

The Harpenden Society (“The Society”)

Comments on any further information/submissions received by
Deadline 1

Luton Rising (“LR”) Development Consent Order (“DCO”) application

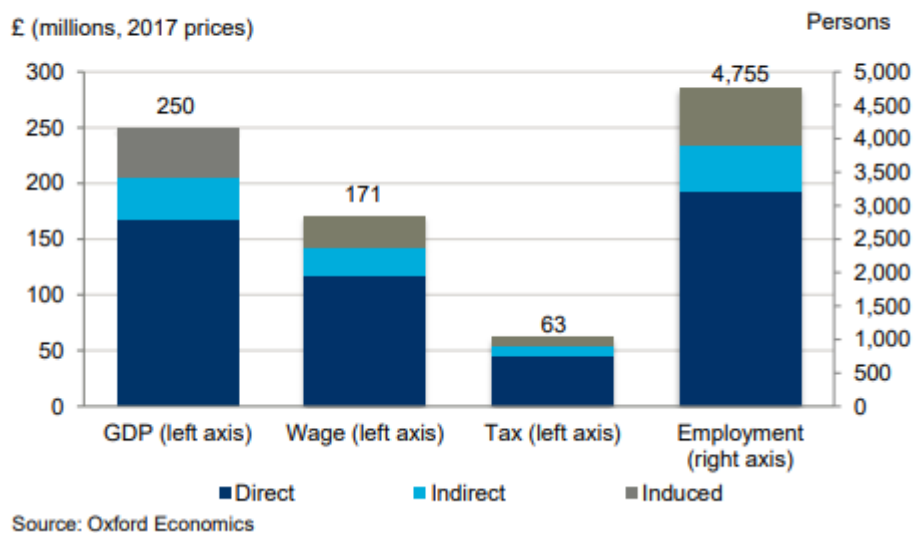
Comments on LR submissions

- 1 The Society has reviewed a number of DCO documents submitted for Deadline 1 and offers the Examining Authority (“ExA”) the following comments on the evidence.

Green Horizons Park (“GHP”) economic benefits compared to the Proposed Development economic benefits

- 2 We note that LR has provided copies of various committee reports and other documents (REP1-005 to REP1-011) but has not provided any easily digestible information about the economics of the original GHP application to compare to the economics of the Proposed Development.
- 3 Oxford Economics (“OE”) were engaged by LR to produce a report on the economic benefits of GHP to the Three Counties. A summary table of these, extracted directly from OE’s report, is shown below:

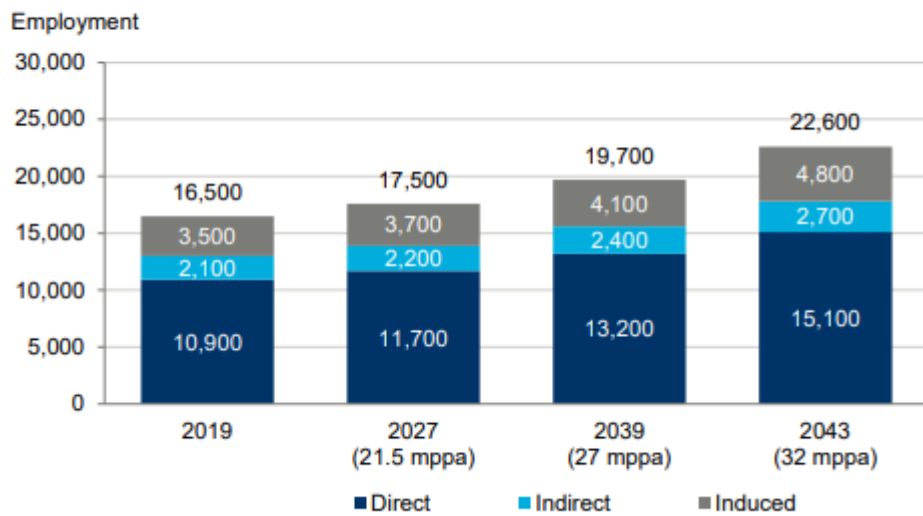
Fig. 16. Total economic impact supported within the Three Counties sub-region during the operational phase, 2029



We draw the attention of the ExA to the 4,755 jobs that would be supported by the original GHP (on an operational basis).

OE’s economic report for the DCO forecast the following growth in employment in the Three Counties:

Fig. 31. Forecast total employment contribution of London Luton Airport to the Three Counties sub-regional economy

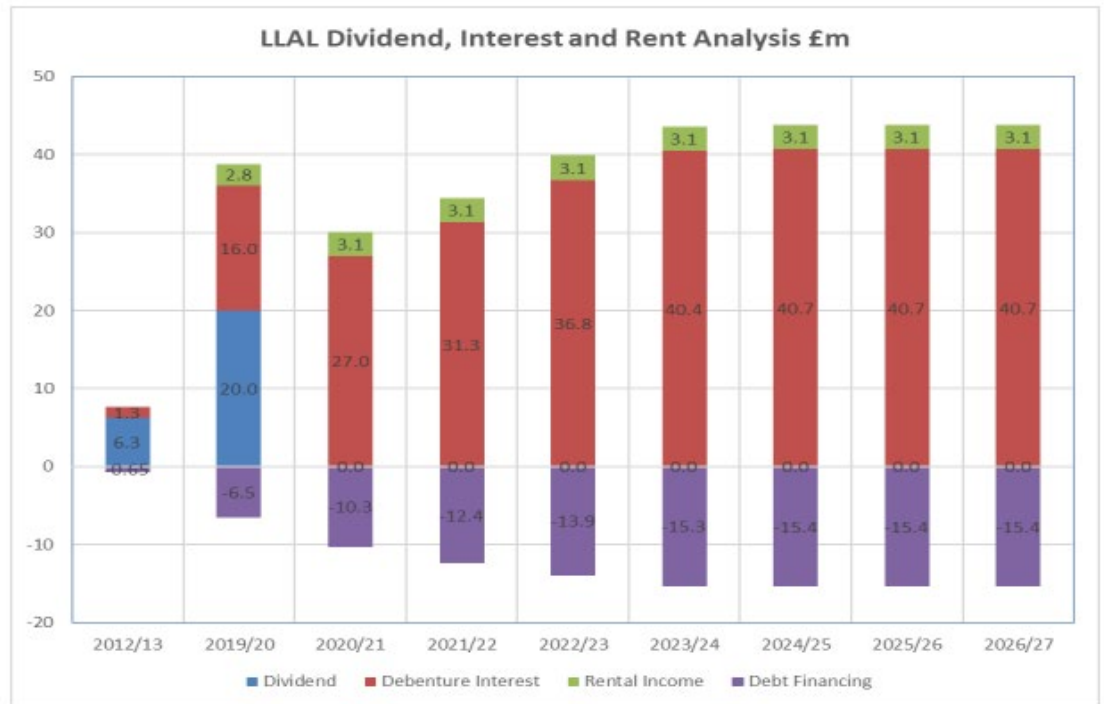


This analysis suggests that the original GHP would provide many more additional jobs in the late 2020's than the Proposed Development (GHP 4,755 compared to 1,000 for the Proposed Development – the difference between the 17,500 shown for 2027 and the 16,500 shown for 2019) and even in 2043, assuming GHP doesn't create further jobs from 2029 to 2043 (a very conservative assumption), the Proposed Development will only have created 6,100 jobs (at a vastly increased environmental cost – this being the difference between the 22,600 shown in 2043 and the 16,500 shown in 2019).

Clearly, there are alternative ways to create employment in Luton (the key aim of the Proposed Development) and we would respectively ask the ExA to assess whether any weight should be attached to LR's claim that the Proposed Development is essential for job creation in Luton given its environmental harms (on which subject we note that Lidl has recently opened it's largest warehouse in the world in Luton creating up to 1,500 jobs).

Roles and Responsibilities of Luton Borough Council

- 4 LR has submitted a document (REP1-018) which explains the respective roles of Luton Borough Council ("LBC") and LR. We would draw to the ExA's attention to the following practical issues to the relationship between LBC and LR.
 - a. LBC is **totally dependent** on LR to balance its budget. LBC has, in the past, received and will, in the future, receive all of the concession fee LR generates except, broadly, for the monies paid to charities and in tax. The following table (from the budget papers presented to LBC's full council in February 2023) illustrates the sums that have been paid recently and will be paid in the future from LR to LBC:



NB The LR payments to LBC are not complete as LBC also receives up to £2 million a year to fund the staff costs of those seconded from the Council to LR.

- b. To emphasise the dependency, the same budget papers disclosed that LBC's total service expenditure in 2023/24 would be £204 million. Thus, LR covers approximately 20% of LBC's service expenditure (by comparison Council Tax covers approximately 43%). Without the LR payments, LBC would be bankrupt.
- c. The position has worsened considerably in recent years. In 2012/13 service expenditure was £193 million but the contribution from LR was less than £10 million (i.e. less than 5%).
- d. LR borrows the vast majority (if not all) of the funding required to undertake capital investment from LBC. LBC has a charge on the assets of LR as security for its lending. All of LR's borrowing is sourced from LBC for the simple reason that a direct lender to LR would require the company to put the airport up as security for repayment, which LBC won't countenance as it then runs the risk of losing control of the airport. NB LBC itself borrows the monies required for LR from the Public Works Loan Board.
- e. LR is a frequent topic for discussion by LBC's Executive. However, the minutes of such discussions are usually private. It is therefore impossible to determine the extent to which the described separation of roles outlined in REP1-018) is respected in practice.
- f. Historically, a report has been made to the LBC Executive setting out performance against a range of targets. These include airport passenger targets. Furthermore, LBC and LR entered into an incentive arrangement with the airport operator to

accelerate growth post the granting of the previous planning permission in exchange for a rebate of the concession fee. This is clear evidence that LBC is the guiding hand of LR.

We urge the ExA to consider whether, practically, there is any separation between LBC and LR, and whether LBC, as host authority, has made any effort to challenge any environmental aspect of LR's application.

By way of illustration, LBC participated in the Noise Envelope Design Group but it has made **no meaningful attempt** to challenge LR's proposal to only measure noise according to the 92 day summer period contours and set those contours at the level the modelling shows is necessary to meet LR's growth projections.

LR's proposals fly in the face of government policy to not only mitigate noise but also, where possible, to reduce it. With the growth proposed there is enormous scope to set parameters to reduce noise – a simple example would be to limit aircraft movements to commercial jets and apply an annual quota rather than permit LR to fill gaps in the day with business jets.

Comment on LR's responses to Relevant Representations

Funding

- 5 LR state in their responses to Relevant Representations that LBC is not expected to fund the expansion works. An example is shown below:

<p>RR-0932, RR-1107, RR-1297, RR-1332, RR-0103, RR-0103, RR-0406, RR-0479, RR-1216, RR-1231, RR-0224, RR-0287, RR-0709, RR-0720, RR-1404, RR-1438, RR-0076, RR-0865, RR-1473, RR-1479, RR-1480, RR-1518, RR-1597, RR-0076, RR-0802, RR-0815, RR-0820, RR-0829</p>	<p>Concern regarding the poor financial track record of LBC, which respondents believe should result in the Proposed Development not going ahead. Respondents raise specific concern that LBC are already in high levels of debt, and this should be addressed before considering further expansion.</p>	<p>LBC is not expected to fund the expansion works.</p> <p>The Funding Statement [APP-012] confirms the expansion can be funded from the net revenues of the airport. The Funding Statement explains several possible financial approaches to deliver the expansion of Phase 1 and Phases 2a and 2b. The final approach selected at each Phase will depend upon the prevailing market and macro-economic conditions at the time of implementation. It is important to note that any investment by public bodies into the scheme would be made on commercial terms. Additionally, the precise details of any commercial arrangements for all Phases will be subject to Value for Money assessments and agreement by LBC as shareholder.</p>
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- 6 The LR response (REP1-023) to the Society's concerns about the funding of the Proposed Development elicited a response similar to the above.
- 7 These responses contradict statements made in section 4 of the Funding Statement: "LBC may choose to raise finance through the routes it has available" (Phase 1 option c) and "Luton Rising would raise money from the private markets or through commercial arrangements **determined by LBC** to pay for the construction costs of assessment Phase 2" (Phase 2 option a)) and "a concessionaire being appointed to run the airport and deliver the expansion works financed in part by Luton Rising through commercial terms **as above**" (Phase 2 option c)). All these statements make it clear that LBC will be central to the funding of the expansion works.

- 8 Our concern is that these responses to the legitimate concerns of Interested Parties reinforce the widespread view that LR has no idea how, or indeed whether, it can finance the Proposed Development, in particular the compulsory acquisition costs associated with Phase 2. In the absence of LR being able to demonstrate that reputable lenders are prepared to underwrite the capital funding of the Proposed Development, planning consent should not be granted due the long period of uncertainty that will subsist.

Community First Fund

- 9 LR mention in many of its responses to Relevant Representations that it will donate £1 for every passenger above 18 million to a new Community First Fund and it is listed as one of the key socio-economic benefits of the Proposed Development.
- 10 What is not clear is that this is additional funding over and above the existing £7 million donated to local organisations out of the existing concession fee. The “commitment” is not mentioned in the draft Development Consent Order.
- 11 We ask the ExA to ensure this commitment, over and above the existing charitable contributions amounting to approximately £7 million, is included in the draft Development Consent Order or the s106 agreement, otherwise no weight can be attached to it.
- 12 We also ask the ExA to require LR to demonstrate that they are certain that this commitment will be met from the Proposed Development’s net revenues as there is no evidence of any “commercial agreement” that will secure this either.

Demand forecasts

- 13 LR refer frequently to the use of Jet Zero demand models. However, the latest update from the government “Jet Zero strategy: one year on” states on page 11 that:

This year, we have updated our scenarios to reflect the latest macroeconomic conditions, including updating inputs on oil prices, GDP and consumption growth, and foreign exchange rates. This has had the impact of reducing forecast passenger demand growth under our High Ambition scenario to 52% in 2050, relative to 2018 levels, compared to 70% in the published Jet Zero Strategy.

- 14 Thus, the demand forecast modelling substantially overstates future demand. This is equivalent to a growth rate of approximately 1.2% per annum between 2019 and 2050 which compares to the 50th percentile growth rates of 2.8% for 2019-2030 and 1.0% for 2031-2050 in the Application documents. This reduction in demand will reduce UK passenger numbers to approximately 391 million in 2043.
- 15 If 61% of these passengers are served by London airports (see our earlier Written Representations for the derivation of this %) this is equivalent to 238 million passengers in 2043. As the main London airports current capacity is 217 million passengers and Heathrow’s expansion plans alone would add 45 million passengers this would render any expansion at Gatwick, Luton and Manston completely unnecessary. If the latter all persevere with their

expansion plans too there will be another 42 million passenger capacity, i.e. considerable overcapacity.

- 16 In the light of this, there must be considerable uncertainty as to whether the Luton airport demand figures can be believed particularly when Eurocontrol only forecast annual growth of 0.8% for the UK.
- 17 There is no verifiable data to support the LR demand forecasts other than a coloured map showing where the highest % increases in demand are expected. We have little confidence in the accuracy of this map as it shows demand growth assuming Heathrow's third runway is developed which, conveniently enables LR to predict significant increases in demand along the Thameslink corridor. Clearly, with Gatwick's DCO application having been accepted by the Planning Inspectorate this assumption is no longer valid. This map is also out of date.
- 18 We respectfully ask the ExA to require LR to disclose the detailed figures for passenger growth by location so they can be properly scrutinised.

Avoidance of noise breaches between 2017-2019

- 19 LR's response to a number of community groups regarding LLAOL's breach of noise limits between 2017-2019 is to state that "Appendix 16.2 Operational Noise Management (Explanatory Note) of the Environmental Statement [APP-111] sets out how the proposed Noise Envelope contains mechanisms that should have avoided the noise Limit breaches...". This is nonsense, all this document does is explain the workings of the Noise Envelope Design Group. What community groups have asked for is proof that the Green Controlled Growth ("GCG") proposals are sufficiently robust to ensure that the existing noise limits would not have been breached. If they show they would be, they are clearly inadequate for the Proposed Development.
- 20 We encourage the ExA to require LR to provide not only an analysis of how the GCG proposals would have prevented the 2017-2019 breaches but also practical examples of how the limits will work in the future using data they already have for passenger growth expectations and changes in the fleet mix. These examples should take into account the time lag between slot allocations for the forthcoming seasons and the reporting of noise in those seasons considerably later.

Fleet mix

- 21 We remain concerned that the fleet mix used in the modelling does not reflect reality. Responses to Relevant Representations fuel our concern when statements such as "In 2023, approximately 40% of the fleet are made up of new generation aircraft. Fleet modernisation is proceeding in line with expectations" are made. The evidence suggests that fleet modernisation in 2023 is much lower (and similar to the level of modernisation shown to be the case at the public inquiry into the 19 million passengers per annum application).
- 22 In the table below, we have highlighted the number of 320neo and 321neo aircraft as a proportion of the whole fleet for three days in May 2023. This is extracted from a spreadsheet for the whole of May, which we can provide to the ExA, if need be.

Type of flight and aircraft type	1 May	11 May	28 May
Arrivals – neo	45	52	44
Arrivals – other	137	132	150
Departures – neo	45	45	44
Departures – other	141	142	154
% of neo aircraft type	24%	26%	22%

- 23 Clearly, fleet modernisation is not happening at the pace LR claim or at the rate their modelling presumes. We again urge the ExA to require LR to explain how it has arrived at its fleet mix and which aircraft are attributable to which airline and whether any sensitivity analysis has been conducted so that a proper assessment of the fleet forecast validity can be carried out.

Problems with the A321neo engine noise

- 24 LR are claiming that the problems with the A321neo engine will be sorted (but it is unclear by when) as the airline operating this engine variant will have switched to an option that more closely matches the engine’s noise certification (which is considerably less than the actual noise these aircraft make at Luton airport). All the noise modelling post 2027 is based on this assumption. It therefore does not represent a “worst case” – noise could be considerably higher if the airline doesn’t switch to a different engine variant. Given that the A321neo will comprise about 25% of the fleet in 2043 this could materially impact the noise modelling.
- 25 We urge the ExA to require LR to re-run its noise (and other environmental) modelling on the basis that there is no improvement in the noise performance of the A321neo.