors of growth across the LEP include:</p> <ul style="list-style-type: none"> <li>a. <i>“High Performance Technology, Manufacturing &amp; Advanced Technology;</i></li> <li>b. <i>Logistics; and</i></li> <li>c. <i>Creative &amp; Cultural sector.”</i></li> </ul> <p>The SEMLEP’s investment programme has secured £265m of Local Growth Fund from Government to support a portfolio of projects. For the airport this includes <i>“£1.2million has been allocated for Luton Highway Access: As passenger numbers increase at Luton Airport to 28 Million a year a number of junction improvements are required to increase the road capacity around the south of the town;</i></p> <p>In addition, there are further transport schemes supported in principle by the LEP. This includes improving highway access to the airport, to improve passenger access and facilitate airport growth. This will complement investment by Luton Rising (a trading name for London Luton Airport Limited) and LBC into improved rail access to the airport. This has included the Luton Direct Air-Rail Transit (Luton DART) system, as expected to open in 2023, that will transport passengers between Luton Airport Parkway station and the airport.</p>	<p>context for undertaking the assessment of effects on Economics and Employment.</p>

11.2.4 The ANPS (Ref. 11.32) does not have effect in relation to an application for development consent for an airport development not comprised of an application relating to the Heathrow Northwest Runway. Nevertheless, as set out within paragraph 1.41 of the ANPS, the Secretary of State considers that the contents of the ANPS will be both important and relevant considerations in

the determination of such an application, particularly where it relates to London or the south east of England. In particular, the ANPS makes clear that, alongside the provision of a new Northwest Runway at Heathrow, the government supports other airports making best use of their existing runways as set out in Beyond the Horizon: Making best use of existing runways (MBU) (Ref. 11.6), which is the specific policy context for this application.

11.2.5 In addition, whilst the ANPS does not have effect in relation to the Proposed Development, it sets out a number of principles for environmental impact assessment and compliance and these will be an important and relevant consideration in the determination of Luton Rising’s application for development consent. A summary of the relevant provisions for the Economics and Employment assessment and how these have been addressed in this ES is provided within **Table 11.2**.

Table 11.2: How relevant Economics and Employment requirements of ANPS are addressed in the ES

ANPS Section	How and where addressed in ES
<p>Paragraph 4.4 “in considering any proposed development, and in particular when weighing its adverse impacts against its benefits, the Examining Authority and the Secretary of State will take into account:</p> <p><i>“Its potential benefits, including the facilitation of economic development (including job creation) ...; and Its potential adverse impacts ... as well as any measures to avoid, reduce or compensate for any adverse impacts.”</i></p>	<p>This chapter of the ES provides an assessment of job creation related to both construction and operation at <b>Section 11.9</b> with the methodology for this set out in <b>Section 11.5</b>. It also considers jobs that might be created via wider benefits. The assessment provides evidence in relation to the potential GVA and economic efficiency benefits accruing from the Proposed Development.</p> <p>This chapter also considers the potential adverse effects on existing businesses both during construction and operation as set out in <b>Section 11.9</b>.</p>

11.2.6 The APF articulates the strategy for supporting the growth and realising the benefits of aviation and sets out the Government’s objectives and principles to guide plans and decisions at the local and regional level. The Government’s key objective is:

*“to ensure that the UK’s air links continue to make it one of the best connected countries in the world.”*

11.2.7 MBU (Ref. 11.6) supports the principle outlined in the ANPS that airports other than Heathrow should seek to make best use of their existing runways. Paragraph 1.29 concludes that:

*“the government is supportive of airports beyond Heathrow making best use of their existing runways. However, we recognise that the development of airports can have negative as well as positive local impacts, including on noise levels. We therefore consider that any proposals should be judged by the relevant planning*

*authority, taking careful account of all relevant considerations, particularly economic and environmental impacts and proposed mitigations.”*

## Guidance

Table 11.3: Economics and Employment guidance

Legislation	How and where addressed in ES
Homes and Communities Agency (HCA) Additionality Guide 2014, November 2013 (Ref. 11.33)	This is the standard UK guidance for assessing the additionality or additional impact of economic growth. It has been applied in the assessment of Direct, indirect and induced effects on employment and GVA as described in <b>Section 11.5</b> and applied in <b>Section 11.9</b> .
HM Treasury Green Book 2020, September 2021 (Ref. 11.34)	The methodology for assessing construction employment generation and GVA effects is based on HM Treasury Green Book Guidance as described in <b>Section 11.5</b> and applied in <b>Section 11.9</b> .
Department for Transport’s WebTAG guidance (Ref. 11.38)	A full WebTAG appraisal is not appropriate for the Economics and Employment assessment as it considers a number of elements which are outside the scope of impact assessment, and the guidance does not state that a full appraisal is required for a project of this nature. However, the methodology for assessing the impact on broader economic welfare from changes to users’ costs and benefits, as part of the overall tourism assessment, is informed by the Airports Commission economic assessment and the Department for Transport’s WebTAG guidance as described in <b>Section 11.5</b> and applied in <b>Section 11.9</b> .

## 11.3 Scope of the assessment

11.3.1 This section describes the scope of the Economics and Employment assessment, including how the assessment has responded to the Scoping Opinion. The temporal and spatial scope, the relevant receptors, and matters scoped in and out are identified. A description of engagement undertaken with relevant technical stakeholders to develop and agree this scope is provided in **Section 11.4**.

### Scoping Opinion

11.3.2 The EIA Scoping Report set out the proposed scope and assessment methodologies to be employed in the EIA and is provided as **Appendices 1.1 and 1.2** of this ES [TR020001/APP/5.05].

11.3.3 In response to that Scoping Report, a Scoping Opinion was received from the Planning Inspectorate on 9 May 2019 and is provided as **Appendix 1.3** of this ES [TR020001/APP/5.05].

11.3.4 **Table 11.4** describes the main matters highlighted by the Planning Inspectorate in the Scoping Opinion and how these have been addressed in this ES. Responses to all comments received during scoping are presented in **Appendix 1.4** of this ES [TR020001/APP/5.02].

Table 11.4: Economics and Employment Scoping Opinion comments

Scoping Opinion ID	Scoping Opinion comment	How this is addressed
4.9.1	No quantified assessment of the impact on tourism deficit is proposed. The ES should provide justification for the method of assessment and seek to agree the approach with the relevant consultation bodies.	Impact of the Proposed Development on tourism deficit has been scoped out. This was agreed at the Scoping stage with the Planning Inspectorate and relevant consultation bodies. Further details on the rationale for scoping out tourism deficit is provided in <b>Paragraph 11.3.16</b> .
4.9.3	Detail method for assessing combined environmental effects.	This is presented in the ES at <b>Section 11.5</b> and draws on inputs from other disciplines including transport, noise, air quality and vibration.
4.9.4	Wider relationships to policy documents to be noted as appropriate include Local Enterprise Partnership (LEP) and Buckinghamshire Thames Valley LEP Local Industrial Strategies and Oxford-Cambridge Arc	The LEP SEPs or Local Industrial Strategies where available <sup>1</sup> are considered as is the HM Government UK Industrial Strategy (Ref. 11.35) and a full review is included in <b>Section 11.2</b> .

<sup>1</sup> See **Table 11.1** for references to the relevant SEPs.

Scoping Opinion ID	Scoping Opinion comment	How this is addressed
	Economic Vision (when published), as well as UK Industrial Strategy (HM Government).	
4.9.5	Describe effects of phased construction approach and any cumulative effects on factors including housing availability and transport infrastructure.	The effects of construction and cumulative effects on factors including housing availability have been assessed in <b>Section 11.9</b> . Effects on transport infrastructure have been assessed in <b>Chapter 18</b> Traffic and Transportation of this ES [TR020001/APP/5.01]. Construction effects for each assessment phase are assessed in <b>Section 11.9</b> .
4.9.6	It is not clear from the Scoping Report how indirect and induced impacts will be assessed, and it has been understood that the ‘appropriate multipliers’ mentioned in Paragraph 14.5.12 will be used to assess supply chain and employee expenditure associated with the Proposed Development. The ES should clearly set out what these multipliers are, how they have been determined, and how they have been applied to the assessment.	The indirect and induced impacts associated with the operation of the airport have been estimated using operator data collected on supply chain purchases combined with Oxford Economics’ economic models, based on inter-regional input-output tables. These have been used to generate appropriate multipliers which are applied to direct impacts. The direct and combined direct, indirect and induced effects are reported separately.  For construction employment appropriate multipliers have been used to assess the indirect and induced multiplier for capital projects. These multipliers draw on the HCA Additionality Guide (Ref. 11.36). The multipliers used to determine indirect and induced impacts are presented in <b>Section 11.5.11</b> .
4.9.7	Establish framework for determining receptor sensitivity	The main sensitive receptors for the economic and employment assessment are businesses; employees; labour markets; and the local, regional and wider economy. The sensitivity of receptors is categorised as either ‘High’, ‘Medium’, ‘Low’ or ‘Very low’ using the following broad criteria:



Scoping Opinion ID	Scoping Opinion comment	How this is addressed
		<p>a. High – where a receptor has limited ability to respond to change</p> <p>b. Medium – where a receptor has some ability to respond to change</p> <p>c. Low – where a receptor is responsive to change</p> <p>d. Very low – where a receptor is highly adaptive to change</p> <p>Decisions on allocating receptor sensitivity may be based on quantitative information, or qualitative assessment with professional judgement, applied as appropriate by qualified/experienced practitioner. <b>Section 11.5</b> of this chapter sets out the relationship between sensitivity, magnitude and significance.</p>
4.9.8	<p>The detail in the Scoping Report on the proposed training and employment programme is limited, and the ES should describe the proposed nature and extent of these measures and to what degree they will be expected to mitigate adverse effects. Additionally, benefits to the wider economy through employment or increased expenditure are identified but it is not clear if these will be entirely incidental or if measures are proposed to actively promote wider benefits. This information should be provided in the ES.</p>	<p>An <b>ETS [TR020001/APP/7.05]</b> has been developed and is submitted with this application. This sets out measures to maximise the benefits of employment and economic opportunities for Luton Buckinghamshire, and Hertfordshire (the Three Counties). This focuses on direct and indirect benefits and mitigation. Details regarding the training and employment programme are set out in <b>Section 11.10</b>.</p>

## Spatial scope

### Study area

- 11.3.5 The immediate study area is defined as the Airport Employment Area (AEA) and is shown in **Figure 11.1** of this ES **[TR020001/APP/5.03]**. This area differs from the Order Limits as it includes businesses directly related to airport activity which are outside of the Order Limits.
- 11.3.6 The wider Study Area comprises the local area of LBC and the Three Counties, as shown in **Figure 11.2** of this ES **[TR020001/APP/5.03]**. Receptors within this

wider Study Area are described in the **Section 11.7** Baseline Conditions of this chapter.

- 11.3.7 In **Section 11.9** Assessment, the Study Area considered depends on the respective assessment. The immediate Study Area is considered when assessing the displacement of businesses and employment during construction and when assessing environmental impacts on businesses during construction and operation. The wider Study Area is considered for all other assessments, except for air passenger duty effects which are assessed for the UK as a whole only.

### ***Zone of influence***

- 11.3.8 The full cumulative effects assessment is provided in **Chapter 21** In-Combination and Cumulative Effects Assessment of this ES **[TR020001/APP/5.01]**.
- 11.3.9 The immediate Zone of Influence is the AEA, shown in **Figure 11.1** of this ES **[TR020001/APP/5.03]**, and the wider Zone of Influence is the Three Counties area.
- 11.3.10 The AEA differs from the Order Limits as it includes businesses directly related to airport activity which are outside of the Order Limits.
- 11.3.11 For the cumulative assessment of Economics and Employment effects, the Zone of Influence applied is the Three Counties area.

### **Temporal Scope**

- 11.3.12 Three assessment phases are considered in this assessment, within which construction and operation may take place simultaneously. Assessment years for each assessment phase are described in **Chapter 5** Approach to the Assessment of this ES **[TR020001/APP/5.01]**.
- 11.3.13 During both construction and operation, the Economics and Employment assessment considers the effects arising from the three assessment phases of the Proposed Development combined. For construction effects, the employment and GVA generated at the assessment year for the three assessment phases (2025-2027, 2033-2036 and 2037-2041) is reported given that the level of activity varies between each assessment phase. For operational effects, the employment and GDP generated at the assessment years for three assessment phases (2027, 2039, 2043) are also reported, with the same applying for reporting of wider economic impacts with the exception of effects on the local housing market where the peak in activity is assessed.

### **Receptors**

- 11.3.14 The Economics and Employment assessment considers economic, environmental, and displacement factors that affect employees, businesses and the economy in the UK and locally.

## Matters scoped in

- 11.3.15 The following matters have been scoped into this Economics and Employment assessment:
- a. Direct effects – existing businesses lost/displaced or isolated due to construction/future operational requirements.
  - b. Direct employment – created by construction of the expanded airport and its ongoing operations; effects of construction employment generation on local housing markets.
  - c. Indirect impacts - employment generated in the chain of suppliers of goods and services related to the construction and operation of the airport.
  - d. Induced impacts - employment and income generated by the spending of construction/operational incomes earned.
  - e. Gross value added (GVA) impacts - through construction and operational employment.
  - f. Wider economic impacts - strategic economic indicators/wider GVA impacts; transport economic efficiency effects; effects of employment generation on local housing markets.
  - g. Environmental/in-combination effects – the operations of existing businesses affected by changes in noise, vibration, traffic and air quality.
  - h. Cumulative effects – arising during either construction or operation of the Proposed Development when taking into consideration other relevant developments.

## Matters scoped out

- 11.3.16 No quantified assessment of the impact of the Proposed Development on tourism deficit, which is defined as the expenditures arising from travels of UK residents abroad exceeding the expenditures arising from travels of foreign tourists in the UK, has been undertaken. This was agreed at the through the EIA scoping process; the Scoping Report and Scoping Opinion are provided as **Appendices 1.1, 1.2 and 1.3** of this ES [TR020001/APP/5.05].
- 11.3.17 The potential impact of outbound leisure passengers on GDP and employment is highly complex and, the extent of the effect, particularly in relation to considering the impact of individual airports, is open to question. The following issues require consideration in assessing the potential scale of outbound tourism effects:
- a. for passengers wanting to travel abroad, airports are to a large extent substitutable;
  - b. in any event, outbound travel from the UK does, in practice, support significant GDP and employment in the domestic economy;
  - c. it is far from clear whether the expenditure lost via people travelling overseas would actually be injected into the UK economy if they were not to travel; and

- d. the potential positive impacts of outbound travel on GDP would also need to be considered as access to air travel for leisure activities is an increasingly important factor in attracting talented individuals to locate within an area.

11.3.18 The ES therefore accounts for tourism effects as far as it is reasonable to do so, but the effect on the tourism deficit is not capable of robust quantification.

## 11.4 Stakeholder engagement and consultation

- 11.4.1 Engagement in relation to Economics and Employment has been undertaken with a number of prescribed and non-prescribed stakeholders.
- 11.4.2 The purpose of stakeholder engagement was to gather information on baseline conditions, verify information already collated, and discuss emerging findings and proposed mitigation. For Economics and Employment, a working group was formed comprising representatives from:
- a. Bedford Borough Council;
  - b. Bedfordshire Chamber of Commerce;
  - c. Bedfordshire Business First;
  - d. Buckinghamshire Council;
  - e. Buckinghamshire LEP;
  - f. Central Bedfordshire Council;
  - g. Dacorum District Council;
  - h. East Herts District Council;
  - i. Hertfordshire Council;
  - j. Hertfordshire Chamber of Commerce;
  - k. Hertfordshire Local Enterprise Partnership (HLEP);
  - l. LBC;
  - m. North Hertfordshire District Council;
  - n. SEMLEP;
  - o. St Albans City and District Council;
  - p. Stevenage District Council; and
  - q. Welwyn District Council.
- 11.4.3 The **Consultation Report** submitted as part of the application for development consent [TR020001/APP/6.01] and [TR020001/APP/6.02] contains a full account of the consultation process and issues raised in feedback. Matters raised regarding the scope, method, mitigation or compensation being considered as part of the Economics and Employment assessment were then subject to further discussions directly with stakeholders during working group meetings. The main matters/themes raised during consultation considered relevant to the Economics and Employment assessment were:
- a. the emerging employment benefits of the Proposed Development by geographical spread and how these can be maximised for local people. This includes understanding the expected employment types, related skills and employment programmes; and
  - b. development of an employment, training and skills programme that is reported as part of the mitigation. Separate approaches are required for

construction and operation of the airport, drawing on best practice and building on existing local initiatives where appropriate.

11.4.4 **Table 11.5** provides a summary of engagement with relevant stakeholders, undertaken to inform the EIA, including the date and time of meetings and a summary of discussions to resolve matters raised.

Table 11.5: Stakeholder engagement relating to Economics and Employment

Meeting name and date	Attendees (organisation)	Summary of discussion
Stakeholder session March 2019: Introduction to the economics and employment assessment	Luton Rising, Central Bedfordshire, Bedfordshire Chamber of Commerce, LBC, North Herts and East Herts District Councils, SEMLEP, York Aviation	A general overview of the Proposed Development was provided. Also comprised a discussion on the Scoping methodology and areas of focus for topic and mitigation including training, skills, existing programmes, employment benefits to individual areas.
Stakeholder session May 2019: Preliminary findings and approach to employment, training and skills	Luton Rising, Central Bedfordshire, Bedfordshire Chamber of Commerce, LBC, North Herts and East Herts District Councils, York Aviation, Apologies: SEMLEP, Stevenage Borough Council, Buckinghamshire Business First	This session included a discussion of preliminary operational economic impacts across various geographies. Reference to examples from elsewhere of training, employment and skills programmes including Luton DART Skills Hub (construction), Stansted and Luton’s easyJet Academy were also discussed. An agreement with the stakeholders for the joint development of training, employment and skills strategy was made for during construction and operation.
Stakeholder session July 2019: Update on employment estimates, best practice on employment, training and skills, wider impacts consultations update	Luton Rising, Central Bedfordshire, LBC, North Herts and East Herts District Councils, York Aviation, SEMLEP, St Albans District Council Apologies, Stevenage Borough Council, Buckinghamshire Business First, Bedfordshire Chamber of Commerce	Discussion of the updated operational economic impacts across various geographies. An overview of the surface access effects was also provided. An initial discussion on the construction impacts on employment generation was conducted as was a detailed review of best practice including Heathrow, Stansted (Academy), Brent Cross. Agreement with stakeholders to progress and circulate outline

Meeting name and date	Attendees (organisation)	Summary of discussion
		objectives for the <b>ETS [TR020001/APP/7.05]</b> .
Stakeholder session 17 September 2019: Update on statutory consultation, review of airport passenger profile, review of outline employment and training strategy	Luton Rising, Central Bedfordshire, Hertfordshire LEP, LBC, York Aviation, North Herts and East Herts District Councils Apologies, Stevenage Borough Council, Buckinghamshire Business First, Bedfordshire Chamber of Commerce, St Albans District Council, SEMLEP	The session was to provide an update on the statutory consultation dates and events plan. Presentation on airport passenger profile considering type and location of destination/origin. A review and feedback discussion on outline employment and training strategy was also held prior to publication.
Stakeholder session December 2020: Project update, revised Economic impact assessment approach discussion, Employment and Training Strategy update, wider economic impacts	Luton Rising, Central Bedfordshire, Hertfordshire LEP, LBC, York Aviation, North Herts and East Herts District Councils	The revised Economic and Employment Assessment approach that recognises that some effects will be assessed qualitatively was discussed. An update on the Employment and Training Strategy and latest wider economic impacts findings was also provided.
Stakeholder session July 2021: Employment, training and skills scope, and wider economic impacts	Luton Rising, Central Bedfordshire, Hertfordshire LEP, LBC, York Aviation, North Herts and East Herts District Councils	The session provided an update on progress of employment, training and skills scope, and also discussed the wider economic impacts assessment methodology.
Stakeholder session September 2021: EIA and ETS workstream progress, and wider economic impacts update	Luton Rising, Central Bedfordshire, Hertfordshire LEP, LBC, York Aviation, North Herts and East Herts District Councils	The session comprised a discussion and agreement on the EIA methodology. An update on the employment, training and skills and wider economic impacts workstreams was also provided.
Stakeholder session September 2022: EIA and ETS workstream progress and wider	Luton Rising, Central Bedfordshire, Hertfordshire LEP, LBC, York Aviation, North	The session provided an update on progress of employment, training and skills scope, and a discussion of the

<b>Meeting name and date</b>	<b>Attendees (organisation)</b>	<b>Summary of discussion</b>
economic impacts update	Herts and East Herts District Councils	wider economic impacts assessment methodology.



## 11.5 Methodology

### Overview

- 11.5.1 This section outlines the methodology employed for assessing the likely significant effects on Economics and Employment from the construction and operation of the Proposed Development. The methodology was agreed during Scoping and with technical stakeholders during consultation for this ES.

### Baseline methodology

- 11.5.2 The construction of the Proposed Development is intended to commence in 2025 and will be delivered incrementally to achieve a capacity of 32 million passengers per annum (mppa).
- 11.5.3 Construction effects are measured in terms of labour demand for construction employment and the resulting indirect, induced and GVA effects. The baseline position has been determined through an assessment of the existing employment and economic profiles available through public datasets. The following public datasets have been used in **Section 11.7** of this ES:
- ONS, Output in the construction industry (2020) (Ref. 11.49);
  - ONS, Annual survey of hours and earnings (2021) (Ref. 11.46);
  - ONS, Annual population survey (2021) (Ref. 11.47);
  - ONS, Business register and employment survey (2021) (Ref. 11.45); and
  - ONS, Regional gross value added (income approach) (2018) (Ref. 11.48).
- 11.5.4 The baseline for existing airport operation has been determined through a detailed study undertaken by Oxford Economics (**Appendix 11.1** of this ES [**TR020001/APP/5.02**]) using business records and a telephone survey reporting employment related to the operation of the airport.
- 11.5.5 The economic effects associated with the operation of the Proposed Development have been determined against the conditions when the airport was last operating at near consented capacity in 2019, and against a baseline of the airport continuing to operating at its current consented capacity of 18 mppa without the Proposed Development (characterised as future baseline position).
- 11.5.6 The approach to defining future baseline is described in **Section 5.4** of **Chapter 5** Approach to the Assessment of this ES [**TR020001/APP/5.01**]. The future baseline considered for Economics and Employment is described **Section 11.7** of this chapter.

### Construction assessment methodology

#### *Existing businesses*

- 11.5.7 Assessment of adverse effects on businesses and employees during construction due to land loss as required for construction (and operation) has

been identified through development and design. This differentiates where displacement rather than loss is taking place, that is where existing businesses may be re-provided for either during construction or operation.

11.5.8 Combined environmental effects on businesses through noise, vibration, traffic for example, are determined by the findings of other technical chapters of this ES [TR020001/APP/5.01] and reported in the in-combination effects assessment in **Section 11.12** of this chapter.

11.5.9 Isolation effects are identified through construction plans where effects on business access will be determined, including road closures, diversions or delays. This considers access effects on businesses as well as the ability of employees to reach their employment location.

### ***Construction employment***

11.5.10 The methodology for assessing construction employment generation and GVA effects is based on HM Treasury Guidance (Ref. 11) and the HCA Additionality Guide (Ref. 11.39). It draws on the following data:

- a. the estimated labour requirements;
- b. Annual Business Survey data on construction industry output and GVA per employee; and
- c. full-time equivalents (FTE) calculated in line with HM Treasury Green Book convention that 10 construction job years equals one FTE job.

11.5.11 In addition, an appropriate composite multiplier of 1.5 for the wider Study Area has been used to assess the indirect (supply chain) and induced (employee expenditure) effects for capital projects.

11.5.12 Displacement has been considered by reviewing the proportion of construction employment anticipated to be required in the local area in any one year compared to the total construction employment workforce available to assess whether there is sufficient capacity to support the Proposed Development and wider economic growth concurrently.

11.5.13 The employment calculation is based on the Proposed Development construction programme presented in the Construction Methodology Statement and Programme Report provided as **Appendix 4.1** of this ES [TR020001/APP/5.02]. Numbers have been converted to person years and then FTE jobs. Based on HM Treasury's standard approach, ten construction job years is assumed to equate to one FTE job. The GVA calculation is based on GVA per construction job multiplied by the number of employees expected to be working on the development each year. GVA per construction job is calculated by dividing the GVA for the construction sector in the UK by the total employment in the sector.

11.5.14 The framework for the assessment of construction impacts is set out in **Table 11.6** below.

Table 11.6: Economic construction assessment framework

Impact category	Definition
Direct – existing businesses loss	Business/employment losses due to land required for construction.
Direct – existing businesses displaced	Business/employment permanently or temporarily displaced due to land required for construction.
Environmental/in-combination – existing businesses	Disturbance due to other environmental factors (noise, vibration, air quality, visual impacts, access interruption/isolation including employee access) resulting in business displacement, closure or employment loss.
Direct construction employment	Construction employment related to the construction of the Proposed Development.
Indirect	Employment generated in the chain of suppliers of goods and services related to the construction of the Proposed Development.
Induced	Employment and income generated by the spending of construction incomes earned.
GVA	Gross Value Added through construction employment.

**Significance Criteria**

- 11.5.15 Significance has been determined by assessing both the magnitude of the impact and the sensitivity of resources and receptors. Taken together magnitude and sensitivity determines whether effects are considered to be ‘significant’ or ‘not significant’. All effects are assessed, including adverse and beneficial.
- 11.5.16 There are several factors which determine magnitude of impact and sensitivity of resources and receptors. These factors and thresholds of significance vary for each theme of the economic assessments.
- 11.5.17 The assessment criteria described in this section highlight the types of impacts and effects on resources and relevant receptors. This includes guidance on the factors considered and thresholds to ensure a consistent approach to assessing significance.
- 11.5.18 The tables below have been established using professional judgement and existing precedents and have been used for this assessment.

**Magnitude of Impact**

- 11.5.19 **Table 11.7** below provides guidelines for the assessment of magnitude in relation to construction economic and employment impacts and relate to existing employment benchmarks at the airport or the local economic profile.

Table 11.7: Magnitude of construction economic and employment impacts

Impact	Magnitude	Guidelines	Notes
Existing businesses/organisations loss/displaced: land required for construction.	High	Over 1,000 jobs lost/relocated	Informed by best practice from other similar schemes.
	Medium	251 to 1,000 jobs lost/relocated	
	Low	51 to 250 jobs lost/relocated	
	Very low	Up to 50 jobs lost/relocated	
Existing businesses/organisations loss/displaced: disturbance due to other environmental factors (noise, vibration, air quality, visual impacts, access interruption/isolation including employee access) resulting in business closure/relocation or employment loss.	High	Over 1,000 jobs lost/relocated	Informed by best practice from other similar schemes.
	Medium	251 to 1,000 jobs lost/relocated	
	Low	51 to 250 jobs lost/relocated	
	Very low	Up to 50 jobs lost/relocated	
Direct construction employment: Construction employment related to the construction of the Proposed Development.	High	Over 1,000 jobs created	Relative to existing construction sector employment (Luton/Three Counties).
	Medium	251 to 1,000 jobs created	
	Low	51 to 250 jobs created	
	Very low	Up to 50 jobs created	
Indirect construction employment: Employment generated in the chain of suppliers of goods and services related to the construction of the Proposed Development.	High	Over 1,000 jobs created	Relative to existing employment (Luton/Three Counties).
	Medium	251 to 1,000 jobs created	
	Low	51 to 250 jobs created	
	Very low	Up to 50 jobs created	
Induced construction employment: Employment and income generated by the spending of construction incomes earned.	High	Over 1,000 jobs created	Relative to existing employment (Luton/Three Counties).
	Medium	251 to 1,000 jobs created	
	Low	51 to 250 jobs created	

Impact	Magnitude	Guidelines	Notes
	Very low	Up to 50 jobs created	
GVA of construction employment	High	Over £150,000,000	Relative to existing construction sector output (Luton/Three Counties).
	Medium	Up to £150,000,000	
	Low	Up to £37,500,000	
	Very low	Up to £7,500,000	

**Sensitivity of Impact**

11.5.20 The main sensitive receptors for the economic and employment assessment are businesses; employees; labour markets; and the local, regional and wider economy. Economies are dynamic and adaptive however individual businesses may be less so based on labour or accommodation needs. The sensitivity of receptors is categorised as either ‘High’, ‘Medium’, ‘Low’ or ‘Very low’ using the following broad criteria:

- a. High – where a receptor has limited ability to respond to change;
- b. Medium – where a receptor has some ability to respond to change;
- c. Low – where a receptor is responsive to change; and
- d. Very low – where a receptor is highly adaptive to change.

11.5.21 Decisions on allocating receptor sensitivity may be based on quantitative information, or qualitative assessment with professional judgement.

**Determination of Significant Effects**

11.5.22 The matrix used for the classification of effects is provided in **Table 11.8** below.

Table 11.8: Classification of economic and employment effects

Magnitude	Value and sensitivity of receptor			
	High	Medium	Low	Very low
High	Major	Major	Moderate	Minor
Medium	Major	Moderate	Minor	Minor
Low	Moderate	Minor	Minor	Negligible
Very low	Minor	Minor	Negligible	Negligible

11.5.23 Major and moderate effects are considered to be significant, whilst minor and negligible effects are considered to be not significant.

**Wider Economic Impact**

**Local Housing Market**

11.5.24 The capacity of the local housing market to accommodate temporary demand for accommodation arising from the construction workforce has been considered by assessing the proportion of workers who might require accommodation relative to the size of and availability within the local housing market. A proportion of the construction workforce may not require accommodation given they may live locally or within a commutable distance to the Proposed Development. The private rental accommodation sector within the housing market would be expected to be the accommodation most accessible to and in demand from construction workers.

### Operational assessment methodology

11.5.25 The economic assessment considers the current direct, indirect and induced employment and GDP effects at the airport, including an assessment of the number and type of jobs taken up by residents in the wider Study Area. This assessment has been undertaken using the most up to date information available from the airport and its on-site employers.

11.5.26 For each of the relevant future assessment years, the impacts have been assessed in terms of the direct, indirect and induced employment and GDP at the airport and the likely impact on the local jobs market in the neighbouring areas compared against a baseline of the airport operating at its current consented capacity of 18 mppa. The framework for the assessment of operational impacts is set out in **Table 11.9** below.

Table 11.9: Economic operational assessment framework

Impact Category	Definition	Examples
Direct On-Site	Employment and income wholly or largely related to the operation of the airport and generated within the AEA, taking into account any displacement effects.	Airport operator, airlines, handling agents, control authorities, concessions, freight agents, flight caterers, hotels, car parking, aircraft servicing, fuel storage, retailing and restaurants within the airport itself.
Direct Off-Site	Employment and income wholly or largely related to the operation of the airport or those which were judged to form an integral part of the airport, taking into account any displacement effects.	Freight agents, bus services, hotels, police, car rentals and warehousing.
Indirect	Employment and income generated in the chain of suppliers of goods and services to the direct activities, taking into account any displacement effects.	Utilities, retailing, advertising, cleaning, food, construction.

Impact Category	Definition	Examples
Induced	Employment and income generated by the spending of incomes earned in the direct and indirect activities, taking into account any displacement effects.	Retailing, restaurants and entertainment.
Environmental, in-combination	Disturbance due to other environmental factors (noise, vibration, air quality, visual impacts, access interruption/isolation including employee access) resulting in business displacement, closure or employment loss.	Facilities such as: <ul style="list-style-type: none"> <li>• hospitality;</li> <li>• recreation and culture; and</li> <li>• retail</li> </ul> are adversely affected through environmental effects.

- 11.5.27 Direct impacts have been derived directly from the survey of employment, with data on average wages and salaries and profits drawn from company accounts and ONS surveys used to estimate direct GDP effects. Emphasis has been placed on identifying the skill level of jobs to inform the assessment of the impact on society.
- 11.5.28 Changes in the effects and combined environmental effects on businesses through noise, vibration, traffic etc are determined by the findings of other technical chapters in this ES and reported in **Section 11.9** of this chapter under the environmental effects on businesses subsection.
- 11.5.29 The indirect and induced impacts associated with the operation of the airport have been estimated using data collected on supply chain purchases combined with Oxford Economics’ economic models, based on inter-regional input-output tables. This approach is based on established academic techniques initially developed by Flegg and Webber (Ref. 11.37). This approach involves constructing regional input-output models by applying Location Quotients (LQs) and regional size adjustments to the standard UK input-output tables. Oxford Economics’ regional model was used to provide data on LQ’s and regional employment in the baseline estimates for 2019.

***Significance Criteria***

- 11.5.30 Significance has been determined by assessing both the magnitude of the impact and the sensitivity of resources and receptors.
- 11.5.31 **Table 11.10** below provides guidelines of the assessment of magnitude in relation to operational economic and employment impacts.
- 11.5.32 Sensitivity and significance are as presented in **paragraphs 11.5.15 to 11.5.23** above.

Table 11.10: Magnitude of operational economic impacts

<b>Impact</b>	<b>Magnitude</b>	<b>Guidelines</b>	<b>Notes</b>
Existing businesses/organisations: Disturbance due to other environmental factors (noise, vibration, air quality, visual impacts).	High	Over 1,000 jobs lost/relocated	Relative to existing employment in Luton and the Three Counties.
	Medium	251 to 1,000 jobs lost/relocated	
	Low	51 to 250 jobs lost/relocated	
	Very low	Up to 50 jobs lost/relocated	
Direct on-site employment: Employment and income and wholly or largely related to the operation of the airport and generated within the AEA. Examples can include airport operator, airlines, handling agents, control authorities, concessions, freight agents, flight caterers, hotels, car parking, aircraft servicing, fuel storage, retailing and restaurants within the airport itself. This will be combined with Direct off-site employment: Employment and income wholly or largely related to the operation of the airport or those which were judged to form an integral part of the airport. Examples can include freight agents, bus services, hotels, police, car rentals and warehousing.	High	Over 2,000 jobs created	Relative to existing employment in Luton and the Three Counties.
	Medium	500 to 2,000 jobs created	
	Low	50 to 500 jobs created	
	Very low	Up to 50 jobs created	
Indirect employment: Employment and income generated in the chain of suppliers of goods and services to the direct activities. Examples can include utilities, retailing, advertising, cleaning, food, construction.	High	Over 2,000 jobs created	Relative to existing employment in Luton and the Three Counties.
	Medium	501 to 2,000 jobs created	
	Low	50 to 500 jobs created	
	Very low	Up to 50 jobs created	
Induced employment: Employment and income	High	Over 2,000 jobs created	Relative to existing



Impact	Magnitude	Guidelines	Notes
generated by the spending of incomes earned in the direct and indirect activities. Examples can include retailing, restaurants and entertainment.	Medium	501 to 2,000 jobs created	employment in Luton and the Three Counties.
	Low	51 to 500 jobs created	
	Very low	Up to 50 jobs created	
GDP of employment	High	Over £300,000,000	Relative to existing employment output (Luton/Three Counties).
	Medium	£60,000,001 to £300,000,000	
	Low	£6,000,001 to £60,000,000	
	Very low	Up to £6,000,000	

**Wider Economic Impacts**

- 11.5.33 In line with Government policy, an assessment of the wider economic impacts of aviation connectivity has been made, alongside the assessment of the economic impacts of the airport’s operation. The wider economic impact of the airport has been assessed in terms of the value of aviation services to existing and future users. This includes an assessment of inward investment and location decisions, business productivity, transport investment and overseas tourism spend (business and leisure) in the local area, which are facilitated by the presence and growth of the airport. The impact that additional employment generation has on the local housing market has also been assessed.
- 11.5.34 The assessment of these impacts has been quantified wherever possible and in part qualitatively based on discussions with key stakeholders. The analysis has been informed by the **Need Case [TR020001/APP/7.04]** and quantified under the following headings:
  - a. Strategic Economic Indicators/Wider Gross Value Added (GVA) Impacts;
  - b. Transport Economic Efficiency (TEE) Effects; and
  - c. Economic-led Housing requirements.
- 11.5.35 The potential impact of the airport on the wider economy in terms of GDP and employment effects, has been considered as part of informing the strategic narrative for development. It focuses on estimating the effect on productivity in the wider Study Area from increased business travel facilitated by the expansion of the airport and on the effects associated with inbound tourism expenditure growth. The former is designed to reflect the ultimate impact of increased trade, inward investment and competition, while the latter articulates the role of the airport in bringing in visitors.
- 11.5.36 The assessment of productivity effects is based on an estimate of the number of business travellers that are purely reliant on the airport for their connectivity needs and research on the impact of the level of business travel on UK

productivity undertaken by Oxford Economics (**Appendix 11.1** of this ES [TR020001/APP/5.02]). Tourism effects are assessed based on data taken from the traffic forecasts for the airport, spend data from VisitBritain and the UK input-output tables. The assessment also considers the impact on economic welfare from changes to users' costs and benefits, consistent with the Airports Commission economic assessment and the Department for Transport's WebTAG guidance (Ref. 11.38). This assessment considers the impacts on a range of users:

- a. passengers – the potential impacts on users' travel times (surface, wait and flight times), access costs and air fares are monetised;
- b. airport – the impact on the airport's profits is estimated based on publicly available information;
- c. airlines – the impact on airline profits, where these are likely to be retained in the UK, is quantified based on published data on airline financials; and
- d. government revenue – the impact on Air Passenger Duty (APD) from additional passengers departing UK airports as a result of the Proposed Development is estimated.

11.5.37 The TEE assessment considers a 60-year period, in line with guidance, referred to in the **Need Case** submitted as part of the application for development consent [TR020001/APP/7.04], on the assessment of major airport infrastructure developments, and discounted at the recommended HM Treasury discount rate (Ref. 11.39) to reflect time preference. This provides a net present value of the benefits arising from the Proposed Development.

11.5.38 In addition to the above, as LBC is a shareholder of Luton Rising, part of the airport's profit is distributed back to the community in part through its Community Funding scheme (Ref. 11.40). In 2018/19 this was equivalent to £9.2m and cumulatively worth more than £140m since 2002.

11.5.39 The growth at the airport may result in a workforce not currently met by the existing population, which could generate the need for more housing to be provided within Luton and the Three Counties area. To assess impacts on the housing market, a high-level assessment has been undertaken translating the forecasted operational employment growth derived explicitly from the airport to potential housing needs arising within the wider Study Area.

11.5.40 Housing need requirements derived from the Proposed Development's operational employment draw on Oxford Economics Residence Based Jobs (see Appendix 4: Employment data tables, page 76) for 2027, 2039 and 2043, reflecting the three assessment phases of the Proposed Development (**Appendix 11.1** of this ES [TR020001/APP/5.02]). These requirements have been used to assess the proportion of workers who might require accommodation relative to the size of and availability within the local housing market. The private rented and owner-occupied sectors of the housing market are expected to comprise the accommodation most accessible to and required by airport workers given roles are likely to be permanent or semi-permanent.

- 11.5.41 This method assumes a static economy outside of the Proposed Development, however local and wider structural changes in sector make up or skills and unemployment would influence the level of (economic led) housing need. If sectors of economic decline can transfer employees, employment and skills into airport employment needs then the population in migration and resulting housing need would reduce.

## 11.6 Assumptions and limitations

11.6.1 This section provides a description of the assumptions and limitations to the Economics and Employment assessment.

11.6.2 Several assumptions are involved in the technical methodology used for modelling the baseline employment of the airport, the future airport employment and the construction employment:

- a. Assessing baseline airport employment – established through a detailed study undertaken by Oxford Economics in 2022 (**Appendix 11.1** of this ES [TR020001/APP/5.02]) using business records and a telephone survey reporting airport related employment in and around the airport in 2019. The indirect and induced impacts have been calculated by Oxford Economics using a sophisticated, assumption driven model based on the UK input-output tables produced by the ONS.
- b. Assessing future airport employment – the future economic footprint effects associated with the Proposed Development have been assessed by Oxford Economics based on demand forecasts provided to by York Aviation. A productivity-based approach<sup>2</sup> was used to consider how employment at the airport might grow in response to the growth in economic activity. This approach assumes an uplift in employment requirements, related to the duplication of some terminal facilities and functions, when the second terminal at the airport is opened.
- c. Construction employment methodology – employment generation is derived from analysis of the labour requirements to construct the Proposed Development by calculating across its construction programme. The number of FTE jobs created is calculated in person years and converted to jobs using HM Treasury conversion methodology. Appropriate multipliers accounting for indirect (supply chain) and induced (employee expenditure) effects have drawn on recent local technical studies and national guidance on multipliers published by the Homes and Communities Agency Additionality Guide 2014 (Ref. 11.41). Construction labour can travel up to a 50 mile/90-minute drive time area for major projects (Ref. 11.42) reflecting the mobile nature of construction workers. Given the high local and wider density of labour, a shorter 60-minute drive time is considered appropriate for the majority of construction employment, detailed below. The construction workforce residing within the 60-minute drive time area is informed by Census 2011 data as the first results of the 2021 Census, released in June 2022, included estimates of population only. Construction workers include 'home-based workers' who will travel to work from their existing home; and 'non-home-based workers' who move to an area to work essentially on a temporary basis. Non-home-based workers are a standard component of any large construction project. The average for non-home-based workers for the UK as a whole is 6% of construction workers (Ref. 11.43).

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<sup>2</sup> Each sub-sector in the economic model was assigned a forecast driver for the entire period to 2043.

- d. Effects on local housing market – the most recent local or national analysis of vacancy and availability within the housing market is from the English Housing Survey 2019-20 (Ref. 11.44), providing national figures. The assessment assumes this level remains an applicable benchmark. It is also not possible to know with certainty the number of workers taking up employment who would live locally ('home-based') so an estimate of the proportion has been made based on consideration of relevant influencing factors, such as the construction workforce available locally and the unspecialised nature of many of the required roles.
- e. Wider economic impacts – the assessment of impacts on business travel, tourism and user journey time savings set out in **Section 11.9** of this chapter is based on assumptions underlying the growth forecasting on which these assessments are based. These relate to the routes and frequencies of service that airlines will operate, market maturity assumptions as well as assumptions regarding future economic growth, fuel prices or carbon costs. In respect of tourism specifically and as discussed in the EIA Scoping Report as provided as **Appendices 1.1 and 1.2** of this ES [TR020001/APP/5.05], the wider economic impacts assessment accounts for tourism effects only as far as it is reasonably possible to do so. This is because the effect on the tourism deficit is not capable of robust quantification. For instance, the potential impact of outbound leisure passengers on GDP and employment is highly complex and, the extent of the effect, particularly in relation to considering the impact of individual airports, is open to question.

11.6.3 Aspects of the Economics and Employment assessment are subject to uncertainties. This includes for example in relation to the effect on GDP or employment from outbound tourism resulting from the Proposed Development. There may be other uncertainties and where these uncertainties exist, they are recognised in the approach and assessment as appropriate.

### **Reasonable Worst Case**

- 11.6.4 **Chapter 5** Approach to the Assessment of this ES [TR020001/APP/5.01] describes the general approach adopted to ensure that a reasonable worst case is assumed in this assessment including the use of parameters, accounting for uncertainty, and incorporating flexibility in design and demand forecasts.
- 11.6.5 A worst case assessment has been adopted for the Economics and Employment assessment.

## 11.7 Baseline conditions

11.7.1 This section provides a description of the existing conditions in the Study Area, and the future baseline, i.e. the conditions that will prevail without the Proposed Development. There are a number of spatial areas considered that will be affected in terms of economics and employment and have therefore been mapped to indicate baseline conditions. These are:

- a. The AEA for direct employment, as shown in **Figure 11.1** of this ES [TR020001/APP/5.03]. This area differs from the Order Limits as it includes businesses directly related to airport activity (in the western area) which are outside of the Order Limits. The east and west areas in **Figure 11.1** represent two lower super output areas. It should be noted that business addresses identified on **Figure 11.1** are not those used for the Oxford Economics forecasts which have been developed under confidentiality using the Inter Departmental Business Register (IDBR) but rather are addresses from public sources.
- b. Luton Borough Council area, as shown in **Figure 11.2** of this ES [TR020001/APP/5.03].
- c. The Three Counties which are the principal area of airport employee residence also shown in **Figure 11.2** of this ES [TR020001/APP/5.03].

### Existing conditions

11.7.2 The broad economic and employment conditions across the immediate and wider study areas are set out below.

#### *Airport employment*

11.7.3 The airport directly supported 10,900 jobs in 2019, the most recent year of normal operating conditions (**Appendix 11.1** of this ES [TR020001/APP/5.02]). Around 58% of workers or 6,400 jobs were employed by airlines, in head office functions of aviation-related companies, or in airport operations. Around 2,800 jobs or 25% of workers work in airline support services, particularly maintenance, repair and overhaul (MRO), ground handling and fixed based operators. Shops, hotels and restaurants together support employment for around 1,500 workers.

11.7.4 The geographic distribution of direct employees shows that the largest proportion of employees live in Bedfordshire (58% or around 6,300 employees), where the airport is located, with particular concentration in Luton (3,100 employees) (**Appendix 11.1** of this ES [TR020001/APP/5.02]). In total, 80% of direct employees live within the Three Counties sub region.

11.7.5 In 2019, the airport's direct UK GDP impact was estimated to be around £0.8 billion. When the airport's indirect and induced impacts are included, the current economic footprint in the Three Counties is around 16,500 jobs and £1.1 billion in GDP. The airport's total economic footprint in the UK is estimated to be around 28,400 jobs and £1.8 billion in GDP (**Appendix 11.1** of this ES [TR020001/APP/5.02]).

### ***Study Area economic profile***

- 11.7.6 There are 96,000 jobs in Luton and 1,200,000 jobs across the Three Counties (2021) (Ref. 11.45). Luton has notably higher than average employment in the sectors of Business Administration and Support Services, and Transport and Storage. The airport is a key driver of Business Administration sector employment. The strength of this sector in Luton affects the corresponding Three Counties employment rate. Employment within the Professional, Scientific and Technical Services sector in Luton is lower than recorded for the Three Counties and national benchmarks.
- 11.7.7 Resident-based analysis indicates that Luton has the lowest median wages in the Three Counties area. Workplace analysis reports that Luton has comparable pay in terms of jobs in the area (Ref. 11.46).
- 11.7.8 The qualifications and skills profile in the Three Counties is higher than the national average whereas Luton is lower (Ref. 11.47).
- 11.7.9 Construction employment accounts for 3,500 jobs (3.7%) in Luton and 71,500 jobs across the Three Counties (6.0%) (Ref. 11.45).
- 11.7.10 GVA is a measure of value of goods and services produced in an area of the economy. In 2017, the most recent year for which data is available, Luton generated around £5.5 billion GVA at current basic prices within its economy whilst the Three Counties generated around £102 billion (Ref. 11.48).
- 11.7.11 Luton's GVA per head in 2017 was £26,100, slightly higher than the regional average for the East of England (£25,200) but slightly lower than the average for the United Kingdom (£27,400). These statistics suggest that Luton is underperforming compared to the United Kingdom as a whole.
- 11.7.12 The Three Counties GVA per head in 2017 was £31,700, higher than both the regional average for the East of England and the United Kingdom. These statistics suggest that the Three Counties are overperforming compared to the regional and national indicators.

### **Future baseline**

- 11.7.13 In the absence of the Proposed Development, there is likely to be a change to the future baseline conditions as a result of other factors and developments in proximity to the airport. These are the conditions that will prevail 'Without Development' in place. The 'Without Development' scenario is used, where appropriate, as a comparator for the assessed case, to show the effect of the Proposed Development against an appropriate reference point. The approach to defining future baseline and the developments identified for consideration are described in **Section 5.4 of Chapter 5 Approach to the Assessment of this ES [TR020001/APP/5.01]**.
- 11.7.14 A key determining factor of future socio-economic baseline conditions will be changes in population levels, subsequent change in labour supply and associated job change, including those arising from other major schemes and growth strategies. Changes in population can be forecasted based on recent trends in births, deaths and migration as reported by ONS and translated into a

labour supply. However, quantifying the impact of this is subject to uncertainty and to factor this in within the Economics and Employment assessment is not readily possible. Qualitatively, the population of the Study Area will be expected to increase based on expected national trends, resulting in a growth in the labour supply, and, once unemployment and commuting patterns are accounted for, in the number of jobs.

- 11.7.15 Whilst this change has not been quantified, the assessment of effects on employment and GVA and wider economic impacts during operation has taken into consideration that future baseline conditions will include additional employment to that in existing conditions.



## 11.8 Embedded and good practice mitigation measures

11.8.1 This section describes the embedded and good practice mitigation for Economics and Employment that has been incorporated into the Proposed Development design or assumed to be in place before undertaking the assessment. A definition of these classifications of mitigation and how they are considered in the EIA is provided in **Chapter 5** Approach to the Assessment of this ES [TR020001/APP/5.01].

### Embedded

11.8.2 Mitigation measures have been incorporated into the design of the Proposed Development. These measures are set out below.

- a. The Code of Construction Practice in **Appendix 4.2** of this ES [TR020001/APP/5.02] seeks to minimise disruption to ongoing airport operations and therefore minimise effects on airport or other employment.
- b. Similarly, the design of the Proposed Development has been configured to minimise disruption to local businesses.
- c. Mitigation measures to minimise dust, emissions, noise have been embedded into the design and detailed in **Chapter 7** Air Quality of this ES [TR020001/APP/5.01], **Chapter 16** Noise and Vibration of this ES [TR020001/APP/5.01] and **Chapter 18** Traffic and Transportation of this ES [TR020001/APP/5.01]. These will be in place to mitigate impacts on local businesses and employees both during construction and operation of the Proposed Development.
- d. The Green Horizons Park development (formerly New Century Park) for which planning permission was approved in June 2021 (LBC application reference 17/02300/EIA) included employment creation estimated at 3,200 jobs. The Proposed Development will affect the Green Horizons Park area and is reported under the displacement effects below. The design of the Proposed Development has sought to keep adverse effects to a minimum.

### Good Practice

11.8.3 Measures to mitigate impacts on local businesses and employees both during construction and operation of the Proposed Development are described and secured in other documents of this ES, including:

- a. measures to reduce dust and emissions to air in **Chapter 7** [TR020001/APP/5.01] and the Outline Operational Air Quality Plan in **Appendix 7.5** [TR020001/APP/5.02];
- b. measures to manage noise in **Chapter 16** [TR020001/APP/5.01] and **Appendices 16.2 and 16.3** [TR020001/APP/5.02];
- c. the Outline Construction Traffic Management Plan in **Appendix 18.3** [TR020001/APP/5.02];

- d. the Code of Construction Practice in **Appendix 4.2 [TR020001/APP/5.02]**; and
- e. the **Transport Assessment [TR020001/APP/7.02]** and **Framework Travel Plan [TR020001/APP/7.14]**.

## 11.9 Assessment

11.9.1 This section presents the results of the assessment of likely significant effects with the embedded and good practice mitigation measures, described in the previous section, in place.

11.9.2 A summary of the assessment of effects is provided on **Table 11.19** in **Section 11.14**. Significant effects are discussed in further detail in this section.

### Construction effects

#### *Direct, indirect and induced effects on Employment and GVA*

11.9.3 The construction programme will generate a large-scale requirement for employment.

11.9.4 Based on the estimated labour requirements to construct the Proposed Development it is anticipated that the total direct employment requirement during construction is 6,280 person years of employment. Based upon 2020 national averages for output per worker in the construction industry (Ref. 11.49) and construction employment (Ref. 11.50) (the most recent year for which data is available), it is estimated that the construction period will directly generate £682m in GVA.

11.9.5 The construction anticipated to take place will be assessed in three assessment phases as below. Employment forecasts are based on the Construction Method Statement and Programme Report in **Appendix 4.2** of this ES **[TR020001/APP/5.02]**:

- a. 2025-2027: 210 person years of employment per annum;
- b. 2033-2036: 940 person years of employment per annum; and
- c. 2037-2040: 470 person years of employment per annum.

11.9.6 Based on HM Treasury's standard approach, ten construction job years is assumed to equate to one FTE job. This generates a total equivalent requirement of 628 FTE permanent jobs provided over the course of the construction programme.

11.9.7 A 60-minute commute is identified as appropriate for the construction labour travel to work area. This drive time (peak hour) has a construction workforce of 194,320 people of which 84,160 are based in the Three Counties and 7,320 are located in Luton. This draws on Census 2011 data reporting the labour market pool rather than employment locations. Comparing the Proposed Development's employment requirements to the total supply generates a need of less than 2% on a per annum basis indicating that there is likely to be capacity within the construction sectors to respond to economic change and growth.

11.9.8 A composite multiplier of 1.5 has been used to determine indirect and induced effects for the Three Counties area. As a result, a further 3,140 person years of employment will be supported in industries supplying construction materials and

services or benefiting from construction worker spend. This is equivalent to an additional £341m in GVA.

- 11.9.9 The magnitude of the effects of direct, indirect and induced temporary employment and GVA change are all considered to be high and the sensitivity is medium, given the capacity of the Luton and Three Counties construction sectors to respond to economic change and growth. The effects in respect of Direct Employment, Indirect and Induced Employment, Direct GVA and Indirect GVA are all **major beneficial** and **significant**.

### ***Displacement – Businesses/Employment***

- 11.9.10 Some business displacement will take place as a result of the construction of the Proposed Development. This is expected to affect businesses located on President Way and Percival Way. The easyJet Academy and others are expected to relocate close to the AEA.
- 11.9.11 The resulting local displacement of business activity has been estimated based on the total floorspace of businesses likely to be impacted by construction of the Proposed Development. An assumption of 1 job for every 36m<sup>2</sup> of floorspace has been applied to estimate the number of jobs impacted. Based on this, circa 350 jobs and 12,600m<sup>2</sup> of floorspace are estimated to be displaced by the Proposed Development.
- 11.9.12 The magnitude of this permanent displacement is considered to be medium and the sensitivity is low, as these businesses are considered to be adaptable to change and able to find alternative accommodation locally. The effect is **minor adverse** and **not significant**.
- 11.9.13 Consideration has also been given to whether the Proposed Development will displace businesses other than those reported in the construction process.
- 11.9.14 In particular this relates to planned development at Green Horizons Park which is expected to accommodate 3,200 additional jobs overall once fully built-out. Of these jobs, the following are impacted:
- a. 50 jobs in relation to hotel employment now included within airport operationally related employment; and
  - b. jobs in relation to a light industrial zone area which is required for the Proposed Development. This area is forecast to represent 543 jobs.

- 11.9.15 Total jobs to be discounted from the Green Horizons Park proposals is therefore 593 from a theoretical future baseline.

- 11.9.16 The magnitude of displacements is considered to be medium and the sensitivity is low. The effect is **minor adverse** and **not significant**.

### ***Environmental effects on businesses***

- 11.9.17 Construction of the Proposed Development may result in some temporary effects on businesses arising from disturbance due to other environmental effects (noise, vibration, air quality, visual impacts, access interruption/isolation including employee access) however it is unlikely these impacts will result in

business displacement, closure or employment loss. Based on the residual effect assessment results from the noise, vibration, air quality and visual assessments, there is not considered to be an effect on employment.

### ***Effects on the Local Housing Market***

- 11.9.18 To assess the effects of demand from the construction workforce on the local housing market it is necessary to understand both the proportion of workers who might require accommodation and the likely availability of accommodation available to meet this requirement.
- 11.9.19 Employment forecasts for the Proposed Development, derived from the Proposed Development construction programme, indicate that the number of workers on-site varies across the construction programme. The estimated average number of workers on-site per year ranges from 93 in 2027 to a peak of 1,410 workers in 2035. Of the workers on-site, some will be 'home based', already living within a 60-minute drive time of the Application Site, and others will be 'non-home based' and potentially require housing.
- 11.9.20 There is an expectation that the Proposed Development's contractors will attempt to source a large proportion of jobs locally from 'home based' workers. This will be supported by the activities outlined in the **ETS [TR020001/APP/7.05]** which will support local people in acquiring the necessary skills to take advantage of these new jobs. Also, as explained above at **Section 11.9.9**, the Proposed Development's employment requirements are less than 2% of the construction workforce within a 'home based' range, indicating that there is likely to be a large pool of the latter workers locally to draw upon. The nature of the activities is such that there is also likely to be a high proportion of unspecialised roles required to construct the Proposed Development that are typically recruited locally. Taking into account these considerations the proportion of 'home based' workers will likely be relatively high. It is considered reasonable to assume that at least 48% of workers will be 'home based' at any one time on average. Applying this to the peak worker requirement of 1,410 workers on-site in 2035, 735 workers would be 'non-home based' and potentially require accommodation.
- 11.9.21 The private rented homes sector is considered to be the principal sector for accommodating demand for housing from 'non-home based' construction workers in an urban development context. When last estimated in 2018, there were 164,570 private rented properties in the Three Counties area, including 20,140 in Luton. Although no area-based statistics are available, when last recorded by the English Housing Survey in 2020 (Ref. 11.44), nationally 10% of private rented homes were vacant, noting that not all of these properties would be available for occupancy. Taking a cautious approach and assuming that only half are available, there were an estimated 8,230 properties within the Three Counties in 2018 that could potentially be available to construction workers. This is considered to be more than sufficient supply to meet demand arising from the Proposed Development given that applying the average household size for the Three Counties area of 2.54 persons results in a requirement for around 290 properties. Whilst forecasting availability over the long construction period is difficult, it is noted that further demand from workers

is typically also met by bed and breakfast accommodation for shorter stays, providing a further option for accommodating construction worker need from the Proposed Development if required.

- 11.9.22 The magnitude of the effects of construction employment generation on the local housing market are considered overall to be medium and the sensitivity is low, given the capacity of the tourism and private-rented housing sectors to meet the potential demand for accommodation. The effect is **minor adverse** and **not significant**.

## **Operational effects**

### ***Environmental effects on businesses***

- 11.9.23 The operation of the Proposed Development may result in some permanent effects on businesses arising from disturbance due to other environmental effects (noise, vibration, air quality, visual impacts, access interruption/isolation including employee access) however it is unlikely these impacts will result in business displacement, closure or employment loss. Based on the residual effect assessment results from the noise, vibration, air quality and visual assessments, there is not considered to be an effect on employment.

### ***Direct, indirect and induced effects on Employment and GDP***

- 11.9.24 The future economic impacts of the Proposed Development are assumed to be related to the future growth in activity at the airport, defined primarily by the passenger demand and aircraft movement forecasts associated with the Proposed Development.
- 11.9.25 In line with good practice, the future economic impacts of the Proposed Development are considered not against the current economic impact of the airport but against a future baseline that considers how the airport would operate if the Proposed Development were not to take place. In this case, the future baseline is represented by the existing consented capacity for the airport of 18 mppa. This is referred to here as the Without Development case.
- 11.9.26 Development of the airport in line with the Proposed Development (With Development case) would result in an increase in direct employment and GDP. As reported in **Table 11.11** below, in 2027, the airport is expected to support around 11,700 jobs, growing to 13,200 by 2039 and on to 15,100 jobs by 2043. The corresponding impact on GDP from the operation of the airport is estimated to be £0.9 billion in 2027, £1.2 billion in 2039 and £1.5 billion by 2043.

Table 11.11: Without Development Case vs With Development Case: Gross GDP and Employment Growth (Direct)

Year	With Development		Without Development <sup>3</sup>		With Development – Without Development (Net of existing)	
	Jobs	GDP	Jobs	GDP	Jobs	GDP
2027	11,700	£0.9bn	10,500	£807m	1,100	£83m
2039	13,200	£1.2bn	9,600	£873m	3,500	£293m
2043	15,100	£1.5bn	9,400	£902m	5,700	£554m

Note: Rows may not sum due to rounding.

11.9.27 A summary of the employment and economy effects including induced and indirect for the Luton and Three Counties areas are reported in **Table 11.12** below.

Table 11.12: Without Development Case vs With Development Case: Gross GDP and Employment Growth (Direct, Indirect and Induced) Luton and Three Counties

Year	Area	With Development		Without Development		With Development – Without Development (Net of existing)	
		Jobs	GDP	Jobs	GDP	Jobs	GDP
2027	Luton	12,500	£0.9bn	11,300	£0.8bn	1,200	£87m
	Three Counties	17,500	£1.2bn	15,800	£1.1bn	1,700	£115m
	United Kingdom	30,100	£2.0bn	27,300	£1.8bn	2,900	£190m
2039	Luton	14,100	£1.2bn	10,300	£0.9bn	3,800	£308m
	Three Counties	19,700	£1.6bn	14,400	£1.2bn	5,200	£409m
	United Kingdom	34,000	£2.6bn	24,900	£1.9bn	9,000	£684m
2043	Luton	16,200	£1.5bn	10,100	£0.9bn	6,100	£582m
	Three Counties	22,600	£2.0bn	14,000	£1.2bn	8,600	£762m
	United Kingdom	39,200	£3.3bn	24,200	£2.0bn	15,000	£1.3bn

Note: Rows may not sum due to rounding.

<sup>3</sup> Job numbers reduce, relative to the 2019 baseline, in the Without Development scenario due to productivity gains.

### **Displacement – Airport Market Share**

11.9.28 The economic impacts of the Proposed Development net of displacement effects, taking into account the potential for other airports to accommodate demand and generate employment within the Study Area, are presented below. Assumptions around displacement are judgements and reflect market share displacement primarily. These assumptions vary by geographic area as described below:

- a. Luton – 95% net additional;
- b. The Three Counties – given the limited extent of labour catchment crossover with Stansted, we have assumed that around 75% of impacts are net additional;
- c. UK – in line with WebTAG guidance (TAG Unit 2.3 – Employment Effects) (Ref. 11.51), we have assumed that the displacement at this level is almost complete. Only 5% of impacts are assumed to be net additional.

### **Net GDP and Employment Effects**

11.9.29 Adjusting the direct, indirect and induced impacts identified above for displacement, this analysis suggests that the total GDP and employment impacts of the With Development scenario are shown in **Table 11.14** as follows in 2043:

- a. Luton - around £553 million in GDP and 5,795 jobs;
- b. Three Counties – around £572 million in GDP and 6,450 jobs; and
- c. UK – around £63 million in GDP and 750 jobs.

Table 11.13: With Development minus Without Development: Gross and Net GDP and Employment Growth (Direct)

Year	With Development – Without Development Gross		Displacement Adjustment Factor	With Development – Without Development Net	
	Jobs	GDP		Jobs	GDP
2027	1,120	£83m	95%	1,060	£79m
2039	3,530	£293m	95%	3,350	£278m
2043	5,730	£554m	95%	5,440	£526m

Note: Rows may not sum due to rounding.



Table 11.14: With Development minus Without Development: Gross and Net GDP and Employment Growth (Direct, Indirect and Induced)

Year	Area	With Development – Without Development Gross		Displacement Adjustment Factor	With Development – Without Development Net	
		Jobs	GDP		Jobs	GDP
2027	Luton	1,200	£87m	95%	1,140	£83m
	Three Counties	1,700	£114m	75%	1,280	£86m
	UK	2,900	£190m	5%	150	£10m
2039	Luton	3,800	£308m	95%	3,610	£293m
	Three Counties	5,200	£409m	75%	3,900	£307m
	UK	9,100	£684m	5%	460	£34m
2043	Luton	6,130	£582m	95%	5,795	£553m
	Three Counties	8,590	£762m	75%	6,450	£572m
	UK	15,000	£1.3bn	5%	750	£63m

Note: Rows may not sum due to rounding.

11.9.30 The magnitude of the effects of net direct, indirect and induced permanent employment and GDP change taking into account displacement are considered to be high and the sensitivity is medium, given the capacity of the Luton and Three Counties economies to respond to economic change and growth. The effect is **major beneficial** and **significant**.

### ***Wider Economic Impacts***

11.9.31 In addition to the GDP and employment impacts supported through the direct, indirect and induced impacts, the airport supports economic activity by providing connectivity to the passengers that use it.

### **Business Travel**

11.9.32 For passengers travelling on business, the connectivity offered by the airport means that they are able to interact more effectively with global markets. This makes trade easier, opening up export markets and allowing access to overseas goods, supply chains and knowledge. It also enables investment flows. In terms of inward investment, connectivity makes an area more attractive as it is easier and more efficient for overseas investors to manage and grow their interests in the area. Conversely, it enables local companies to invest overseas with greater confidence knowing that they will be able to manage and grow their overseas operations. The result is a more open, competitive and productive local economy.

11.9.33 The potential wider impacts stemming from increased business travel through the airport as a result of the Proposed Development are shown in **Table 11.15**. These impacts have been calculated within the **Need Case [TR020001/APP/7.04]** and estimated based on a generalised cost model that examines the number of business passengers that are solely reliant on connectivity via the airport. This has been combined with an econometric relationship developed by Oxford Economics (Ref. 11.52) that relates the level of business air travel and air cargo in the UK economy to the level of productivity. This says that a 10% increase in business travel and cargo relative to GDP will raise productivity by around 0.5%.

Table 11.15: With Development vs Without Development: Business Travel Related GDP and Jobs

Year	Area	With Development		Without Development		With Development – Without Development	
		Jobs	GDP	Jobs	GDP	Jobs	GDP
2027	Luton	10	£13m	10	£11m	0	£2m
	Three Counties	530	£132m	440	£111m	90	£22m
	United Kingdom	4,620	£565m	3,980	£487m	640	£79m
2039	Luton	10	£15m	10	£10m	0	£5m
	Three Counties	590	£165m	350	£100m	240	£65m
	United Kingdom	5,380	£740m	3,180	£440m	2,200	£300m
2043	Luton	10	£25m	10	£10m	0	£15m
	Three Counties	810	£235m	310	£90m	500	£145m
	United Kingdom	7,310	£1.1bn	2,870	£415m	4,440	£635m

Note: Rows may not sum due to rounding.

11.9.34 This analysis suggests that GDP and job impacts stemming from increased connectivity supporting business travel of the With Development scenario in 2043 will be:

- a. around £15 million in GDP in Luton;
- b. around £145 million in GDP and 500 jobs in the Three Counties; and
- c. around £635 million in GDP and 4,440 jobs across the UK.

11.9.35 The magnitude of the effects of business travel are considered to be medium and the sensitivity is medium, given the capacity of the Luton and Three Counties economies to respond to economic change and growth. The effect is **moderate beneficial** and **significant**.

### Inbound Tourism

11.9.36 The growth of the airport and the connectivity it offers would also enable more visitors to use the airport to come to the UK. These visitors will support GDP and employment via an expenditure injection into the economy. These impacts have been assessed using analysis of the Civil Aviation Authority (CAA)

Passenger Survey (Ref. 11.53), VisitBritain data on typical visitor expenditures (Ref. 11.54) and ONS data on the tourism sector's characteristics (Ref. 11.45; Ref. 11.48). The results of this analysis are set out in **Table 11.16**.

Table 11.16: With Development vs Without Development: Inbound Tourism Related GDP and Jobs

Year	Area	With Development		Without Development		With Development – Without Development	
		Jobs	GDP	Jobs	GDP	Jobs	GDP
2027	Luton	160	£9m	140	£8m	20	£1m
	Three Counties	1,650	£102m	1,380	£85m	270	£17m
	United Kingdom	21,410	£1.3bn	17,920	£1.1bn	3,490	£210m
2039	Luton	180	£11m	120	£7m	60	£4m
	Three Counties	1,790	£125m	1,190	£84m	600	£40m
	United Kingdom	23,190	£1.6bn	15,460	£1.1bn	7,730	£526m
2043	Luton	200	£13m	110	£7m	90	£6m
	Three Counties	2,030	£148m	1,140	£83m	890	£65m
	United Kingdom	26,400	£1.9bn	14,850	£1.1bn	11,550	£818m

Note: Rows may not sum due to rounding.

11.9.37 This analysis suggests that GDP and job impacts stemming from increased connectivity supporting inbound tourism in the With Development scenario in 2043 will be:

- a. around £6 million in GDP and 90 jobs in Luton;
- b. around £65 million in GDP and 890 jobs in the Three Counties; and
- c. around £818 million in GDP and 11,550 jobs across the UK.

11.9.38 The magnitude of the effects of inbound tourism are considered to be medium and the sensitivity is medium, given the capacity of the Luton and Three Counties economies to respond to economic change and growth. The effect is **moderate beneficial** and **significant**.

### Outbound Tourism

11.9.39 The potential effect on GDP and employment from outbound tourism has not been quantified. This reflects the fact that there are considerable uncertainties around the expansion of the airport's capacity and its effect on GDP or employment from outbound tourism:

- a. It seems likely that any outbound tourism effects are likely to be subject to substantial displacement, either through passengers simply using another UK airport to fly or through passengers reducing the number of trips taken but increasing the length of those trips.
- b. It should also be recognised that outbound trips from the UK also support substantial economic activity in the UK, for instance through travel

agency operations or through retail expenditure on goods or services relating to overseas trips.

- c. It is far from certain that any reduction in outbound tourism as a result of airport capacity constraints would result in the capturing of more expenditure in the UK economy. Given the discretionary nature of expenditure on overseas holidays or leisure trips, it is quite possible that individuals would choose to save the money they would have spent or potentially spend it on another import of some sort.
- d. Overseas leisure travel does, in itself, have important quality of life benefits, which would not be reflected in such an analysis. The availability of leisure travel is a vital factor in making an area an attractive place to live and work, which ultimately will impact on GDP and employment.

11.9.40 Given the complexity and methodological issues associated with assessing outbound tourism it is not considered possible or reasonable to assess them. Therefore, no assessment of outbound tourism was undertaken, as agreed at the Scoping stage, and provided as **Appendices 1.1, 1.2 and 1.3** of this ES [TR020001/APP/5.05].

### User Benefits – Journey Time Savings

11.9.41 Another way to look at the potential benefits of the Proposed Development to passengers is to consider the impact that it might have on their economic welfare in terms of passenger journey times to access air services. If the airport is not able to expand in line with the With Development scenario, then an increasing number of passengers will either be forced to use a different, potentially more distant, airport or to not fly at all. Time has been monetised based on guidance on the value of time for business and leisure travellers for air travellers taken from the Airports Commission Final Report (Ref. 11.55). The present value of journey time savings over a 60-year period are set out in **Table 11.17**.

Table 11.17: With Development: Net Present Value of Journey Time Savings (60 year period) (£m)

Area	UK Passengers	Foreign Passengers	All Passengers
Luton	£56m	£28m	£85m
Three Counties	£400m	£112m	£512m
UK	£288m	£34m	£322m

11.9.42 The With Development scenario is expected to result in:

- a. £85 million in discounted journey time savings over a 60 year period for passengers travelling to or from Luton;
- b. £512 million in discounted journey time savings over a 60 year period for passengers travelling to or from the Three Counties; and

- c. £322 million in discounted journey time savings over a 60 year period for passengers travelling to or from destinations across the UK.

11.9.43 The magnitude of the effects of journey time savings is considered to be medium and the sensitivity is medium, given the capacity of the Luton and Three Counties economies to respond to economic change and growth. The effect is **moderate beneficial** and **significant**.

### Air Passenger Duty

11.9.44 The expansion of the airport has the potential to generate additional tax revenue for Government through the Air Passenger Duty (APD) paid by passengers. If the growth of the airport results in additional demand being accommodated across all UK airports (as opposed to passengers switching between airports), then there will be an increase in APD paid at the UK level. Assuming that APD rates remain the same in real terms over a 60 year period, analysis suggests that the UK Government will collect a discounted total of £259 million in additional APD.

11.9.45 The magnitude of the effects of APD are considered to be low and the sensitivity is medium, given that the measure is at the UK level. The effect is **minor beneficial** and **not significant**.

### Effects on the Local Housing Market

11.9.46 The Proposed Development will generate additional workforce during the operational assessment phase. To assess the effects of demand from the additional operational workforce on the local housing market it is necessary to understand both the number of workers who might require accommodation and the likely availability of accommodation in the wider Study Area to meet this requirement.

11.9.47 Drawing on analysis of Oxford Economics' Economic Impact of London Luton Airport (November 2022) Residence Based Jobs (Appendix 4: Employment data tables, page 76), provided as **Appendix 11.1** of this ES [TR020001/APP/5.02], it is estimated that approximately 4,400 new dwellings will be required within the wider Study Area by 2043. This is a result of individuals and their dependants moving to the area to fill additional jobs created at the airport.

11.9.48 Following review of relevant local plans, this additional demand is not anticipated to place a constraint on the housing markets within the Wider Study Area.

11.9.49 The magnitude of the effects of operational employment generation on the local housing market is considered to be medium and the sensitivity is low, given the capacity of the wider Study Area's housing market to meet potential demand for accommodation. The effect is **minor adverse** and **not significant**.

### Sensitivity Analysis

11.9.50 There are certain known scenarios or risks that may occur that could influence the conclusions of the core assessment. These scenarios and the general

approach to considering them in this assessment are described in **Section 5.4** of **Chapter 5** Approach to the Assessment of this ES [TR020001/APP/5.01].

11.9.51 **Table 11.18** provides a qualitative assessment of any likely changes to the conclusions of the assessment reported in this chapter, in the event that that scenario or risk is realised.

Table 11.18: Qualitative Sensitivity Analysis

Sensitivity scenario	Potential impact and change	Likely effect
1. 19 mppa application	The increase in capacity from 18 mppa (currently assessed) to 19 mppa would result in a proportionate reduction in the net forecast additional GDP and Employment. It would also result in a proportionate reduction in the gain in GDP and employment associated with business travel and inbound tourism respectively. Also, a proportionate reduction in the net requirement for accommodation within the local housing market.	The changes in potential impacts are small and overall there would be no change to the assessment of effects.
2. Faster Growth	The passenger demand rises quicker than predicted in core demand forecast. This would mean earlier than anticipated increases in net GDP and employment in respect of direct jobs and net GDP and those associated with business travel and inbound tourism respectively. Also, the net requirement for accommodation within the local housing market would arise earlier than anticipated.	The changes in potential impacts are small and overall there would be no change to the assessment of effects.
3. Slower Growth	The passenger demand rises slower than predicted in core demand forecast. This would mean later than anticipated increases in net GDP and employment in respect of direct jobs and net GDP and those associated with business travel and inbound tourism respectively. Also, the net	The potential impacts assessed would be delayed as a result. However, the potential impacts would still be realised and therefore there would be no change to the assessment of effects.

Sensitivity scenario	Potential impact and change	Likely effect
	requirement for accommodation within the local housing market would arise later than anticipated.	
4. Next generation aircraft	The next generation of aircraft would have a better environmental performance but would not impact the overall headline passenger numbers predicted.	No change to potential impacts and therefore there would be no change to the assessment of effects.
5. J10 without National Highways Smart Motorway upgrade (hard shoulder running scheme)	If the M1 was to continue to operate as it currently is without the delivery of the Smart Motorway upgrade to J10, overall headline passenger numbers predicted would not change.	No change to potential impacts and therefore there would be no change to the assessment of effects.
6. Changes to airspace	The changes in airspace in terms of the provision of respite departure routes would not change the overall headline passenger numbers predicted.	No change to potential impacts and therefore there would be no change to the assessment of effects.

## 11.10 Additional mitigation

11.10.1 This section describes the mitigation measures identified as a result of the assessment process, that are proposed in addition to those already considered to be in place as described in **Section 11.8** Embedded and good practice mitigation measures. These are proposed to reduce or mitigate the effects on Economics and Employment as a result of the construction and operation of the Proposed Development.

### Design

11.10.2 There are no likely significant effects related to the design of relevance to Economics and Employment and therefore no additional mitigation is required.

### Construction

11.10.3 An **ETS** has been prepared and submitted as part of the application for development consent [TR020001/APP/7.05]. The **ETS** [TR020001/APP/7.05] specifically focuses on maximising employment opportunities at the local level (Luton) and Three Counties in particular.

11.10.4 The **ETS** [TR020001/APP/7.05] includes goals for construction for apprenticeships, local employment and tendering contract opportunities to local companies, for example, small and medium sized enterprises. In advance of the construction programme, a Skills Foresight Leader will be appointed to set out the requirements for construction skills and will draw on support from specialists to support the procurement process and advise on future skills requirements. During construction, the existing procurement process will provide support to ensure procurement opportunities are inclusive and accessible to various types and sizes of businesses. The Skills Foresight Leader will ensure that the notification of potential tenders reach SMEs and that they are able to access these opportunities.

### Operation

11.10.5 For operation a similar approach to construction will be undertaken with the **ETS** [TR020001/APP/7.05] including goals wherever relevant. A number of existing operators have bespoke training programmes – such as easyJet Academy. It is anticipated that a Luton Workplace Charter, defined in the **ETS** [TR020001/APP/7.05], which airport businesses would be encouraged to sign up to, will be developed to promote the airport's values and high working standards across the airport.

11.10.6 A Luton Airport Employment and Skills Programme, defined in the **ETS** [TR020001/APP/7.05], will also be developed with a focus on investing in and coordinating among existing education and training facilities in the region to ensure that local people have the skills required for success at the airport.

11.10.7 By developing local training and skills and focusing on target groups such as those out of work, the **ETS** [TR020001/APP/7.05] will also act as a mitigation to the effects on housing need. It will increase the ability of existing economically active and inactive populations in Luton and the Three Counties to engage with



airport-related construction and operational employment thus reducing, particularly in relation to operational assessment phases, the increase in housing need or in commuting that may result.

## 11.11 Residual effects

### Construction effects

- 11.11.1 No additional mitigation has been proposed/is practicable with respect to construction Economics and Employment effects. As such the effects would be as reported in **Section 11.9**.

### Operational effects

- 11.11.2 No additional mitigation has been proposed with respect to operational Economics and Employment effects. As such the effects would be as reported in **Section 11.9**.

## 11.12 In-combination climate change effects

- 11.12.1 It is not anticipated that any Economics and Employment receptors in the Study Area will likely be affected by climate change impacts in a way which is measurable, therefore, no assessment has been undertaken.

## 11.13 Monitoring

- 11.13.1 The assessment of Economics and Employment effects has not identified any requirement for continued monitoring during construction or operation of the Proposed Development.

## 11.14 Assessment summary

- 11.14.1 **Table 11.19** provides a summary of the identified impacts, mitigation and likely effects of the Proposed Development on Economics and Employment. Additional mitigation and how it will be secured are described and its efficacy shown by the reported residual effect.

Table 11.19: Economics and Employment assessment summary

Impact	Embedded/Good Practice Mitigation	Magnitude	Receptor Sensitivity	Description of effect and significance	Additional Mitigation	Residual Effect
<b>Construction</b>						
Direct employment	N/A	High (6,280 person years over construction lifetime)	Medium – Luton/Three Counties construction sector able to respond to change	Major beneficial (significant)	ETS programme to maximise benefits at Luton/Three Counties area	Major beneficial (significant)
Indirect/induced employment	N/A	High (3,140 person years over construction lifetime, Three Counties)	Medium – Luton/Three Counties economics able to respond to change	Major beneficial (significant)	ETS programme to maximise benefits at Luton/Three Counties area	Major beneficial (significant)
GVA (direct)	N/A	High (£682m direct unadjusted, over construction lifetime)	Medium – value added measures reflect economic growth	Major beneficial (significant)	ETS programme to maximise benefits at Luton/Three Counties area	Major beneficial (significant)
GVA (indirect/induced)	N/A	High (£341m indirect/induced unadjusted, over construction lifetime)	Medium – value added measures reflect economic growth	Major beneficial (significant)	ETS programme to maximise benefits at Luton/Three Counties area	Major beneficial (significant)

<b>Impact</b>	<b>Embedded/Good Practice Mitigation</b>	<b>Magnitude</b>	<b>Receptor Sensitivity</b>	<b>Description of effect and significance</b>	<b>Additional Mitigation</b>	<b>Residual Effect</b>
Businesses and Employment lost/displaced - Existing	Embedded in design process to minimise adverse effects	Medium	Low – businesses adaptable and able to find alternative accommodation	Minor adverse (not significant)	N/A	Minor adverse (not significant)
Businesses and Employment lost/displaced – Planned Development	Embedded in design process to minimise adverse effects	Medium – 593 jobs	Low – businesses adaptable and able to find alternative accommodation	Minor adverse (not significant)	N/A	Minor adverse (not significant)
Environmental effects on Businesses	N/A	N/A	Low – businesses adaptable and able to find alternative accommodation	No effect	N/A	No effect
Wider Impacts – labour on local housing market	N/A	Medium	Low – Luton/Three Counties housing sector able to respond to change	Minor adverse (not significant)	N/A	Minor adverse (not significant)
<b>Operation</b>						
Environmental effects on Businesses	N/A	N/A	Low – businesses adaptable and able to find	No effect	N/A	No effect

<b>Impact</b>	<b>Embedded/Good Practice Mitigation</b>	<b>Magnitude</b>	<b>Receptor Sensitivity</b>	<b>Description of effect and significance</b>	<b>Additional Mitigation</b>	<b>Residual Effect</b>
			alternative accommodation			
Additional direct employment including displacement	N/A	High (5,440 additional jobs)	Medium – Luton/Three Counties economies able to respond to change	Major Beneficial (Significant)	ETS programme to maximise benefits at Luton/Three Counties area	Major Beneficial (Significant)
Indirect/induced employment including displacement	N/A	High (6,440 additional jobs, Three Counties)	Medium – Luton/Three Counties economies able to respond to change	Major Beneficial (Significant)	ETS programme to maximise benefits at Luton/Three Counties area	Major Beneficial (Significant)
Direct, indirect and induced GDP including displacement	N/A	High (£572m, Three Counties)	Medium – value added measures reflect economic growth	Major Beneficial (Significant)	ETS programme to maximise benefits at Luton/Three Counties area	Major Beneficial (Significant)
Wider Impacts – business travel GDP	N/A	Medium (£145m in the Three Counties)	Medium – value added measures reflect economic growth	Moderate beneficial (significant)	N/A	Moderate beneficial (significant)
Wider Impacts – business travel jobs	N/A	Low (500 jobs in the Three Counties)	Medium – Luton/Three Counties	Minor beneficial	N/A	Minor beneficial

<b>Impact</b>	<b>Embedded/Good Practice Mitigation</b>	<b>Magnitude</b>	<b>Receptor Sensitivity</b>	<b>Description of effect and significance</b>	<b>Additional Mitigation</b>	<b>Residual Effect</b>
			economies able to respond to change	(not significant)		(not significant)
Wider Impacts – tourism GDP	N/A	Medium (£65m in Three Counties)	Medium – value added measures reflect economic growth	Moderate beneficial (significant)	N/A	Moderate beneficial (significant)
Wider Impacts – tourism jobs	N/A	Medium (890 jobs in Three Counties)	Medium – Luton/Three Counties economies able to respond to change	Moderate beneficial (significant)	N/A	Moderate beneficial (significant)
Wider Impacts – journey time savings	N/A	Medium (£513m over a 60-year period in the Three Counties)	Medium – value added measures reflect economic growth	Moderate beneficial (significant)	N/A	Moderate beneficial (significant)
Wider Impacts – APD revenue	N/A	Low (£259m across UK over a 60-year period)	Medium – low added measures reflect economic growth but at UK level	Minor Beneficial (not significant)	N/A	Minor Beneficial (not significant)

<b>Impact</b>	<b>Embedded/Good Practice Mitigation</b>	<b>Magnitude</b>	<b>Receptor Sensitivity</b>	<b>Description of effect and significance</b>	<b>Additional Mitigation</b>	<b>Residual Effect</b>
Wider Impacts – labour on local housing market	N/A	Medium	Low – Luton/Three Counties housing sector able to respond to change	Minor adverse (not significant)	N/A	Minor adverse (not significant)

## COMPETENT EXPERTS

<b>Topic</b>	<b>Role</b>	<b>Company</b>	<b>Qualifications/competencies/experience of author</b>
Economics and Employment	Author	AECOM	BSc (Hons.) Economics (International) 1 years' experience
Economics and Employment	Lead Author	AECOM	BSc (Hons.) Economic History with Population Studies MSc Urban Economic Development 14 years' experience Member Institute of Economic Development
Economics and Employment	Technical Review	AECOM	BSc (Hons.) Economics MSc Economics 21 years' experience Member Institute of Economic Development
Economics and Employment	Contributor	York Aviation	BSc (Hons.) Economics 24 years' experience in aviation planning and assessment.
Economics and Employment	Contributor	York Aviation	BA (Soc Sci) (Hons) Geography Master of Transport Design 47 years' experience in aviation planning and assessment.



## GLOSSARY AND ABBREVIATIONS

<b>Term</b>	<b>Definition</b>
AEA	Airport Employment Area
ANPS	Airports National Policy Statement
APD	Air Passenger Duty
CAA	Civil Aviation Authority
CoCP	Code of Construction Practice
DCO	Development Consent Order
EIA	Environmental Impact Assessment
ES	Environmental Statement
ETS	Employment, Training and Strategy
FTE	Full-time Equivalent
GDP	Gross Domestic Product
GVA	Gross Value Added
HCA	Homes and Communities Agency
HGV	Heavy Goods Vehicle
HM	His Majesty's
ICCI	In-combination Climate Change Impacts
IDBR	Inter Departmental Business Register
LBC	Luton Borough Council
LEP	Local Enterprise Partnership
LQ	Location Quotient
MBU	Making Best Use
mppa	Million Passengers per Annum
MRO	Maintenance, Repair and Overhaul
NIS	National Industrial Strategy
NPPF	National Planning Policy Framework
ONS	Office of National Statistics
PEIR	Preliminary Environmental Information Report
TEE	Transport Economic Efficiency
Three Counties	Bedfordshire, Buckinghamshire, and Hertfordshire
UK	United Kingdom
WebTAG	Web-based Transport Analysis Guidance

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