
From: [REDACTED]
Sent: 15 September 2023 09:17
To: Luton Airport <Lutonairport@planninginspectorate.gov.uk>
Subject: Correction to REP1-165, REP1-164

Dear Sian

Whilst preparing our written submission for Deadline 2, I noticed that the data in paragraphs 113 and 116 and the graph above paragraph 116 (in REP1-165) were compiled using GVA data and not GDP data. Similarly, paragraph 25 (in REP1-164) was compiled using GVA data and not GDP data.

I have now corrected the error and amended the data and graph and attach copies of the same. The conclusions we drew (i.e. the text) remains the same as GDP and GVA are similar (but not identical) ways of measuring the size of regions.

My apologies for the original error – I had both ONS tables open at the same time and just extracted the data erroneously from the GVA rather than the GDP table.

Kind regards

Karl

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DPC:76616c646f72



The Harpenden Society (“The Society”) Summary Written Representations on the Luton Rising (“LR”) Development Consent Order (“DCO”) application

Climate change

- 1 An overriding concern of the Society is that the DCO fails to address the “elephant in the room” i.e. the increase in aircraft CO₂ emissions claiming that these are a central government responsibility. The Climate Change Committee in its report to Parliament 28 June 2023 (“CCC report”) recommended that “No airport expansions should proceed until a UK-wide capacity management framework is in place to annually assess and, if required, control sector GHG emissions and non-CO₂ effects.” The ExA should include this condition in the DCO otherwise, growth at Luton airport will compromise the UK’s ability to meet its Net Zero obligations.

The draft DCO

- 2 LR are proposing to exclude the need for the Secretary of State’s consent to the transfer of the benefit of the order post concession under 8(4)(b) of the DCO where the transfer is to an “airport operator”.
- 3 If LR, or any other airport operator, appointed by LR, is to undertake the future development of the airport it is essential that the Secretary of State is satisfied that either has in place people with the relevant experience to undertake airport development and management.
- 4 LR is proposing in section 26(1) of the DCO that the time limit for the exercise of authority to acquire land compulsorily extend to 10 years, a very significant extension to the statutory time limit of 5 years. The period of exercise should be limited to the statutory period of 5 years as the reasons given for a longer period are invalid it’s still the same land.

The Funding Statement

- 5 DCO’s that propose the compulsory acquisition of land must comply with paragraph 5(2)(h) of The Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009 which states:

“...a statement of reasons and a statement to indicate how an order that contains the authorisation of compulsory acquisition is proposed to be funded;”

- 6 The Funding Statement merely sets out, in section 4, a number of aspirational options for funding each Phase.
- 7 There is no evidence that either LR, Luton Borough Council (“LBC”) or London Luton Airport Operations Limited (“LLAOL”) are able or, in the case of LLAOL, willing to raise the funds. LLAOL in their letter of “support” state that their support is subject to the “commercial agreement”.

- 8 In colloquial terms, LLAL is what commentators call a “zombie company”, which Wikipedia defines as “a company that needs bailouts in order to operate”.
- 9 Total debt attributable to LR in LBC’s accounts is close to £500m. According to the annual Treasury Management Report, LBC is close to its borrowing limits already. LBC is required to have regard to the CPIFA Prudential Code 2021. The Code does not allow investment primarily for yield.
- 10 Ernst & Young (“EY”), LBC’s external auditor, have produced a draft audit report for 2018/19 which refers to Phase 2 as being “*highly speculative, uncertain and likely to have a reduced net present value*”. There must be considerable uncertainty as to whether any investor will invest in Phase 2.

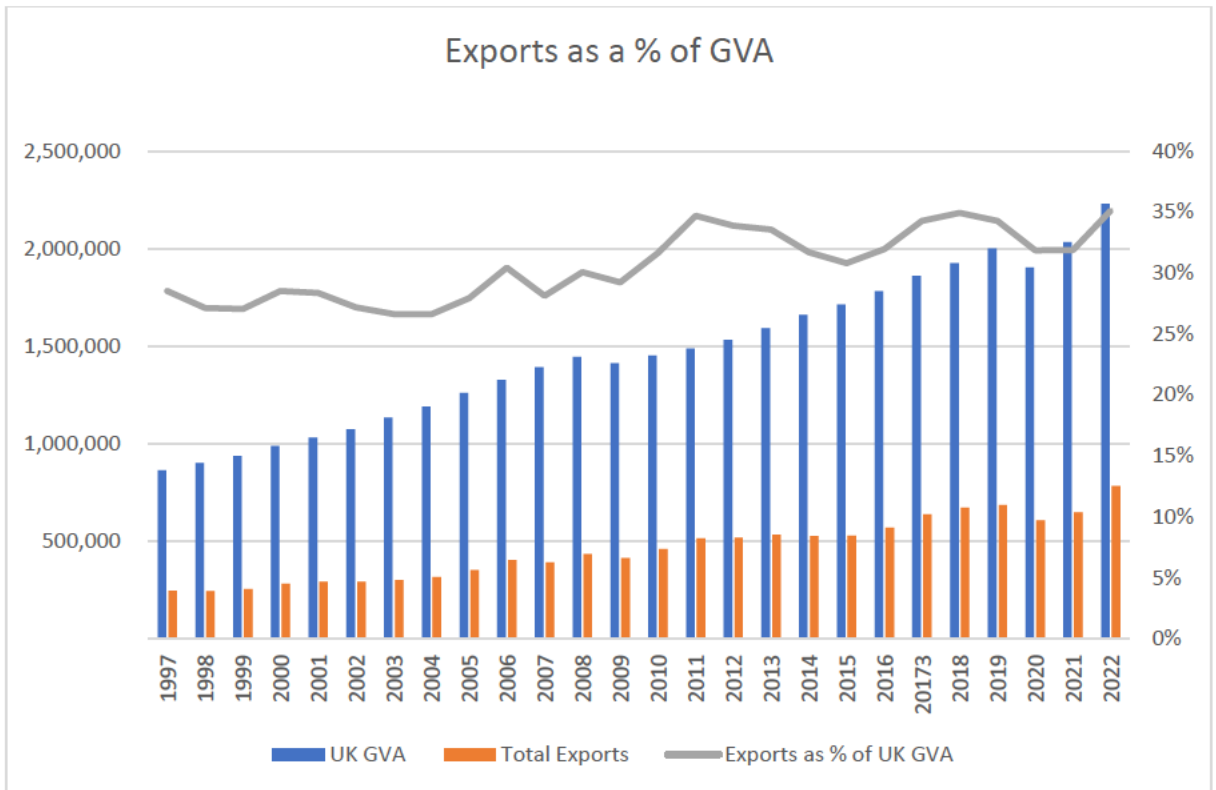
The Need Case

Economic Context

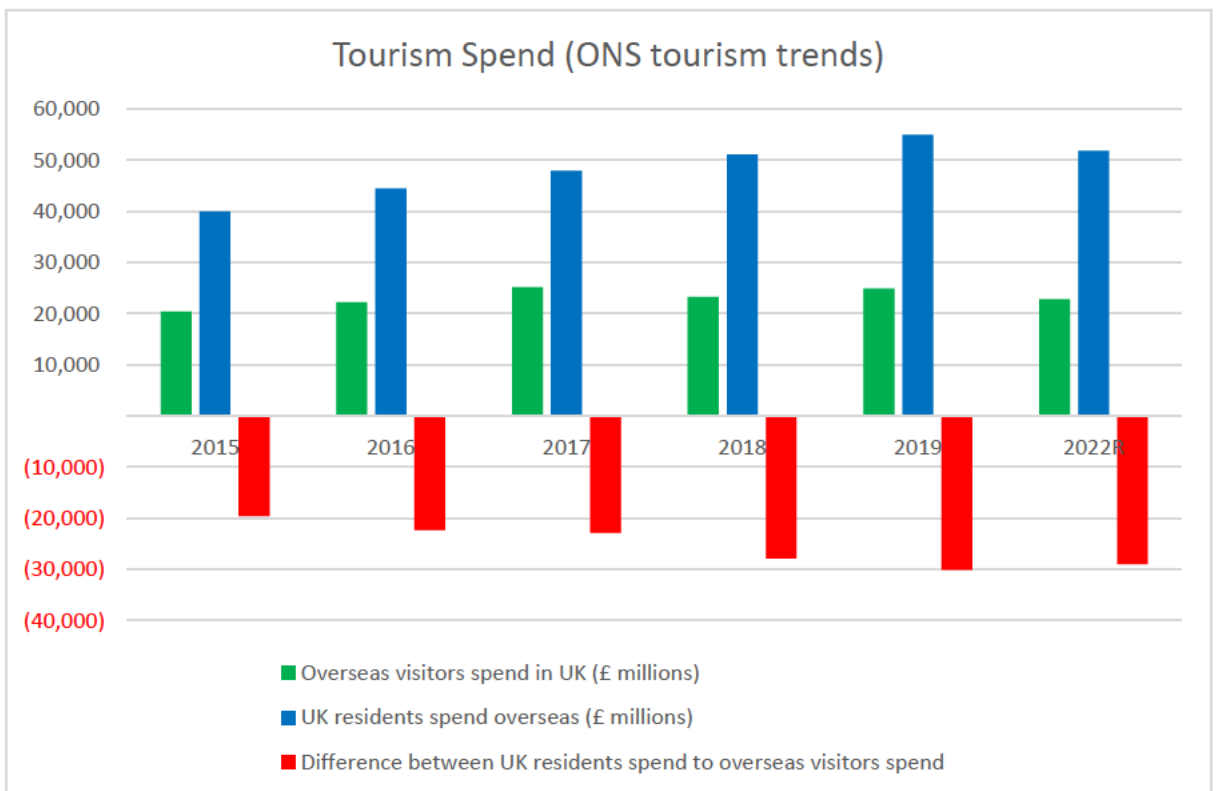
- 11 LR claim that Luton airport’s growth is supported by the clustering of air intensive and air sensitive sectors in Luton, the Three Counties and the Six Counties.
- 12 Our analysis of the same Office for National Statistics (“ONS”) Supply and Use Tables 1997 to 2019 and 2019 Employment data suggests a different story.
- 13 Furthermore, employment in these industries in the three areas is little different to the Great Britain (“GB”) position.
- 14 LR claims that there is evidence of clustering of key scientific, technology and high technology manufacturing around the airport.
- 15 Our analysis shows that the evidence of clustering of key scientific, technology and high technology manufacturing employment around the airport is limited, as illustrated by in the table below.

Key industry	Luton	Three Counties	Six Counties	GB
Life Sciences & Healthcare	10%	6%	7%	8%
Digital Technologies	2%	4%	4%	3%
Other scientific/technological services	6%	4%	5%	4%
Publishing & Broadcasting	1%	3%	4%	3%
Other scientific/technological manufacture	4%	2%	2%	3%
Total	24%	19%	22%	21%

- 16 LR shows the percentage of GVA (30%) that exports of goods and services comprise in the East of England. LR claim this demonstrates the “strong international focus which drives an ever-growing need for international connectivity”. It doesn’t. As the graph below illustrates the UK as a whole has exported, on average, 33% of its annual GVA for decades.

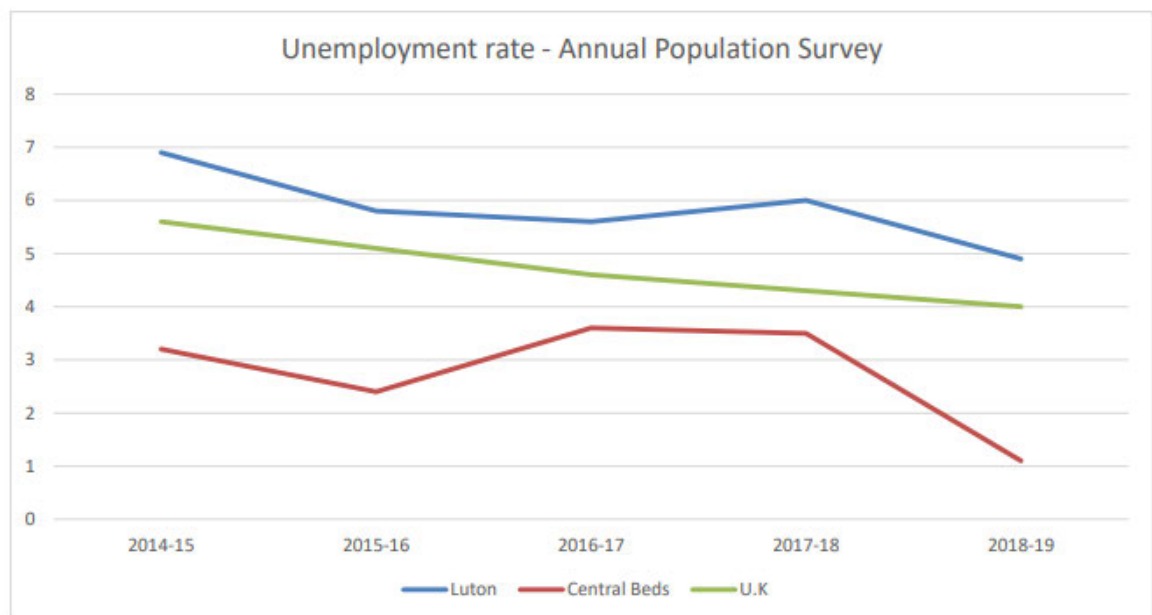


17 LR takes into account inbound tourism but doesn't account for outbound tourism. Data available from ONS Travel Trends reports for travel spend where the mode of travel is air shows that the negative economic effects of outbound travel significantly outweigh the positive economic effects of inbound travel.



- 18 LR claims that outbound tourism delivers mental health benefits and uses that as a reason to justify ignoring its economic cost. However, 50% of the UK population does not travel aboard and a further 15% take 70% of all flights and this has been a consistent trend according to the ONS which implies that regular fliers are taking more flights rather than more people availing themselves to foreign travel for mental health benefits.
- 19 LR's claim that Luton airport's growth is beneficial for tourism only by reference to inbound tourism benefits is a completely one-sided and wholly inaccurate position.
- 20 LBC's own analysis of the change in deprivation between 2015 and 2019 shows hardly any change¹. Airport growth has had little impact on deprivation. This is not surprising as the jobs on offer, as a result of expansion, in Luton are most likely to be seasonal, low pay, low job security and low skill.
- 21 Furthermore, as LR note, Covid had a greater impact on Luton than elsewhere BECAUSE of Luton's reliance on the airport.
- 22 Employment data for the period 2014-15 to 2018-19² show that the unemployment rate in Luton and Central Bedfordshire fell at a rate consistent with the fall in UK:

Figure 5: Unemployment rate – Annual population survey



Latest data: Annual Population Survey Q3 2019
 Next Update: Published quarterly
 Source: Office for National Statistics via NOMIS

- 23 The same is true for the rate of economic activity across all age groups which grew by less than 1% in Luton and Central Bedfordshire but by more than 1% across the UK.

¹ [Indicies of Multiple Deprivation insert \(luton.gov.uk\)](https://www.luton.gov.uk/indicies-of-multiple-deprivation-insert)

² [Economic and demographic report \(luton.gov.uk\)](https://www.luton.gov.uk/economic-and-demographic-report)

- 24 It is unlikely that growing the airport will alleviate Luton’s higher than average unemployment rate – the workforce needs to be skilled up and higher value employers encouraged to locate in Luton.
- 25 The proportion of the whole area GDP that the airport comprised (per OE) in Luton, the Three Counties and Six Counties (compared to ONS data for regional GDP) in 2019 was as follows:

Area	Airport GDP impact (£ millions)	Area total GDP (£ millions)	% impact the airport has
Luton	831	7,016	11.8%
Three Counties	1,091	83,514	1.3%
Six Counties	1,267	197,988	0.6%

- 26 The economic contribution of Luton airport is only material to Luton.
- 27 In Halcrow’s report for the 2014 planning permission the total income projection for Luton was assessed at £789 million in 2011. On the face of it very little additional (local) GDP has been generated by the airport growth from 2014 to 2019 if that figure is only £831 million in 2019 (per OE).
- 28 A future concessionaire will drive a hard bargain reflecting the airport’s overdependence on the airport and the high risks attached to Phase 2. The LR proposal that £1 from every passenger above 18 million will go to a new Community Fund should be treated with the utmost caution.

Noise and vibration

- 29 LR makes no effort to share the benefits of improved technology between communities and the aviation industry as required by aviation policy. This is illustrated in the table below which shows how the “do minimum” noise contours (which would represent a 100% community share of technology developments) are largely absorbed by the aviation industry as the Proposed Development progresses:

	2019	2027	2039	2043
54dB Leq 16hr				
Do minimum (dB)	35.4	26.3	22.1	21.8
Full community benefit (dB) over time		9.1	13.3	13.6
GCG limits (Note 1) (dB)		33.6	32.6	32.6
Proposed community benefit (dB) over time		1.8	2.8	2.8
Share attributable to communities		20%	21%	21%
Share attributable to industry		80%	79%	79%
48dB Leq 8 hr				
Do minimum (dB)	45.3	32.4	28.4	21.8
Full community benefit (dB) over time		12.9	16.9	23.5
GCG limits (Note 1) (dB)		44.8	43.2	43.2
Proposed community benefit (dB) over time		0.5	2.1	2.1
Share attributable to communities		4%	12%	9%
Share attributable to industry		96%	88%	91%

Note 1

The GCG limits which represent faster growth apply for five years so the noise contours for each assessment phase are for the year that falls within the five year period

- 30 LR's long term noise goals are incompatible with the long term noise limits set in the 2014 planning permission. For the 57dB Leq 16 hr daytime contour LR's 2042 Faster Growth target is 17.4km² whereas the 2014 consented limit for 2031 and beyond was 15.2km². For the 48dB Leq 8 hour night-time contour and this shows LR's 2042 Faster Growth target of 43.2km² compared to the 2014 consented limit of 37.2km².
- 31 The upshot of this is that, effectively, no noise improvements will have been made as a result of the 2014 planning consent.
- 32 We do not believe that the fleet mix used in the noise modelling is representative of the likely fleet mix.

Green Controlled Growth

- 33 We have no confidence that the noise limits set in the GCG proposals properly reflect national aviation policy.
- 34 We have no confidence in any proposal that leaves LBC as the decision maker so far as enforcement action related to planning limits is concerned due to its conflict of interest.

The Harpenden Society (“The Society”) Written Representations on the Luton Rising (“LR”) Development Consent Order (“DCO”) application

Background

- 1 The Society has reviewed a number of LR’s DCO documents and offers the Examining Authority (“ExA”) the following comments on the evidence.
- 2 To a large extent, the Society has, at this stage, limited its detailed comments to the draft DCO, the Funding Statement, the Needs Case, Noise and Vibration and Green Controlled Growth. We are concerned about other issues, including the substantial transport implications of the proposal, in particular those related to the capacity of the road and rail networks to cope with additional traffic at peak periods and those relating to air quality. However, we note that similar concerns to ours in these areas have been raised already by Statutory Authorities and other Interested Parties in their Relevant Representations and we will make specific representations on these issues when they examined in detail by the ExA.

Climate change

- 3 An overriding concern of the Society is that the DCO fails to address the “elephant in the room” i.e. the increase in aircraft CO₂ emissions claiming that these are a central government responsibility. We do not agree. The Climate Change Committee in its report to Parliament 28 June 2023 (“CCC report”) recommended that “No airport expansions should proceed until a UK-wide capacity management framework is in place to annually assess and, if required, control sector GHG emissions and non-CO₂ effects. A framework should be developed by DfT in cooperation with the Welsh, Scottish and Northern Irish Governments over the next 12 months and should be operational by the end of 2024. After a framework is developed, there should be no net airport expansion unless the carbon-intensity of aviation is outperforming the Government's emissions reduction pathway and can accommodate the additional demand.” The ExA should include this condition in the DCO i.e. that “there should be no net airport expansion unless the carbon-intensity of aviation is outperforming the Government's emissions reduction pathway”, before each Phase is allowed to start, otherwise, growth at Luton airport will compromise the UK’s ability to meet its Net Zero obligations.

The draft DCO

Clause 8

- 4 The application proposes that Phase 1 occurs during the existing concession which ends in 2032.
- 5 The Funding Statement in paragraph 4.3.1 refers to LR operating the airport post the existing concession “with the TUPE transfer of current operational staff” together with the “benefit from the provision of a Technical Services Agreement (TSA) with an aviation expert with global expertise to provide ongoing comprehensive technical and management support for a

period of time” or a (new) concessionaire being appointed (which could be the existing concessionaire).

- 6 LR are proposing to exclude the need for the Secretary of State’s consent to the transfer of the benefit of the order post concession under 8(4)(b) of the DCO where the transfer is to an “airport operator” defined in the DCO as “the managing body of London Luton Airport as defined in the Airports Slot Allocation Regulations 2006(j)” (we do not recognise this provision in those regulations and believe it is meant to refer, ultimately, to Council Regulation (EEC) No95/93 Article 2(j)).
- 7 The exclusion of the Secretary of State’s consent will leave it up to LR to decide if it is capable of undertaking the development of the airport or to appoint a new airport operator.
- 8 LR is, under existing UK law, incapable of being an airport operator after the current concession ends as it does not meet the requirements of The Airports Act 1986 (“AA 1986”), specifically section 17(1) or Council Regulation (EEC) No 95/93 Article 2(j) to be, respectively, a “controlling authority of a public airport company” or a “managing body of an airport”. The throwaway statements in the Funding Statement that LR will undertake the development with the TUPE transfer of existing staff and an as yet undefined relationship with an unknown aviation expert are, firstly, so vague as to be meaningless, and, secondly, no guarantee that either of these proposals will come to fruition or will be sufficient to ensure the controlling authority or managing body contains individuals with sufficient experience to manage such an undertaking. We do not believe that the Board of LR, as presented constituted, has the experience to appoint a new airport operator either or that, without overriding scrutiny of the relationship between LR and a new airport operator, that such a relationship will be free from LR’s interference.
- 9 If LR, or any other airport operator, appointed by LR, is to undertake the future development of the airport it is essential that the Secretary of State is satisfied that either route has in place people with the relevant experience to undertake airport development and management. Clause 8 of the DCO should be amended accordingly.

Clause 26

- 10 LR is proposing in section 26(1) of the DCO that the time limit for the exercise of authority to acquire land compulsorily extend to 10 years, a very significant extension to the statutory time limit of 5 years.
- 11 LR has provided no credible reason why it needs 10 years to exercise this authority. Any legal challenges won’t run for 5 years. The existence of precedents (paragraph 3.94 of the Explanatory Memorandum) is only relevant if the reason for the extension of time is relevant to LR’s situation. The reasons given in paragraphs 3.95 and 3.96 don’t make sense – it’s still the same land that needs acquiring. Planning permissions are meant to give all statutory, business and residential constituencies certainty to plan their futures. A 10 year exercise period will leave everyone in a state of limbo for too long and, decisions about other development in those constituencies are likely to be deferred or, if they can’t be delayed, be suboptimal.
- 12 In the absence of credible reasons why LR requires a 10 year period to exercise its authority to acquire land compulsorily, the period of exercise should be limited to the statutory period of 5 years.

The Funding Statement

Planning requirements

- 13 DCO's that propose the compulsory acquisition of land must comply with paragraph 5(2)(h) of The Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009 which states:

"if the proposed order would authorise the compulsory acquisition of land or an interest in land or right over land, a statement of reasons and a statement to indicate how an order that contains the authorisation of compulsory acquisition is proposed to be funded;"

- 14 Furthermore, the Planning Act 2008 Guidance on the compulsory acquisition of land (published in September 2013 by the Department for Communities and Local Government) states:

- 15 in paragraph 9:

"The applicant must have a clear idea of how they intend to use the land which it is proposed to acquire. They should also be able to demonstrate that there is a reasonable prospect of the requisite funds for acquisition becoming available. Otherwise, it will be difficult to show conclusively that the compulsory acquisition of land meets the two conditions in section 122."

- 16 in paragraph 17:

"Any application for a consent order authorising compulsory acquisition must be accompanied by a statement explaining how it will be funded. This statement should provide as much information as possible about the resource implications of both acquiring the land and implementing the project for which the land is required. It may be that the project is not intended to be independently financially viable, or that the details cannot be finalised until there is certainty about the assembly of the necessary land. In such instances, the applicant should provide an indication of how any potential shortfalls are intended to be met. This should include the degree to which other bodies (public or private sector) have agreed to make financial contributions or to underwrite the scheme, and on what basis such contributions or underwriting is to be made."

- 17 and in paragraph 18:

"The timing of the availability of the funding is also likely to be a relevant factor. Regulation 3(2) of the Infrastructure Planning (Miscellaneous Prescribed Provisions) Regulations 2010 allows for five years within which any notice to treat must be served, beginning on the date on which the order granting development consent is made, though the Secretary of State does have the discretion to make a different provision in an order granting development consent. Applicants should be able to demonstrate that adequate funding is likely to be available to enable the compulsory acquisition within the statutory period following the order being made, and that the resource implications of a possible acquisition resulting from a blight notice have been taken account of."

Interpretation of planning requirements

- 18 The clear conclusions that can be drawn from these provisions are that the applicant is required to: *“indicate how an order...is proposed to be funded”* (paragraph 5(2)(h) The Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009) i.e. how the project as a whole will be funded. This requirement is reinforced by paragraph 17 of the Planning Act 2008 Guidance related to procedures for the compulsory acquisition of land: *“Any application for a consent order authorising compulsory acquisition must be accompanied by a statement explaining how it will be funded. This statement should provide as much information as possible about the resource implications of both acquiring the land and implementing the project for which the land is required.”*

LR’s response to these requirements

- 19 The minutes of the 30 June 2021 s51 advice meeting state that: *“a targeted review had taken place, focusing on ensuring that the scheme had a robust funding position”*.
- 20 The Funding Statement accompanying this application states, in the Executive Summary, that *“based on the cost and revenue projections, the scheme as currently proposed (including all land acquisition costs) is capable of being funded from the net income derived from operating the airport.”* At paragraph 3.1.3 the Estimated Total Project Cost is assessed to be £350m for Phase 1 and £2,350m for Phases 2a and 2b. Paragraph 3.1.4 states that *“land purchase, compensation and blight”* costs would be £110m in total, £10m of which related to Phase 1. Paragraph 3.1.1 refers to a number of firms that have provided advice in relation to the costings. However, no details of the costings are provided. No information is provided about revenues.

Adequacy of LR’s response to the planning requirements

- 21 The Funding Statement provides no evidence to support the assertion that the scheme *“is capable of being funded”* or that the scheme has *“a robust funding position”* NB the cashflows referred to, which have not been independently assessed as realistic, will arise AFTER the capital costs have been funded, and it remains necessary for LR to demonstrate how the capital costs will be financed.
- 22 The Funding Statement merely sets out, in section 4, a number of aspirational options for funding each Phase. Pointedly each option does not provide anything more than a short *“story”* or background to each option.
- 23 Consequently, LR’s response to the planning requirements set out above is inadequate and we have no confidence that the Proposed Scheme has any realistic chance of securing the funding required to make it happen.

Further concerns with LR’s Funding Statement

- 24 There is no evidence that adequate funds will be available to enable the Compulsory Acquisition of land and rights within the relevant time period (which Luton Rising are requesting is much longer than the normal period allowed for this).
- 25 There is no evidence that either LR, Luton Borough Council (“LBC”) or London Luton Airport Operations Limited (“LLAOL”) are able, or in the case of LLAOL, willing to raise the funds.

LLAOL in their letter of “support” pointedly state that their support is subject to the “commercial agreement”.

- 26 No financial information is provided about any of the parties mentioned that might provide some comfort that financing is within any of the parties gift.
- 27 No potential funders in the commercial markets, who have expressed a willingness to lend the funds required to undertake the project, have been identified, nor any reputable advisors to such funding.
- 28 There is no information to show how the cost figures have been calculated and what the key sensitivities are. Another smaller project initiated by LR, the DART, was forecast to cost £225m but has already racked up costs of £300m.
- 29 No revenue information whatsoever has been provided. This is particularly concerning, as future demand forecasts are inherently uncertain. The latest Jet Zero demand forecasts whilst largely unaltered compared to the Department for Transport’s 2017 aviation forecasts contain significant caveats about future demand growth expectations. Eurocontrol, comparing its forecasts for 2017-2040 and then 2022-2050 shows UK annual growth rates virtually halving from 1.7% to 0.8%. Furthermore, the CCC report has recently recommended that there is no growth in air travel in the UK until it is evidenced that the UK is on target to meet its climate change obligations.

Additional analysis on the availability of funding for the compulsory purchase of land

- 30 LR provide no evidence to demonstrate that funding is available for the compulsory purchase of land.
- 31 It is highly unlikely that LR are unaware of the requirements of the ExA in the Manston DCO re: funding of the compulsory purchase of land, specifically their conclusion in paragraph 9.8.69 of their report to the Secretary of State that “there is insufficient evidence that the Applicant itself holds adequate funds to indicate how an order that contains the authorisation of CA [compulsory acquisition] is proposed to be funded” and their subsequent conclusion in paragraph 9.8.76, following the receipt of some reliable information about funds, that “the ExA concludes and recommends that [the reliable information] do provide a degree of reassurance that a mechanism exists to provide the Applicant funding up to £15m [the expected CA costs]”.
- 32 We are concerned, but not surprised, that LR hasn’t seen fit to provide similar evidence. Without an assurance that up front funding of the compulsory purchase of land is available this DCO would be challenging to implement. Our lack of surprise, though, is recognition on the part of LR that neither LR nor LBC can provide any such assurances and, we know, in the case of LLAOL any such funding is subject to the “commercial agreement” and therefore uncertain until such time as a commercial agreement has been reached (but no agreement will be reached unless the DCO is granted and the terms of the grant are known so LLAOL knows where the risks to its commercial outcome are known and are capable of being monetised).
- 33 We believe the ExA for the LR DCO should rigorously investigate LR’s ability to provide assurances that funding is available for the compulsory purchase of land.

Additional analysis of LR, LBC, LLAOL's or an alternative private investor's ability (or willingness) to finance the DCO

LR

- 34 LR is the trading name of London Luton Airport Limited ("LLAL"), a company with registered number 02020381. It's latest filed accounts relate to the period 1 April 2021 to 31 March 2022. The company's main source of income is the concession fee it receives from LLAOL. Its principal expenses are property costs, staff costs and charitable donations. It also incurs significant interest costs on assets built with airport expansion in mind (principally the DART). It's only assets are the airport and the DART. It has minimal cash, only £575,000 at 31 March 2022, compared to loans of £409 million and unpaid creditors, including LBC of £38 million. We know from the Directors' report that the sum of loans increased substantially and now stands at £491 million as at 31 March 2023.
- 35 In colloquial terms LLAL is what commentators call a "zombie company", which Wikipedia defines as "a company that needs bailouts in order to operate, or an indebted company that is able to repay the interest on its debts but not repay the principal".
- 36 This is clearly demonstrated by its prospective financial position as passenger numbers recover to 18 million passengers per annum ("mppa"). In a "normal" year, LLAL receives a concession fee of over £3 per passenger (at least £54 million a year but probably more as the concession fee is adjusted for changes in RPI). Administration expenses are in the region of £16 million and include property costs of £3 million, staff costs of £2 million and charitable donations of £7 million as well as other recurring operational costs. Gross interest charges from LBC are over £40 million (LBC's 2023/24 budget papers) and won't be capitalised any longer as the asset to which they relate (the DART) has been brought into use. Thus, income in the region of £54-60 million will support expenses of at least £56 million. There will be little profit left over for investment over the remaining years of the existing concession, especially as £16 million of debenture loans are due for repayment in 2028.
- 37 LR only borrows from LBC. Borrowing from a third party is likely to require LLAL to put the airport up as security for the borrowing. This would put at risk LBC's future ownership of the airport in the event that the company is unsuccessful (this is a real possibility as Covid has demonstrated). LBC cannot afford to lose the concession fee as it is fundamental to LBC's ability to produce a balanced budget.
- 38 Thus, LR is in no position to give any assurances that it is able to undertake the DCO, either Phase 1 or Phase 2.

LBC

- 39 LBC owns the airport and is the sole source of borrowing for projects that LLAL undertakes. In recent years it has financed the DART and the DCO application via Public Works Loans Board ("PWLb") borrowing. In 2020 and 2021 LBC provided emergency funding of up to £199 million to enable LLAL to finance its interest obligation to LBC on its existing borrowing. Total debt attributable to LR in LBC's accounts is close to £500m. According to the annual Treasury Management Report prepared by the s151 Officer, LBC is close to its borrowing limits already.

40 LBC is required to have regard to the CPIFA Prudential Code 2021, under Part 1 Local Government Act 2003.

41 Relevant aspects of the 2021 Prudential Code for the purposes of this DCO application are set out in section six of the code and include the following paragraphs:

“51 The Prudential Code determines that certain acts or practices are not prudent activity for a Local Authority and incur risk to the affordability of Local Authority investment:

An authority must not borrow to invest primarily for financial return;

It is not prudent for Local Authorities to make any investment or spending decision that will increase the CFR [Capital Funding Requirement], and so may lead to new borrowing, unless directly and primarily related to the functions of the authority and where any financial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose.

52 The UK government’s rules for access to PWLB lending at the date of this publication require statutory Chief Finance Officers to certify that their Local Authority’s capital spending plans do not include the acquisition of assets primarily for yield, reflecting a view that Local Authority borrowing powers are granted to finance direct investment in local service delivery (including housing, regeneration and local infrastructure) and for cash flow management, rather than to add debt leverage to return-seeking investment”.

42 Investing in the airport is primarily an investment for financial return (or yield). LBC is unlikely to be able to borrow the money to fund the DCO under the terms of the Prudential Code.

43 Furthermore, the only potential lender PWLB, owing to the catastrophic effects of several Councils borrowing to finance investment in commercial property, has tightened its lending criteria. Its “Guidance for Applicants – May 2022” includes the following statements:

“46. Under the Prudential Framework local authorities cannot borrow or invest for speculative purposes. Financial investments should be made for security, liquidity, and yield in that order, meaning local authorities should always pick safe investments over riskier investments with higher returns. Therefore, while it is accepted that authorities might borrow in advance of capital expenditure, this must be for prudent financial management and not for the purpose of securing yield.

47. The government and CIPFA are clear that borrowing to invest for yield is not permitted under the Prudential Framework.

48. Investments in commercial property or speculative financial instruments are not considered treasury management.”

44 Clearly, investment in the airport would be speculative and primarily for yield (i.e. an income that would subsidise service delivery) as it does not serve any direct policy objective. Against this background, the PWLB is unlikely to lend LBC £2.7 billion to further its airport growth ambitions.

Private investors

45 Ernst & Young (“EY”), LBC’s external auditor, have produced a draft audit report for 2018/19 which refers to the DCO. It states that Phase 1 will generate “an increased net present value of the Airport”. However, it notes that “The Council will need to renegotiate the concession

agreement to seek the concessionaire to carry out the expansion. There is no assurance that such an arrangement could be reached on mutually acceptable commercial terms” and, of course, LLAOL’s support for expansion, in their letter to Graham Olver (then CEO of LR), included in application document APP-004, is subject to the “commercial agreement”. Thus, there is no certainty that the existing concession will be extended as set out in paragraph 4.2.1 a) of the Funding Statement.

- 46 EY’s draft audit report for 2018/19 refers to Phase 2 as being *“highly speculative, uncertain and likely to have a reduced net present value”*. In support of this conclusion it undertook the following work:

“An overview of the planning environment for airports through independent research of airport expansions in the UK.

Obtaining and reading documentation which supports the feasibility of the DCO.

Review of financial modelling supporting the DCO.

An expert view on the incentives in the existing concessionaire agreement for the operator to finance each phase of the Airport expansion schemes proposed in the DCO.”

- 47 In the light of EY’s professional view, there must be considerable uncertainty as to whether any investor (including LLAOL) is committed to the expansion of Luton airport to 32 million passengers per annum.
- 48 This is not altogether surprising given a number of material uncertainties in relation to growth in the demand for air travel at Luton Airport.
- 49 Thus, there is no evidence to suggest that there is a reasonable prospect of funding for Phase 2 of the DCO becoming available.

Cost and revenue information

- 50 No meaningful information has been provided about costs (only a summary of the forecast costs of each Phase) and no information has been provided about revenues. The only information that makes any reference to revenues is the statement at 4.1.1 of the Funding Statement that *“The Estimated Total Project Cost is capable of being funded from the net revenues [i.e. after costs are deducted] achieved by the airport.”*
- 51 As a result, the provision of a single total for costs only, without any additional information setting out any assumptions and contingencies and no revenue information whatsoever is insufficient for the purposes of determining whether the project is either a) viable or b) likely to be attractive to any potential funder.

Conclusions on the Funding Statement

- 52 LR should provide a statement to indicate how the DCO would be funded. As set out above, *“They should also be able to demonstrate that there is a reasonable prospect of the requisite funds for acquisition [this is referring to the compulsory purchases] becoming available”* and *“Any application for a consent order authorising compulsory acquisition must be accompanied by a statement explaining how it will be funded.”*
- 53 Without funding there is no DCO and we would ask the ExA to require LR to provide a more meaningful Funding Statement, which provides some supporting figures to show that their

modelling does indeed support their assertions about the financial viability of the Proposed Development. This is especially so given that LBC’s external auditors have raised serious doubts.

The Need Case

- 54 The ExA has identified in the Rule 6 letter “that the need for, together with any socio-economic and other benefits of, the Proposed Development should outweigh any adverse effects”.
- 55 The Society believes the need for the Proposed Development has little evidential foundation and should be given little weight by the ExA.

The Strategic Economic Case for Aviation Growth and National Policy

- 56 The Society accepts that national economic policy supports aviation growth. However, government’s support is not unconditional, the key condition is the importance of **balancing** the economic benefits of aviation against its environmental harms.
- 57 The environmental harms of aviation are real and well evidenced. To ensure the balance can be properly assessed, it is critical that the benefits are equally real and well evidenced.
- 58 It is here that LR’s Needs Case is inadequate. As a general observation, to a large extent, the 200+ pages of the Needs Case is full of assertions claiming benefits from expansion but providing no direct evidence to support those benefits.
- 59 More specifically, we demonstrate in the following sections the lack of any evidential support for many of the assertions.

Economic Context

Air intensive and air sensitive sectors

- 60 LR claim that Luton airport’s growth is supported by the clustering of air intensive and air sensitive sectors in Luton, the Three Counties and the Six Counties. It relies on an analysis by York Aviation using a methodology dating back to 2003, i.e. when technology’s influence on business travel was extremely limited. Furthermore, no information is provided about the scale (of transport budgets) either between sectors, as a proportion of total sector expenditure or how it has changed over the 20 year period analysed. However, LR claim that this analysis demonstrates that a large proportion of employees in the above areas are “heavily reliant on air accessibility”.
- 61 Our analysis (below) of the same Office for National Statistics (“ONS”) Supply and Use Tables 1997 to 2019 and 2019 Employment data suggests a different story.

	2019 (£ millions)
Highest spending industries on air transport	
Travel Agency Tour Operator And Other Reservation Service And Related Activities	4,462
Air Transport	4,390

Financial Service Activities Except Insurance And Pension Funding		1,329
Warehousing And Support Activities For Transportation		1,267
Activities Of Membership Organisations		919
Activities Of Head Offices Management Consultancy Activities		650
Water Transport		574
Advertising And Market Research		573
Accounting bookkeeping and auditing activities tax consultancy		259
Public Administration And Defence Compulsory Social Security		244
	62	14,667
Total UK spend		16,700
% of total		88%

63 Only one of the industries LR refers to as air intensive/air sensitive (Activities of Head Offices Management Consultancy Activities) appears in this list which represents 88% of total expenditure on air transport.

64 Furthermore, employment in these industries in the three areas is little different to the Great Britain ("GB") position as the following table illustrates:

Highest spending industries on air transport	Luton	Three Counties	Six Counties	GB
Travel Agency Tour Operator And Other Reservation Service And Related Activities	2,000	3,575	6,740	98,015
Air Transport	3,500	3,550	6,115	73,235
Financial Service Activities Except Insurance And Pension Funding	400	7,175	16,225	490,180
Warehousing And Support Activities For Transportation	3,000	20,250	50,350	544,160
Activities Of Membership Organisations	500	7,450	17,625	235,245
Activities Of Head Offices Management Consultancy Activities	2,000	47,500	82,200	780,395
Water Transport	10	30	150	13,305
Advertising And Market Research	200	5,800	13,100	159,350
Accounting bookkeeping and auditing activities tax consultancy	1,750	27,500	53,450	682,075

Public Administration And Defence Compulsory Social Security	3,000	30,500	77,750	1,319,400
	16,360	153,330	323,705	4,395,360
Total employment	91,075	1,150,775	2,698,435	30,064,700
% of total	18%	13%	12%	15%

65 There's no concentration of employment in these sectors in any of the three areas compared to GB as a whole and this remains the case if you add in "Wholesale And Retail Trade and Repair of Motor Vehicles and Motorcycles" and "Other Professional, Scientific and Technical Activities" (the next two highest air transport spending industries accounting for £383 million referred to as air intensive/sensitive by LR) in Table 4.2.

66 It is clear that there is no concentration of air intensive/sensitive industries in the three areas. Furthermore, LR has failed to look at causation, i.e. what factors influence businesses decision to locate.

67 From this we can conclude, in the absence of more specific and detailed information from LR, that there is no concentration of air intensive (or air sensitive) industries in Luton, the Three Counties or the Six Counties (relative to GB as a whole) that will stimulate economic growth nationally or regionally if Luton airport expands.

High value added employment centres

68 LR claims that there is evidence of clustering of key scientific, technology and high technology manufacturing around the airport. LR again uses location quotients to "prove" its case. Unfortunately, LR's figures provide no information on the scale of such clustering nor does it or compare its evidence of clustering to GB as a whole.

69 We have undertaken an analysis of clustering in the three regions LR refers to and compared this evidence to GB as a whole. We have used the ONS definitions of science and technology as set out in its release dated 13 February 2015¹ and employment data from ONS Business Register and Employment Survey (extracted from Nomis).

70 In summary, our analysis shows that the evidence of clustering of key scientific, technology and high technology manufacturing employment around the airport is limited, as illustrated by in the table below.

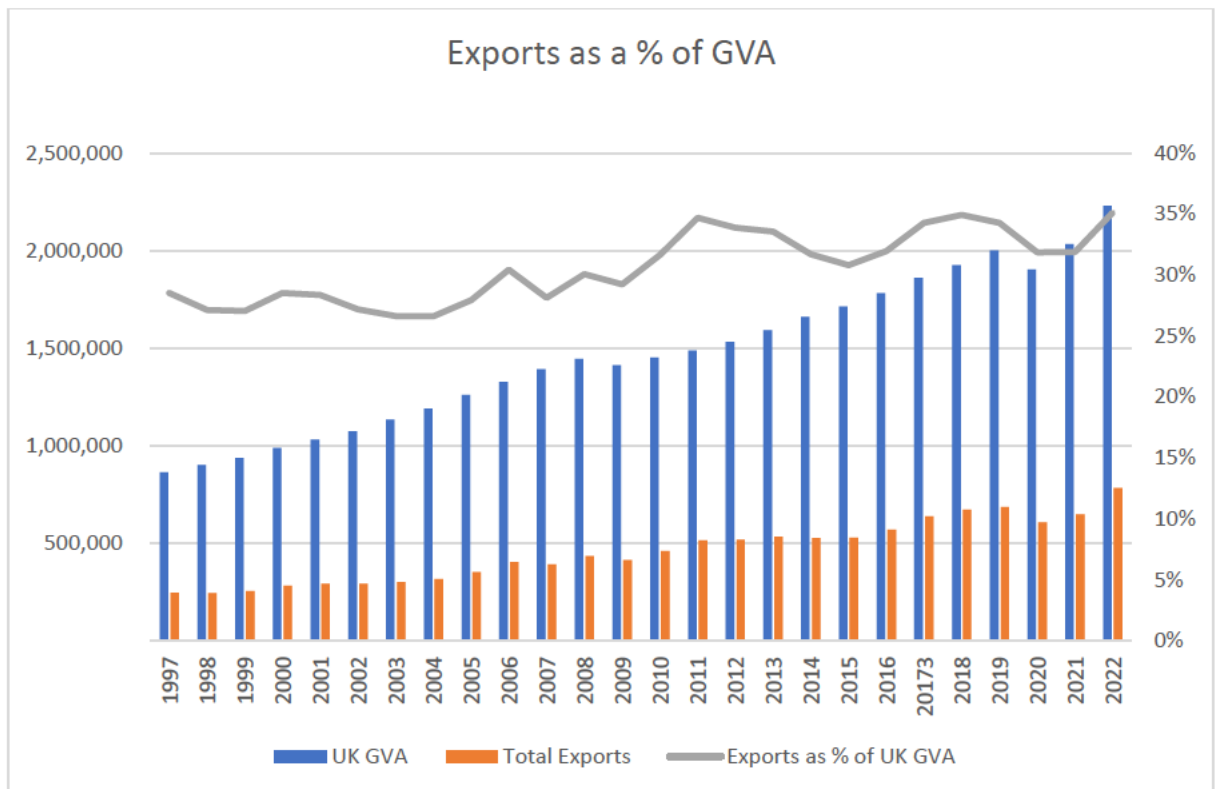
Key industry	Luton	Three Counties	Six Counties	GB
Life Sciences & Healthcare	10%	6%	7%	8%
Digital Technologies	2%	4%	4%	3%
Other scientific/technological services	6%	4%	5%	4%
Publishing & Broadcasting	1%	3%	4%	3%
Other scientific/technological manufacture	4%	2%	2%	3%
Total	24%	19%	22%	21%

¹ [Identifying Science and Technology Businesses in Official Statistics - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/methods/industry/identifying-science-and-technology-businesses)

- 71 The table is clear that whilst there is limited evidence to support the view that there is clustering in Life Sciences and Other scientific/technological services in Luton this does not extend to the Three Counties or Six Counties. However, the data for Luton is, in fact misleading, as the higher value for Life Sciences & Healthcare in Luton reflects the 6,000 personnel employed in the category “86101 : Hospital activities” i.e. at Luton & Dunstable Hospital and other health sector activities and the higher value for Other scientific/technological services reflects the 3,000 personnel employed in the category “51101 : Scheduled passenger air transport airport”, i.e. at the airport.
- 72 The reality is that there is little evidence of clustering. “Other scientific/technological services”, principally in Cambridgeshire and Oxfordshire, reflects high levels of employment in the following two sectors “72190 : Other research and experimental development on natural sciences and engineering” and “85421 : First-degree level higher education” recognising Cambridge and Oxford’s position as centres of scientific and academic excellence.
- 73 From this we can conclude, in the absence of more specific and detailed information from LR, that there is no clustering of clustering of key scientific, technology and high technology manufacturing in Luton, the Three Counties or the Six Counties (relative to GB as a whole) that will stimulate economic growth nationally or regionally if Luton airport expands.

Trade

- 74 LR’s trade analysis sees a switch to a different geography for analysis purposes. This time LR shows the percentage of GVA (30%) that exports of goods and services comprise in the East of England. LR claim this demonstrates the “strong international focus which drives an ever-growing need for international connectivity”. It doesn’t. As the graph below illustrates the UK as a whole has exported, on average 33% of its annual GVA for decades. If anything, the East of England would appear to be lagging behind, despite the increasing connectivity available from both airport and ports growth during this period.



75 LR present no evidence that increasing connectivity further will increase exports. Furthermore, LR makes no attempt to assess the potential for increasing exports in its core regions.

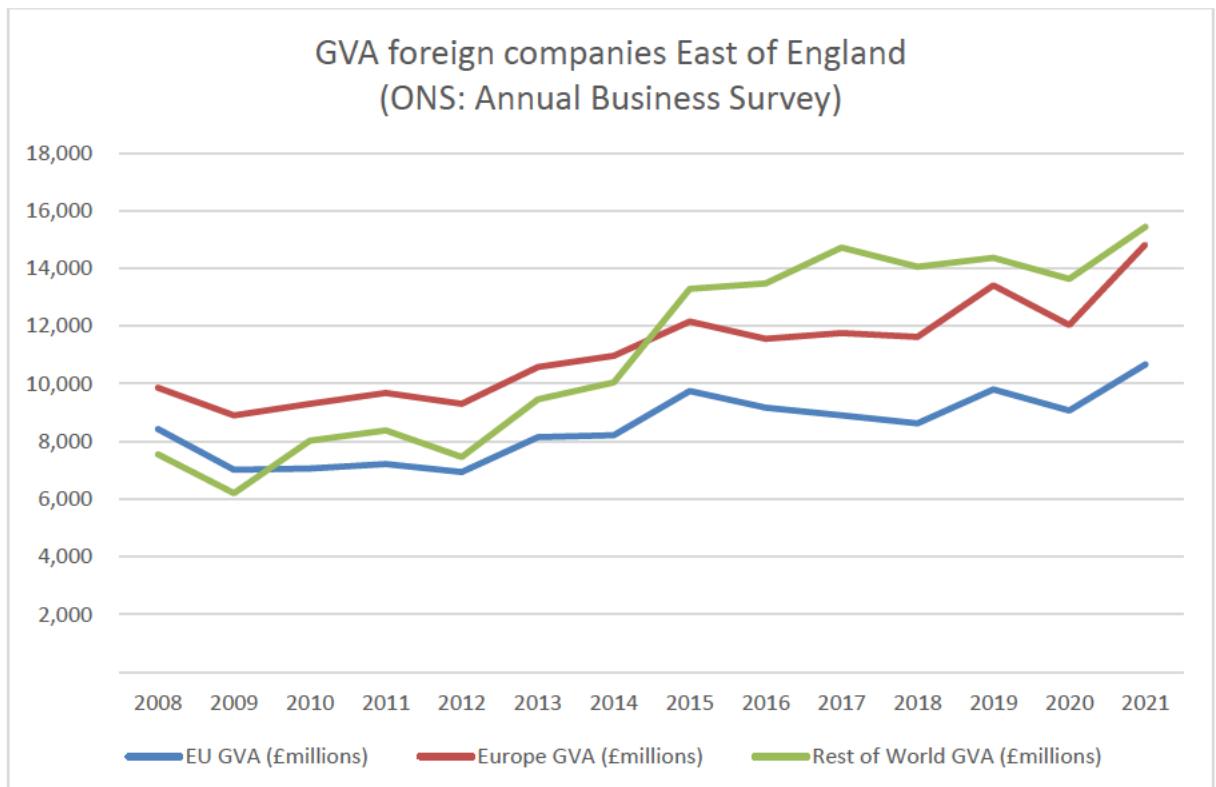
76 From this we can conclude that the East of England has a weaker international focus despite the growth in international connectivity over the last 10 years and does not demonstrate a need for increasing connectivity.

Foreign Direct Investment ("FDI")

77 LR claims that there's a close match to the connectivity the airport provides in Europe for FDI and that, despite Brexit, it will continue. LR also claim that future growth will provide connectivity to the Middle East hubs and the eastern seaboard of the USA (providing access to parts of Asia and the Americas).

78 No-one can be certain of the effect that Brexit will have long term but the short term effects have been highly negative. It is therefore reasonable to believe that business growth in the East of England to EU countries will flatline (LR say "this position is not likely to change significantly in the future") and little growth will occur in EU related business trips to/from Luton airport that directly impacts FDI in the East of England.

79 The near flatlining of GVA from EU countries since 2015 compared to the growth in non-European countries and all non-EU countries is illustrated in the following graph:



80 LR’s claim that it will “provide connectivity to a range of long haul destinations” in these regions doesn’t stand up to scrutiny. Firstly, point to point travel is the future of aviation not flying to hubs in the Middle East or the eastern seaboard of the USA and, secondly, the number of flights to these destinations is extremely limited and, in the case of the USA destination airports, slots are very hard to acquire. Furthermore, the evidence of the above graph is that FDI into the East of England from the Rest of the World prospers despite the lack of connectivity from Luton airport.

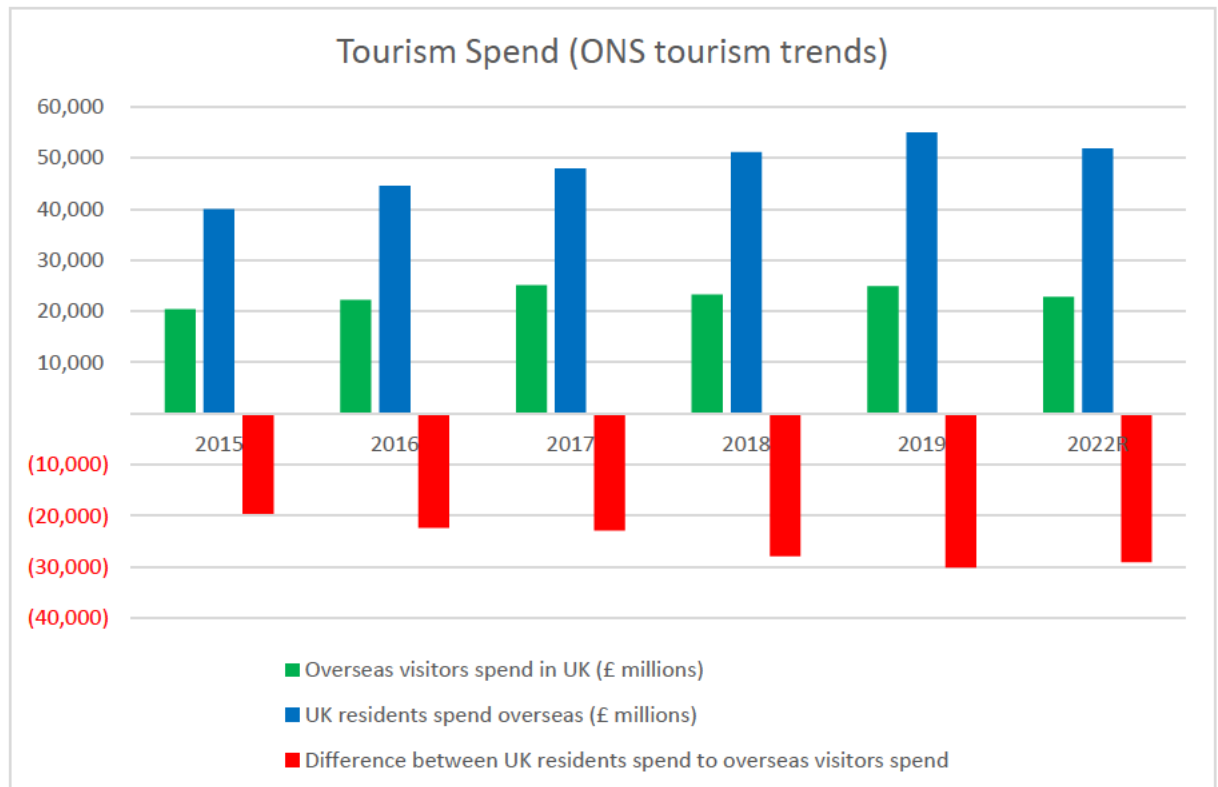
81 LR then provides a map of key international businesses in the areas around the airport at Figure 4.5 and provides “case studies” on a number of them. These are long established mature businesses in the region and whilst there may be a modest level of growth in their use of Luton airport, their increased use does doesn’t create a multiplier effect that justifies expansion. For example, Fujifilm estimates that 175 round trips are made to Dusseldorf – that is a single plane once a year (and Stansted already provides significant connectivity to Germany). It should also be borne in mind that there is evidence that larger companies are cutting back on international travel to meet climate obligations (e.g. the latest CCC report shows business travel has halved between 2010 and 2020).

82 In the absence of credible evidence from LR that foreign owned companies in the East of England will increase their foreign travel from Luton airport, especially those with connections outside Europe where there are unlikely to be direct flights, little weight can be given to LR’s claims that growth at the airport will be a lightning rod for growth in foreign owned companies, especially as its core market (Europe) appears to be flatlining.

Tourism

83 LR takes into account inbound tourism but doesn’t account for outbound tourism. Data available from ONS Travel Trends reports for travel spend where the mode of travel is air

shows that the negative economic effects of outbound travel significantly outweigh the positive economic effects of inbound travel.



- 84 The data suggests outbound spend is 2x the value of inbound spend and the ratio has increased by 10% over the five years immediately prior to Covid. Furthermore, for all modes of travel, business expenditure is more or less the same inbound and outbound whereas outbound holiday spend is 3x the value of inbound holiday spend (the figures for 2022 illustrate this: outbound holiday spend £40.1 billion, inbound holiday spend £13.3 billion).
- 85 LR calculate that inbound tourism in the UK would benefit GDP by £0.8 billion per annum, it therefore stands to reason that outbound tourism from Luton airport will cost the UK £1.6 billion of GDP, more than the proposed economic benefits of the scheme.
- 86 LR claims that outbound tourism delivers mental health benefits and uses that as a reason to justify ignoring its economic cost. However, 50% of the UK population does not travel abroad and a further 15% take 70% of all flights (which means they travel multiple times) and this has been a consistent trend from the early 2010's according to the ONS which implies that the regular fliers are taking more flights rather than more people availing themselves to foreign travel. Not only this, spending in the UK by domestic tourists totalled £65 billion in 2019 (compared to £55 billion spend overseas) according to VisitBritain so it is clear that the relevance of the mental health benefits of tourism is "political spin" not an essential requirement.
- 87 Arguments are also put forward that outbound tourism should be ignored as stopping expansion at Luton airport will merely displace such demand elsewhere and that there is no evidence to suggest people would spend the money they already spend on outbound tourism on UK tourism. As the VisitBritain figures show, people spend as much on UK tourism as they do on overseas visits so there's no evidence to support an assertion that people

would not spend the money in the UK either on domestic tourism or on other goods and services (which benefits the UK economy of course).

- 88 Furthermore, LR provide no evidence to support the view that tourists visiting the East of England actually fly into Luton airport, certainly those from the USA and China, the biggest spenders, per LR's figures will not.
- 89 There is no doubt that tourism, both inbound and outbound, is influenced by airport growth but the net benefit or cost is extremely difficult to assess. What is clear to us is that claims that Luton airport's growth is beneficial for tourism by claiming inbound tourism benefits but discounting outbound tourism costs is a completely one-sided and wholly inaccurate position and we would advocate that tourism, in the absence of discrete evidence otherwise, neither contributes to or costs the UK economy for the purposes of assessing the balance so far as airport growth is concerned.
- 90 Furthermore, so far as LR's evidence in support of its claims is concerned we note that inbound tourism looks to have levelled off (Figure 4.7) and a lot of the employment referred to serves the London market.

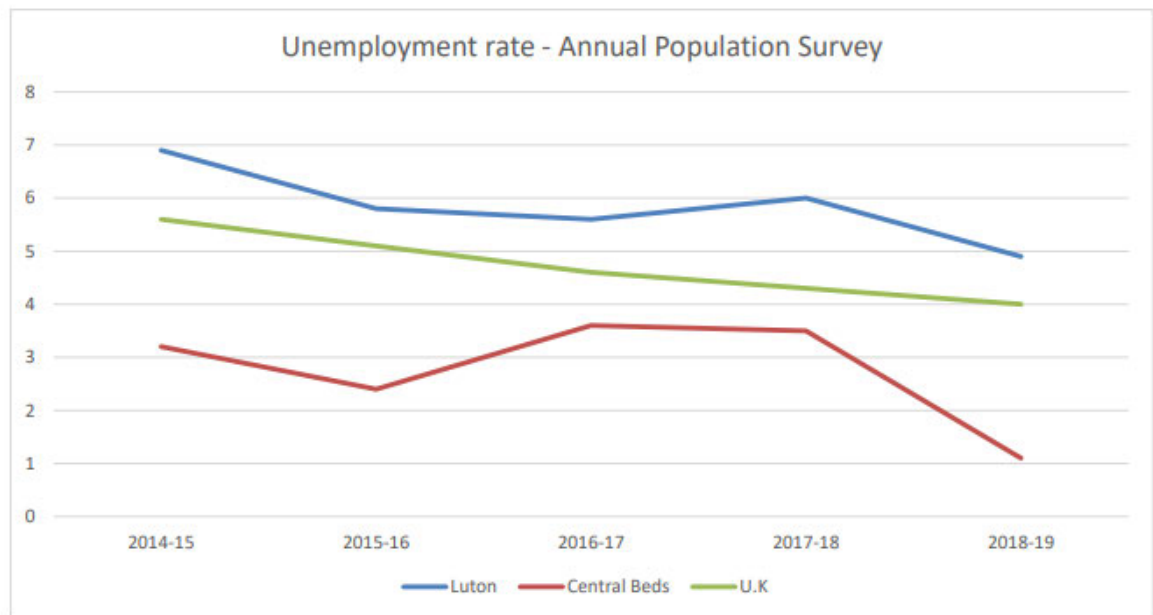
Deprivation and employment in Luton

- 91 Luton as a whole is relatively deprived compared to many other parts of the East of England region. However, LR present no evidence to show how airport growth will reduce such deprivation.
- 92 LBC's own analysis of the change in the extent of deprivation between 2015 and 2019 shows hardly any change² and the author notes "There hasn't been much change in the overall deprivation in Luton", this despite passenger numbers growing significantly. It would suggest that airport growth has little impact on deprivation, contrary to LR's assertion in paragraph 4.8.5. This is not altogether surprising as the jobs on offer, as a result of expansion, in Luton are most likely to be seasonal, low pay, low job security and low skill jobs.
- 93 Rather than help in alleviating deprivation, there is a risk airport expansion will merely reinforce deprivation in already deprived areas compared to alternative economic strategies to encourage more diversified and higher value employment businesses to take advantage of Luton Airport's Enterprise Zone (which is the land that will be occupied by the Proposed Development).
- 94 Furthermore, as LR note, Covid had a greater impact on Luton than elsewhere BECAUSE of Luton's reliance on the airport (previously the financial crisis in 2008/09 resulted in a significant fall in air travel which had a similarly disproportionate impact on Luton's economy compared to others). On the face of it, expansion will increase the volatility of Luton's economy.
- 95 Separately, employment data for the period 2014-15 to 2018-19³ show that whilst the unemployment rate in Luton and Central Bedfordshire fell between these two dates, it only fell at a rate consistent with the fall in UK unemployment as shown in the following graph:

² [Indicies of Multiple Deprivation insert \(luton.gov.uk\)](https://www.luton.gov.uk/indicies-of-multiple-deprivation-insert)

³ [Economic and demographic report \(luton.gov.uk\)](https://www.luton.gov.uk/economic-and-demographic-report)

Figure 5: Unemployment rate – Annual population survey



Latest data: Annual Population Survey Q3 2019
 Next Update: Published quarterly
 Source: Office for National Statistics via NOMIS

- 96 The same is true for the rate of economic activity across all age groups which grew by less than 1% in Luton and Central Bedfordshire between 2014-15 and 2018-19 but by more than 1% across the UK.
- 97 Thus, it is unlikely that growing the airport will alleviate Luton’s relative deprivation or its higher than average unemployment rate, despite the significant growth at the airport over the years covered by this economic report, as there has been no improvement in the former and no relative improvement in the latter. The report does highlight Luton’s lower level of higher value jobs and that is part of the answer to Luton’s relative deprivation and higher than average unemployment – the workforce needs to be skilled up and higher value employers encouraged to locate in Luton. Unfortunately, this is not LR’s strategy as it is foregoing the benefits attributable to the large Luton Airport Enterprise Zone to attract higher value businesses into Luton to expand the airport, notwithstanding the fact that significant airport growth is nearly two decades away and very uncertain.

Luton Airport’s Current Market Performance

- 98 Most of LR’s claims in this section are unevidenced and, in many cases, lack credibility or consistency. Furthermore, the evidence is not available to the public in general so it is merely LR’s calculations which, we’d suggest, can’t be relied upon as they are neither independently verifiable nor likely to be free from bias.
- 99 For example, paragraph 5.2.25 makes various claims relating to the (alleged) importance of the airport’s role in connecting friends and family and concludes that without this connectivity families would be less likely to locate nearby – which will have labour market implications. No evidence is presented to support this claim, either through a comparison with other London airports or by reference to the origin/destination of such passengers – this is crucial evidence – if the vast majority of people who are visiting friends and family are

based on London, firstly, they aren't living locally and, secondly, they can just as easily use other London airports for such travel.

100 No weight should be given to the claims made in this section that lack robust and independently assessable evidence to support them (virtually every claim in this section is an assertion based on the flimsiest rationale).

Future Demand Forecasts

101 CAA airport data showed that in 2019 approximately 181 million passengers used London airports and total UK airport passengers totalled 296 million. London airports therefore comprise 61% of the total. Jet Zero forecasts 436 million passengers by 2042 (continuation of current trends – this is the highest number of passengers scenario). 61% of those passengers are assumed to use London airports which is 266 million. There is currently approximately 217 million of capacity in the London system (Heathrow 90 million, Gatwick 58 million, Stansted 43 million, Luton 18 million plus London City and Southend, say 8 million i.e. 213 million). Thus, additional terminal capacity is required if the Jet Zero targets are to be believed (see below re: Eurocontrol).

102 DCO applications for additional capacity have been made by Manston (6 million) Gatwick (22 million – to 80 million by 2047) and Luton (14 million) i.e. 42 million of additional capacity. Heathrow is continuing to mull its own DCO application which would increase its capacity by approximately 45 million to 135 million. If Heathrow opts to expand, the London market will have more than enough capacity to meet demand. This will put LR's Proposed Development at a disadvantage to the other London airports as they will already have the runway and terminal infrastructures in place or be well down the road before Phase 2 breaks ground.

103 If Heathrow opts to stand still, the additional capacity requirement of 39 million can be met through the DCO applications already made or currently in progress. On the face of it Luton airport's additional capacity might be needed. However, the position is not a simple one of assessing the overall capacity as the origin/destination of passengers needs to be considered too.

104 If Heathrow doesn't expand then the growth in its passengers from countries that Luton airport can't service (to any great extent) needs to be considered and a judgement made as to whether the London system can accommodate the demand elsewhere. Based on the CAA's airport data non-European passengers⁴ at Heathrow totalled about 41 million in 2019. Applying the 61% growth rate to these passengers results in additional non-European passengers of 25 million up to 2042. Thus, total passengers will be 241 million in 2042 (excluding the growth in Heathrow's non-European passengers). These passengers can more or less be accommodated at London's airports without any growth at Luton airport (Heathrow 90 million, Gatwick 80 million, Stansted, 43 million, Luton 18 million and London City/Southend 8 million i.e. 239 million).

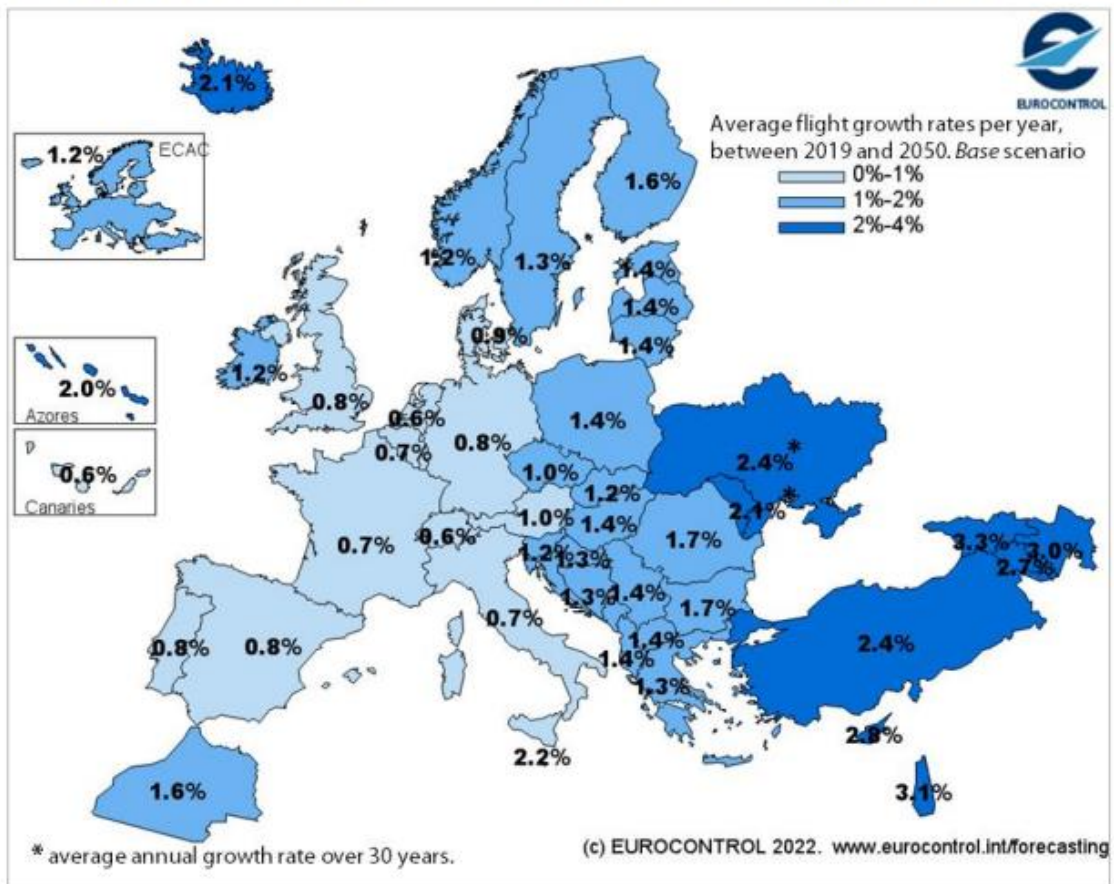
105 The additional capacity requirement at Luton airport is very small if Heathrow doesn't expand and unnecessary if Heathrow expands. Clearly, an argument could be made that Gatwick and Stansted, with longer runways, could absorb some of Heathrow's non-European demand but Luton airport has not made that argument and neither have Gatwick or Stansted airports (as it would have significant implications for their current expansion plans).

⁴ near East (Israel for example) and north African passengers which Luton airport can accommodate now are treated in this analysis as "European" passengers, everyone else is "non-European"

106 We ask the ExA to review the authenticity of Luton’s demand forecasts in the light of the runway limitations at the airport and the highly unlikely scenario that other airports will adapt their future growth strategies to facilitate Luton’s growth.

107 Separately, we note that Eurocontrol in its November 2022 report on aviation growth until 2050 only shows an annual growth rate for the UK of 0.8% about half the level of Jet Zero (as illustrated below) and half the annual growth rate of 1.7% forecast in 2017 for the period 2022-2040.

Figure 5. Average annual flight growth rates in the Base scenario over the next 30 years.



108 Growth of 0.8% would only increase demand in the London area to 211 million, a figure that can be met through existing capacity.

109 Given the skewing of flights presently towards a relatively small number of people (the 15% who take 70% of all flights), we are not convinced that demand will grow linearly either as there is a point at which existing frequent flyers will reach the limit of their propensity to fly.

110 In the absence of a credible case from LR that demand of the type Luton airport could reasonably service exists there is no case for expansion on the scale LR is proposing.

Socio-economic benefits of the development

111 The socio-economic benefits are broadly broken down into three categories:

Direct, indirect and imputed socio-economic benefits
 Wider socio-economic benefits
 Social benefits

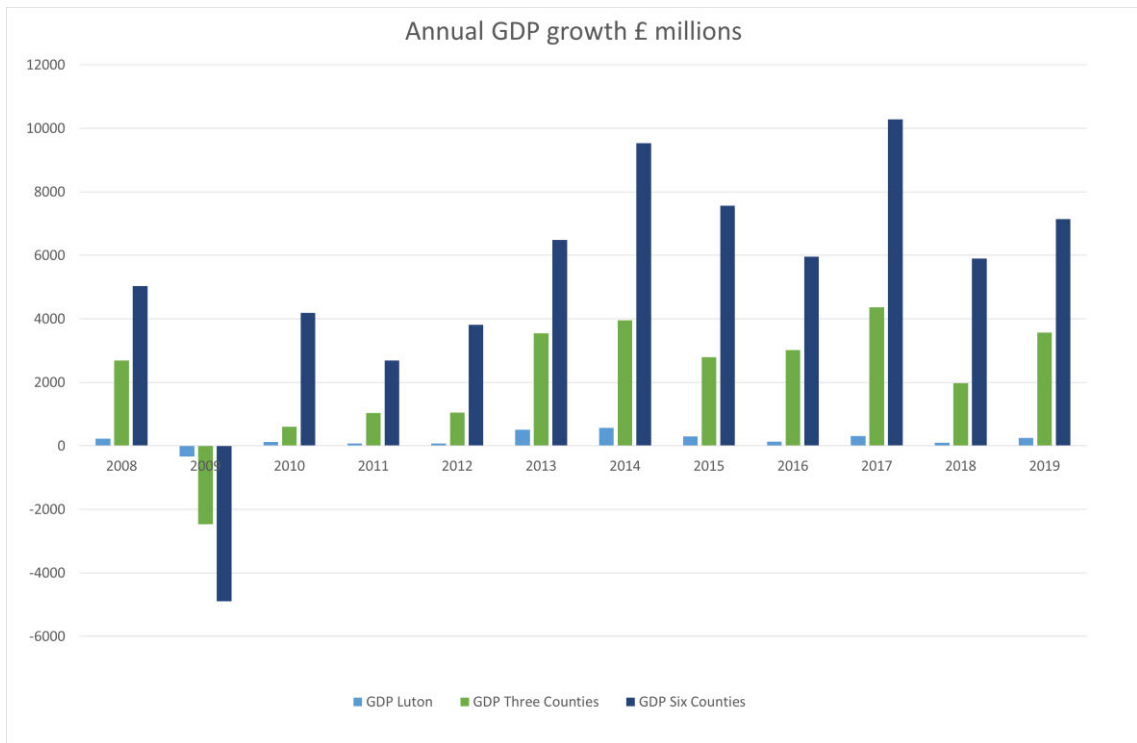
112 Direct, indirect and imputed socio-economic benefits have been assessed by Oxford Economics (“OE”). It is worth putting the GDP growth figures for the local areas into perspective.

113 The proportion of the whole area GDP that the airport comprised (per OE) in Luton, the Three Counties and Six Counties (compared to ONS data for regional GDP) was as follows:

Area	Airport GDP impact (£ millions)	Area total GDP (£ millions)	% impact the airport has
Luton	831	7,016	11.8%
Three Counties	1,091	83,514	1.3%
Six Counties	1,267	197,988	0.6%

114 It is important to recognise that the economic contribution of Luton airport is material to Luton only as it is only a very small proportion of the GDP figures for the Three and Six Counties. It is arguable that the GDP impact on the Three and Six Counties would arise in any event as they largely indirect or imputed impacts which would occur as a result of additional activity at other London airports.

115 In Halcrow’s report for the 2014 planning permission the total income projection (presumably GDP) was assessed at £789 million in 2011. On the face of it very little additional (local) GDP has been generated by the airport if that figure is only £831 million in 2019 (per OE). LR do say that these two economic analyses are not comparable but not why or by how much the figures differ. We find it somewhat surprising that the leakage in economic benefits between two methodologies is significant when the authors are both well-known economic consultancies, more surprising that OE don’t explain the differences. On the face of it, this suggests the differences aren’t significant which might help to explain why there’s been little growth in Luton’s GDP in recent years as illustrated in the following graph which shows growth in GDP in the three areas since 2011:



116 The graph clearly demonstrates the airport’s growth between 2014 and 2019 doesn’t appear to have had much effect on Luton’s GDP as GDP growth has lagged growth in the wider Three and Six Counties regions (18% compared to 23% and 23%). This suggests that airport growth isn’t a panacea for Luton and may reflect the fact that other businesses view Luton negatively as a result of its over-reliance on the airport.

117 As far as wider socio-economic benefits are concerned, our earlier analyses show that there is little evidence to support the claims that Luton airport is a key contributor to economic growth in the region.

118 So far as social benefits are concerned, there is no doubt that the concession fee has in the past contributed significant amounts to LBC to fund local services and local charities. However, as mentioned earlier, any recent growth in the airport has merely funded the interest payable to the PWLB on the borrowing to fund DART (which LLAL’s auditors required to be written down by £200 million) which will directly affect service provision in Luton through the interest and eventual repayment of the loans underpinning this investment. It is also noticeable that charitable donations have reduced from their peak of nearly £15 million (in 2016) to £7 million (2022) and LBC has proposed that a separate fund be established, which doesn’t rely on LLAL funding, to support these charities, no doubt because the funding from LLAL may reduce to cover other expenses and loan repayments. Thus, whilst the airport has provided significant social benefits to Luton in the past, these are diminishing as a result of speculative investments related to the airport. We are concerned that any future concessionaire will drive a particularly hard bargain reflecting the airport’s overdependence on the airport. In these circumstances, LR cannot be confident that its assertion that £1 from every passenger above 18 million will generate £1 for a new Community Fund and this proposal should be treated with the utmost caution.

Conclusions on Need

119 The ExA has identified that the need for the airport together with its socio-economic and other benefits should outweigh any adverse effects.

120 The above analysis has demonstrated that the socio-economic benefits rest on shaky foundations and are subject to considerable headwinds in terms of their actually being achieved (but no sensitivity analysis has been undertaken to assess the likely scale of these). Many assertions don't stand up to even the most basic scrutiny.

Noise and vibration

Aircraft noise contour limits

121 Luton airport is unique amongst its principle competitor London airports in that its noise impacts a significantly higher number of people over a smaller area due to the airport's location next to a sizeable town and having its runway directly aligned with several rural villages. Further out, airspace constraints due to overflying Heathrow traffic result in aircraft staying low which causes further noise blight to more remote towns and villages.

122 To give the ExA some idea of Luton's nearness to residents, if you overlaid the airport boundaries of Stansted and Gatwick over Luton airport (starting at the eastern end of the Luton site) the western boundaries would reach the residential areas of South Luton.

123 The following table of the 57dB daytime Leq 16 hour and 48dB nighttime Leq 8 hour contours for 2019 illustrates the position very clearly and demonstrates that Luton airport's noise performance significantly lags that of its main competitors i.e. over a smaller area Luton airport blights the lives of more people than Gatwick and Stansted combined.

Airport	Contour size (km²)	Population affected
57dB daytime Leq 16 hour		
Luton	20.3	11,900
Gatwick	38.7	2,550
Stansted	28.5	2,500
48dB nighttime Leq 8 hour		
Luton	45.3	29,050
Gatwick	90.3	12,100
Stansted	72.2	9,950

124 We believe the DCO application should redress the imbalance and set noise limits that "reduce the number of people significantly affected by aircraft noise" as set out in paragraph 17 of the Aviation Policy Framework 2013 Executive Summary by seeking much more ambitious noise reduction targets from LR than are proposed. It is insufficient for LR to claim that people will not be significantly affected by any change in their perception of aircraft noise, they need to make a material reduction in the number of people affected by significant noise levels to meet the Aviation Policy Framework's objective.

125 Furthermore, LR's proposals show barely any improvement in noise levels over the course of the development compared to 2019's actual noise levels thus LR makes no effort to share the benefits of improved technology between communities and the aviation industry as required by aviation policy. This is illustrated in the table below which shows how the "do minimum"

noise contours (which would represent a 100% community share of technology developments) are largely absorbed by the aviation industry as the Proposed Development progresses:

	2019	2027	2039	2043
54dB Leq 16hr				
Do minimum (dB)	35.4	26.3	22.1	21.8
Full community benefit (dB) over time		9.1	13.3	13.6
GCG limits (Note 1) (dB)		33.6	32.6	32.6
Proposed community benefit (dB) over time		1.8	2.8	2.8
Share attributable to communities		20%	21%	21%
Share attributable to industry		80%	79%	79%
48dB Leq 8 hr				
Do minimum (dB)	45.3	32.4	28.4	21.8
Full community benefit (dB) over time		12.9	16.9	23.5
GCG limits (Note 1) (dB)		44.8	43.2	43.2
Proposed community benefit (dB) over time		0.5	2.1	2.1
Share attributable to communities		4%	12%	9%
Share attributable to industry		96%	88%	91%

Note 1

The GCG limits which represent faster growth apply for five years so the noise contours for each assessment phase are for the year that falls within the five year period

126 The position is particularly egregious if the consented baseline is substituted for the actual 2019 baseline. In the case of the 54dB Leq 16 hr contour this would be 33.5 and in the case of the 48dB Leq 8hr contour this would be 38.0. In the daytime case, communities would share only 10% of the benefits of technology but in the nighttime case there is no benefit whatsoever to communities, in fact there is a disbenefit.

127 We find it extremely disappointing that LR appears able to rely on the imprecise wording of the EIA regulations to substitute the breached baseline for the consented baseline especially where the planning authority would have been well aware that this would benefit the DCO. It is not possible to provide accurate figures for the numbers of people who “lose out” from the failure. This is particularly so at night where LR claim that a lot of the expansion is required so that its airline customers can make sufficient profits i.e. “profits before people” which we find disappointing for an organisation that says it is “supporting and improving lives across the communities we serve”.

128 We also note that LR’s long term noise goals are incompatible with noise limits set in the 2014 planning permission (which were virtually unchanged in the 19 million planning application currently being determined by the Secretary’s of State).

129 Figures for the 57dB Leq 16 hr daytime contour are the only ones we can compare for the daytime (54dB Leq 16 hr daytime contour figures are not readily available). LR's 2042 faster growth target is 17.4km² whereas the 2014 consented limit for 2031 and beyond was 15.2km². Figures are available for the 48dB Leq 8 hour night-time contour and this shows LR's 2042 faster growth target of 43.2km² compared to the 2014 consented limit of 37.2km².

130 The upshot of this is that, effectively, no noise improvements will have been made as a result of the 2014 planning consent, yet significant economic benefits have been delivered. This is incompatible with planning policy which requires a balance to be achieved, not nothing. Any claim that mitigation in the form of insulation is sufficient is flawed as it provides no reduction in noise when the evidence is that improving technology creates an opportunity to reduce noise. Allowing LR's targets as presented in the GCG strategy to be the permitted noise limits would be a completely one-sided outcome, contrary to aviation policy.

131 We hope the ExA will recognise the unfairness of such an outcome and set noise limits which reflect a more even sharing of future technology benefits compatible using the 2014 planning permission noise limits as the baseline.

Aircraft noise modelling

132 We do not believe that the fleet mix used in the noise modelling is representative of the likely fleet mix in 2027.

133 Table 6.40 (the "do minimum" table) suggests that Airbus 321ceo's will operate at Luton airport. Presently, Wizz is the only operator of this aircraft at Luton but it has announced plans to replace all A321ceo's with A321neo's by 2025 yet LR says 29.7 A321ceo's will operate from Luton airport daily over the 92 day summer period in 2027.

134 In a similar vein, LR says 49.3 A320ceo's and 116.7 A320neo's will operate from Luton airport each day over the same period. As Wizz won't base any A320's at Luton in 2027, it means that virtually all the A320's will be Easyjet aircraft. Our modelling for the 19 million public inquiry based on Easyjet's published fleet renewal plans (at that time) suggested that the ratio of ceo's to neo's in Easyjet's fleet would be 166/132 (it may have changed slightly since then) which suggests the ratio that LR attributes to A320's is wrong.

135 With respect to Table 6.41 (the "do something" table) all the Wizz flights are by A321neo's in contrast to the "do minimum" scenario. This is correct. In the case of Easyjet, there is actually a higher proportion of older ceo's in the fleet compared to the "do minimum" scenario. This needs to be explained, otherwise it suggests that faster growth is being serviced by older noisier planes, which fails to meet national policy objectives of reducing noise in exchange for growth.

136 It is difficult to assess the projections for 2039 and 2043 as airlines haven't published their fleet renewal programmes that far in advance so an element of guesswork is required. However, it is noticeable that LR is showing 4 Max10s for Ryanair on an average summer's day and 52 Max8's despite the fact that Ryanair's fleet renewal programme for 2034 splits the fleet between 290 737-NG's (800's) 210 Max8 200's and 300 Max-10's and the number of Max-10's is likely to increase thereafter.

137 The ExA should 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 to reflect the fact that the mix is not fixed so that a proper assessment of the fleet forecast validity can be carried out.

Green Controlled Growth

138 For the reasons set out above under noise, we have no confidence that the noise limits set in the GCG proposals properly reflect national aviation policy and would ask the ExA to substitute more meaningful limits as set out above too.

139 We have little confidence in any proposal that leaves LBC as the decision maker so far as enforcement action related to planning limits is concerned due to its conflict of interest as a potential beneficiary of growth. It has shown little appetite to enforce planning limits in the past and was also instrumental in promoting faster than planned growth between 2015 and 2019 through the growth incentive scheme which saw noise limits breached only three years after development started and insufficient action taken to reduce them to the planning limits (it is hard, given the DCO was already being worked upon in 2017, not to believe this was a cynical approach designed to give the DCO a higher baseline than would otherwise be the case).

140 We are concerned that LBC, if it achieves consent for the DCO, will adopt a similar growth incentive policy to try to maximise short term growth along the lines of the Faster Growth scenario. LR's business plan for 2022/23 targets this level of growth through terminal 1 and it states in the application that is already offering LLAOL incentives to undertake the DCO. We believe it would be unfair, in those circumstances, for the GCG limit to be set at a Faster Growth level when all the environmental testing has been done by comparison to Core Growth with only limited sensitivity testing against Faster Growth.