

LONDON LUTON AIRPORT EXPANSION

ISSUE SPECIFIC HEARING 2 (ISH2) ON ENVIRONMENTAL MATTERS (ISH2) FOCUSING ON NEED AND ECONOMIC BENEFITS

27 SEPTEMBER 2023

POST HEARING SUBMISSIONS

HERTFORDSHIRE COUNTY COUNCIL, NORTH HERTFORDSHIRE DISTRICT COUNCIL, DACORUM BOROUGH COUNCIL, CENTRAL BEDFORDSHIRE COUNCIL, LUTON BOROUGH COUNCIL

1. INTRODUCTION

- 1.1 This document sets out the post hearing submissions and summarises the oral submissions made jointly by Hertfordshire County Council, North Hertfordshire District Council and Dacorum Borough Council (together, “**the Hertfordshire Host Authorities**”), Central Bedfordshire Council and Luton Borough Council (together, “**the Host Authorities**”) at Issue Specific Hearing 2 (“**ISH2**”) held on 27 September 2023 in relation to Luton Rising’s (“**the Applicant**”) application for development consent for the London Luton Airport Expansion Project (the “**Project**”).
- 1.2 ISH2 was attended by the Examining Authority (the “**ExA**”), the Applicant, the Host Authorities, together with a number of other Interested Parties.
- 1.3 Where the ExA requested additional information from the Host Authorities on particular matters, or the Host Authorities undertook to provide additional information during the hearing, the Host Authorities’ response is set out in or appended to this document.
- 1.4 This document does not purport to summarise the oral submissions of parties other than the Host Authorities, and summaries of submissions made by other parties are only included where necessary in order to give context to the Host Authorities’ submissions in response.

- 1.5 The structure of this document generally follows the order of items as they were dealt with at ISH2 set out against the detailed agenda items published by the ExA on 19 September 2023 (the “**Agenda**”).
- 1.6 In addition, the Host Authorities have included in this note, responses to the Supplementary Agenda Questions published by the ExA on 19 September 2023, where these are relevant to them.

2. **SUMMARY OF ORAL SUBMISSIONS MADE**

PINS Agenda Item	Response
2 Need	
<p>National policy and publications relating to aviation. The Applicant will firstly be asked to briefly summarise its position.</p>	<p>The Host Authorities’ position, as set out in the Hertfordshire Host Authorities’ Written Representations [REP1-069] para 2.2.1.1.1, is that there is no disagreement with the Applicant regarding the overarching national need and national and aviation policy in this regard, but that the weight given to the needs and economic benefits in the planning balance in the context of the Luton Airport Expansion DCO is important. This is because if the need and economic benefits are delivered not for the base case, but for the slower case, then the need and benefits would be ‘over-estimated’ in the planning balance.</p> <p>During the Hearing, Ms Congdon mentioned a conversation with a DfT official on the day of publication of the ANSP in June 2018 concerning the interpretation of the document. In particular, Ms Congdon noted an objective of allowing airports to meet local demand in a competitive way. Ms Davies of the ExA later correctly identified a potential conflict between ‘Making Best Use’ and ‘Serving demand locally’. In the Airports NSP, sub-section of Section 3 of the Need Case, [AS-125], there is no mention of serving demand locally as a Government policy. If this is indeed current government policy, the supporting source reference needs to be specified.</p> <p>This would place a greater emphasis on resolving the mitigation and GCG issues to control and mitigate adverse effects, as the need and benefits may not be as substantial as those shown in the base case.</p> <p>In this context the Host Authorities note the Secretary of State’s Conclusions on the Planning Balance in the context of the Manston Airport DCO (our emphasis):</p> <p>“199. The Secretary of State agrees with the Examining Authority that socio-economic benefits are dependent on the need for the Development. For the reasons given in the Need section above, the Secretary of State disagrees with the Examining Authority’s conclusion on need and considers that there</p>

is a clear case of need for the Development. The Secretary of State therefore concludes that significant economic and socio-economic benefits would flow from the Development and gives this should be given substantial weight in the planning balance...

201. Having carefully weighed the expected benefits which include job creation, regeneration, tourism in the East Kent area, training and skills, education, and benefits to General Aviation, against the potential negative impacts such as impact on tourism in Ramsgate, noise impacts for up to 40 residential caravan owners at Smugglers Leap, short term congestion and delays on the local road system and the limited visual impacts that would occur to the St Nicholas at Wade Conservation Area and Ramsgate Heritage Action Zone as a result of the operation of the Development, the Secretary of State is of the view that the potential negative impacts do not outweigh the projected benefits."

The ExA questioned whether using taxi ways to support existing use of the runways was consistent with policy contained in paragraph 1.29 of 'HM Government's Beyond the horizon, The future of UK aviation, Making best use of existing runways', and paragraph 1.42 of the Airports NPS.

Dr Chris Smith, aviation specialist on behalf of the Host Authorities, responded that there are varying combinations of words 'existing runway capacity' in the documentation on this. In some places it is referred to as runway capacity, other places existing capacity and in other places existing runways. The different combinations can have different interpretations. He confirmed that his advice to the Host Authorities would be that there were no particular problems with the Applicant's position that the Making Best Use of Existing Runways policy covers the use of taxiways.

The ExA queried in relation to 10.3 whether using the 10 Point Plan in the Flight Path Plan to the Future represents a shift in the position in making best use of existing runways and how should this be considered when assessing need.

Dr Chris Smith responded that in general the most recent plan is not revolutionary. It underlies government philosophy that naturally arising passenger demand should be satisfied. There is a slightly different view on different markets for different airports. People regard all the airports as being available and then it is a matter of choice as to which airport offers them the best frequency, comfort, timing, price, destination to meet their travel needs at that time. Dr Smith stated that he is not convinced that pricing-off demand to re-distribute passengers between airports has a huge effect on passenger numbers.

<p>Other publications relating to aviation growth, such as, but not limited to, the Climate Change Committee’s report dated June 2023 – Progress in reducing emissions, 2023</p>	<p>As referenced in the Hertfordshire Host Authorities’ Local Impact Report [REP1A-003], dealing with the climate emergency and minimising climate change is a key priority for the Host Authorities, and the Host Authorities note the contents of the Climate Change Committee’s report to Parliament in June 2023. As noted in paragraph 157 of the Inspectors appeal decision of February 2022 in relation to the Bristol Airport public inquiry (PINS ref: APP/D0121/W/20/3259234), “The CCC is not a policy making body, although its advice to Government – which may or may not be accepted – needs to be seriously considered.”</p> <p>The Host Authorities also set out their position in relation to the Climate Change Committee’s report in Chris Smith Aviation Consultancy Limited’s Initial Review of the DCO Need case [REP2-057] at paragraphs 3.15 to 3.17, namely that the Applicant’s need case would look very different should a future Government decide to follow the advice of the Climate Change Committee. The Host Authorities have no further comments on this at this stage, and simply wish for the Examining Authority to be aware of the contents of this report.</p> <p>Chris Smith Aviation Consultancy Limited Initial Review of the DCO Need Case [REP2-057], Paragraphs 3.15 to 3.17, and Table 3.6:</p> <p><i>3.15 York uses the forecasts associated with Government’s Jet Zero Strategy published in July 2022. It is important to note the existence of the 6th Carbon Budget, and the associated report of the CCC published in December 2020, as well as the annual report by the CCC as the Government’s advisor on climate change presented to Parliament in June 2022, the month before the Jet Zero Strategy was published. The CCC has since presented its 2023 report to Parliament.</i></p> <p><i>3.16 One of the recommendations of the CCC in its 6th Carbon Budget Report was that there should be no net expansion of airport capacity in the UK as one mechanism for managing down demand for air travel . This and other recommended demand management measures resulted from the CCC’s assessment that reductions of aviation emissions in various ways and off-setting of remaining emissions in other sectors and by other means would be insufficient to allow the aviation sector to reach Net Zero by 2050 unless growth was held down. In 2022, the CCC was obviously also aware of the contents of the forthcoming Jet Zero Strategy, as it was critical in its report to Parliament on the lack of progress on (and inclusion of) demand management measures. Its 2023 report to Parliament suggests that it had not been convinced over the intervening year of any arguments which may have been made by the DfT in support of the Jet Zero Strategy as it continued to advocate its position of no net expansion of airport capacity.</i></p>
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3.17 The CCC stated in its 2023 Report to Parliament that the Jet Zero Strategy approach "...is high risk due to its reliance on nascent technology...". In its report supporting the 6th Carbon Budget, the CCC indicated that in its central scenario (Balanced Pathway) total passengers at UK airports in 2050 should be held to no more than 365 mppa, a figure which contrasts with the forecast on which the Jet Zero Strategy is based of 482 mppa in 2050. The forecasts produced in Luton Rising's Need Case would look very different if a future government decided to follow the CCC's advice.

Table 3.6 Long Term UK Passenger Forecasts

Forecaster	Year	Scenario	Passengers (mppa)	
			2040	2050
DfT	2017	Central Unconstrained	422	494
DfT Jet Zero	March 2022	High Ambition	422	482
DfT SAF Mandate	March 2023	High Ambition	394	435*
CCC	Dec 2020	Balanced Pathway	321	365

* Forecast extends to 2040 only. Grown to 2050 by CSACL at 1.0% per annum, the overall average rate determined for the 2030-2050 period by York

Forecasting assumptions set out in the Need Case. The applicant will firstly be asked to explain how the stated future demand forecasts have been arrived at, including the methodology adopted.

While the Host Authorities consider that the Applicant's approach to forecasting air traffic [AS125 and APP-214] is generally reasonable, a number of its input assumptions in relation, amongst others, to economic growth and costs faced by the air transport industry carry material down-side risk. The greatest uncertainty is considered to lie in the assumptions made in relation to the runway capacity at other London area airports, primarily Heathrow and Gatwick.

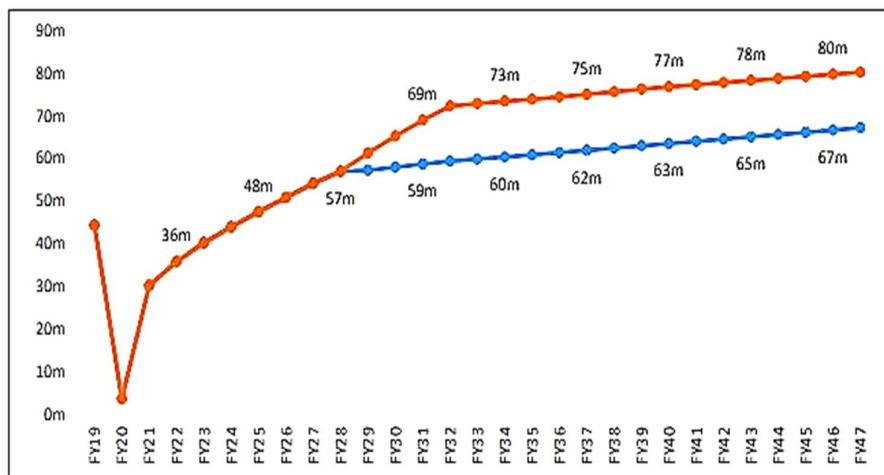
As Dr Chris Smith has indicated in his Initial review of the DCO needs case (REP2-057), if the capacity for Heathrow and /or Gatwick is underestimated, then the Luton need case and forecasts are overestimated, and the economic benefits are also over-estimated. Heathrow proposals for a new runway are supported by the Airports NPS, whilst Gatwick is making a DCO application (submitted 6 June 2023) for use of the emergency runway as an additional runway.

A further capacity-related issue is the passenger handling capacity of these two with a maximum number of aircraft movements (based on either one or no additional runways). The Applicant's position is that the

passenger handling capacity would also be fixed, whereas CSACL's view is that they would continue to grow, a view shared by Gatwick Airport.

Gatwick is citing higher capacities in its DCO application than the Luton Need case assumptions. In the Gatwick DCO application, the forecast year is 2047, and in the base case without a northern runway the forecast passenger throughput (and hence capacity) has risen to 67 mppa :

Figure 6.4-1 – Gatwick Passengers – Base and Northern Runway Case



Note: Recovery profile prepared mid-2020 with short term updated with actuals. FY22 (YE Mar 2023) is an estimate as of Jan'23.

Source: CAA/GAL Statistics

The Hertfordshire Host Authorities have indicated in their Principal Areas of Disagreement Summary Statement [REP2-058] that a correction is required for Heathrow and Gatwick passenger numbers and Luton forecasts, to address potential over-estimating.

Chris Smith Aviation Consultancy Limited Initial Review of the DCO Need Case [REP2-057], Chapter 3:

3.52 While the basic approach to forecasting overall passenger demand applied by York is reasonable, the economic and price assumptions used are likely to generate forecasts which are too high in the Central Demand Growth scenario. This arises from:

- economic assumptions made before the long term effects of the Pandemic, of Brexit and of the Russian invasion of Ukraine may have become fully apparent;*
- price assumptions which may not fully incorporate the financial damage done by the Pandemic and the need to respond to the Climate Change challenge; and*
- the acceleration which the Pandemic gave to video-conferencing and remote working.*

Additionally, York uses DfT Demand and Price elasticities determined in 2022 but based on passenger behaviours up to 2019 (i.e. pre-Pandemic). Further, its forecasts include the DfT's fuel efficiency assumptions described by their originators as 'optimistic'.

3.66 The major influence on demand at LTN is the airport capacity available at Heathrow and Gatwick. This is related to both whether there is a new runway at one or both of these airports, and also how the number of passengers per ATM evolves at each airport.

3.67 In relation to the first point, the development of new runways at both airports is unlikely. York's Core Planning Case is based on the development of one new runway, and this is a feasible outcome. However, in the absence of any legally binding caps on passenger demand, the average number of passengers per ATM would continue to increase, with airport management finding ways of moving more passengers to, through and from their airports.

3.68 If no new runway is constructed, it is likely that LTN's potential capacity of 32 mppa would be used relatively soon after the planned completion of Terminal 2, in the late 2030s or early 2040s. If one new runway is provided, then a passenger throughput of 32 mppa would slip to the late 2040s or possibly later.

The ExA queried whether Chris Smith Aviation Consultancy Limited intends to prepare further reports, following the 'initial review' already prepared.

Dr Chris Smith responded that the Initial Review of the DCO Need Case **[REP2-057]** is simply the first report to the client, and that there may not be any further reports, unless there is a need to cover more issues or respond to further information from the Applicant.

	<p>The ExA noted that Dr Smith's report is based on the core planning case; it does not make any judgements on the faster or slower growth cases. The ExA wished to clarify whether in Dr Smith's view the core planning case with a single additional runway in the South East is that Luton is likely to reach 32 million passengers per annum in the late 2040s or early 2050s . Dr Smith confirmed this.</p> <p>Dr Chris Smith indicated that in overview, in terms of approach, he thinks it is generally reasonable but there are two fundamental differences. The first is the nature of the assumptions, which he believes are optimistic. The second is runway capacity at Heathrow and Gatwick. The conclusion is heavily dependent on those assumptions about Heathrow and Gatwick. Dr Chris Smith agreed that there would be expected to be one more runway in the South East, which he considered was more likely to be Gatwick. He indicated that he has focussed on those issues. He noted that it is difficult to go into more detail because there is an inability to follow through some of the calculations. In terms of how capacity in the core demand case is split between Heathrow and Gatwick, Dr Smith indicated that he was surprised to hear about this split, because he had previously been told by the Applicant that there was no arithmetic link in the context of the split.</p> <p>The ExA asked Dr Smith about his comment in paragraph 3.24 of his report and how might the ExA examine the forecasts in the absence of a mathematical link?</p> <p>Dr Smith responded that he considered it very difficult, and that he has not been able to determine an approach himself.</p> <p>The ExA queried whether now that the Hertfordshire Host Authorities have had sight of the CSACL report [REP2-057] it results in any changes to their submissions.</p> <p>The Hertfordshire Host Authorities can confirm that the CSACL report does not change their position on the development as a whole, and that their comments are made in the light of the CSACL report [REP2-057].</p>
<p>The airport's ability to accommodate growth, including runway capacity and the slot coordination process.</p>	<p>The Host Authorities' position is as set out in paragraphs 4.27 and 4.28 of Chris Smith Aviation Consultancy Limited's Initial Review of the DCO Need case [REP2-057], namely that the Applicant's forecasts will require some cargo aircraft movements to move out of the night period to accommodate passenger movements, which would normally be done on a voluntary basis by cargo operators.</p>

	<p>The concern raised is that this may not be achievable, but the Host Authorities note that as advised by Dr Smith the number of movements involved is relatively small and considers that the Applicant's suggestions to deal with this are plausible.</p>
<p>Existing capacity of airports in the south-east, how this is currently being met, and the need or otherwise for the Proposed Development in this context.</p>	<p>The Host Authorities position is as set out in 3.44 to 3.47 of Chris Smith Aviation Consultancy Limited's Initial Review of the DCO Need Case [REP2-057], namely that the Applicant's core planning assumption that one new runway will be provided in the early 2030s is reasonable.</p> <p>However, it is not agreed that the passenger traffic at Heathrow would cease to grow once the maximum number of aircraft movements enabled by its runway system is reached, since the average number of passengers per movement will continue to grow as aircraft continue to accommodate more passengers per air transport movement. The Applicant has responded to the effect that this increase in passengers per movement would not be material, however it is the Host Authorities view that it is material, and therefore reduces the Applicant's need case.</p>
<p>The strategic economic case for the Proposed Development</p>	<p>Action Point 3 arising from ISH2</p> <p>Action Point 3 arising from ISH 2 requires the Host Authorities to confirm to what extent the proposed development would contribute to the Oxford-Cambridge Arc and to the business located within these areas.</p> <p>None of the Hertfordshire Host Authorities fall within the Oxford-Cambridge Arc and as a consequence they have not been engaged in any discussions regarding the role of London Luton Airport within the Arc or its potential contribution in the future, including of the proposal subject to Examination. They are, therefore, not able to offer a suitably informed view.</p> <p>However, there does not appear to be mention of London Luton Airport in any of the particularly relevant national policy contextual documentation (appreciating that some of these pre-date the emergence of the proposal) for the Arc (other than perhaps indicating on maps of the area covered by the Arc that the Airport exists). For example:</p>

- Partnering for Prosperity: A new deal for the Cambridge-Milton Keynes-Oxford Arc National Infrastructure Commission
- Government response to 'Partnering for Prosperity: a new deal for the Cambridge-Milton Keynes–Oxford Arc' 29th October 2018
- The Oxford-Cambridge Arc Government ambition and joint declaration between Government and local partners, Ministry of Housing, Communities and Local Government, March 2019
- Planning for sustainable growth in the Oxford[1]Cambridge Arc An introduction to the Oxford-Cambridge Arc Spatial Framework. HM Government, February 2021
- Creating a vision for the Oxford-Cambridge Arc Consultation. HM Government. July 2021.

Luton Borough Council would draw the ExA's attention to the fact that a pan-regional partnership has been set up to drive forward economic growth across the region including the creation of an investment atlas, data observatory and economic evidence base, innovation network and develop the provision of high-tech accommodation. Luton is within the area and a member of the partnership.

Sustainable aviation is identified as a key sector and strategic transport infrastructure as a place asset. Luton Airport is a key economic asset for the growth of the region.

With regard to the airport's role in the Ox-Cam Arc, it is worth noting that in response to a question from Sarah Owen MP (Labour – Luton North) to the Department for Levelling Up, Housing and Communities, the following response was given by the Government:

“Luton is indeed part of the Oxford-Cambridge Arc. Luton’s strong automotive and engineering sectors, leading airport and links to the Central Area of the Arc make it a key part of Government’s plan to transform the Oxford-Cambridge Arc into one of the world’s premier economic growth corridors. The Government has been working closely with colleagues in Luton to shape the Spatial Framework as we plan for sustainable growth and levelling up in the Arc.”

Central Bedfordshire is within the Oxford-Cambridge Arc and would reiterate the points raised by the Hertfordshire Host Authorities. Economic benefits would arise from the expansion of the airport, which is likely to bring benefits to the wider Oxford-Cambridge Arc area.

3. Socio-economic matters

To consider whether the number of jobs predicted by the Applicant would be delivered, and where and when these would be provided.

As noted in the Written Representations for the Hertfordshire Host Authorities [REP1-069], the actual economic benefits for the authorities in Hertfordshire are at risk of being over optimistic. The Hertfordshire Host Authorities' Principal Areas of Disagreement Summary Statement [REP2-58] notes that several of the Applicant's projection modelling assumptions carry downside risks such that there could be a risk that future demand is overstated (or at least optimistic in its timing), and hence also lead to over-estimates of the timing of positive impact delivery.

Genecon has been commissioned by the Host Authorities to provide consultancy support to carry out an independent review of the economic impact assessment work that has been prepared for the Luton Airport DCO examination by the applicant Luton Rising, This review has focussed on the economics and employment chapter within the Environmental Statement, [APP-037] and the technical appendices (prepared by Oxford Economics using forecasts provided by York Aviation). The focus of the review has been:

- Robustness of the economic assessment prepared.
- The soundness of the assumptions/conclusions informing the needs case.

Genecon have followed this up with a meeting with the Applicant's consultants, York Aviation (19/9/23), and following the meeting detailed projections were provided by York Aviation for direct jobs by broad sector annually to 2043.

It is important to understand that the economic modelling undertaken has been presented at 3 geographical levels – Luton Council area; Three Counties area and for the UK. The modelling also presents gross jobs, a fall-back scenario (i.e. what is expected to happen with no expansion), giving a net jobs position. One further step is then taken to consider additionality, giving a net additional position.

The full detail of these assessments is set out in Genecon's review report, but just focussing on gross jobs projections, the modelling forecasts:

Luton impact area

Gross Job Impacts				
	2019	2027	2039	2043
Direct	10,900	11,700	13,200	15,100
Indirect	300	300	400	500
Induced	500	600	600	700
Total	11,700	12,600	14,200	16,300

Three Counties impact area

Gross Job Impacts				
	2019	2027	2039	2043
Direct	10,900	11,700	13,200	15,100
Indirect	2,100	2,200	2,400	2,700
Induced	3,500	3,700	4,100	4,800
Total	16,500	17,600	19,700	22,600

UK impact area

Gross Job Impacts				
	2019	2027	2039	2043
Direct	10,900	11,700	13,200	15,100
Indirect	8,600	9,100	10,100	11,700
Induced	8,900	9,400	10,700	12,400
Total	28,400	30,200	34,000	39,200

Genecon comment on modelling approach

The approaches used to calculate benefit streams generally follow best practice, in some respects going further than many economic impacts assessments (particularly in the estimation of indirect impacts using detailed input-output tables), with care taken to avoid double counting. Genecon generally view that the

approaches used are sound, and where it has been possible to undertake logic sense-checks and re-estimation from publicly available data, the estimates of impact appear to be of the right order and generally prudent.

The projections of the direct impact of the Airport with and without the proposed developments, are stated to have been modelled via a productivity-based approach which considers their specific drivers and projected productivity growth. The approach described again appears appropriate, and the results take account of increased efficiency as airport capacity increases, which will moderate employment growth projections. This again appears to be a logical approach to have taken.

To test the estimates for place of residence of the workforce, Genecon have accessed Census 2011 origin destination for the workforce of the two LSOA's covering Luton airport. This data is clearly somewhat outdated (2021 Census data not yet available), but does provide a sense check for the geographic distribution of the workforce modelled by Oxford Economics (which was based on airport company survey data). The Census data suggests the 53% of the workforce in these LSOAs were from Bedfordshire, slightly below the Oxford Economics estimate (58%).

With regard to the indirect and induced job impacts, the approach employed by Oxford Economics is based on peer reviewed academic techniques utilising Input-Output tables (reflecting the interrelationships between the different sectors), Location Quotient analysis (accounting for the relative importance of particular industries within a region) and regional size adjustments. A high-level review of the geographical attribution of benefits has not highlighted any areas of concern.

Genecon has not seen the specific calculations or the Oxford Economics' proprietary economic model (these are not usually released) and therefore have not commented on it specifically. However, the method and results presented in their report appear sensible and appropriate, subject to understanding that the timing of the achievement of future jobs projections over the next 20 years will always be affected by numerous factors. The job estimates presented follow a detailed and logical methodology, however their delivery will be dependent on how closely the assumptions that have been made in the applicant's modelling (prepared by Oxford Economics), for example around subsector employment drivers and labour productivity hold. (E.g. the relationship between warehousing employment and the freight tonnage handled, and the timing of the increase in passenger numbers handled achieved).

The ExA queried the difference (lower) between the assessment of current direct job numbers and the job numbers prepared by Halcrow in 2012.

Genecon note that the Oxford Economics report [APP-079] does cover this in footnote 17 on page 15 (and also page 50), pointing to the fact that Oxford Economics have had access to IDBR data (which meant that they were able to focus on a smaller geographical area), whereas Halcrow's analysis was based on BRES data at LSOA area. Effectively, Oxford Economics' projections are more accurate, arguably more prudent, and the two analyses should therefore not be directly compared without recognition of the differences.

The ExA queried what was happening with the s.106 agreements linked to Green Horizons Park (ref ISH1 DCO article 44).

David Gurtler for Luton Borough Council stated that Luton Borough Council has not yet had discussions with Applicant on the section 106 agreement for Green Horizons Park. He confirmed that Green Horizons Park needs to be implemented by 28 June 2024, and that there will be discussion about the discharge of conditions and the submission of reserved matters for Phase 1 before then. If Green Horizons Park is implemented, then the section 106 agreement will be carried forward. However, if it is not implemented, there are significant planning contributions and benefits, for instance there are playing fields which would be lost and need to be replaced (a sports field and changing room re-provision contribution was secured to ensure compliance with Sport England's Playing Fields policy). The various contributions need to be secured. Luton Borough Council would expect the section 106 discussions to pick those contributions up should Green Horizons Park not proceed.

The ExA queried in relation to employment training strategies, how those all work together, whether they still exist, how they work, and which strategy the ExA is looking at going forward.

David Gurtler for Luton Borough Council stated that the 2021 planning application for the 19 million PPA, if it comes forward, includes a review of the employment training and skills strategy. He indicated that he would expect the Applicant to take that on board and bring it forward. So, he would expect the training strategy associated with the 2012 application, which was then subjected to a s73 application in 2015, to fall away and something new to take over.

Michael Fry of counsel, on behalf of Luton Borough Council, drew the ExA's attention to the fact that job creation and socio-economic benefits is one of the key planks of the Luton Council's in principle support. He

	<p>drew the ExA's attention to paragraph 4.2.5 of the Council's Local Impact Report [REP1A-004], which deals with the importance of the airport as an employer to the town and notes that it is 12% of all jobs in the town.</p>
<p>To consider further the type of jobs that would be delivered and whether this would achieve the stated aspirations regarding levelling up.</p>	<p>The Applicant's Need Case [AS-125] sets out the economic context of the expansion proposals, as part of the growth ambitions for the Oxford-Cambridge Arc, indeed it is highlighted the airport is geographically located at the 'heart' of the Arc. The Need Case makes the argument that the area is home to high-value growth sectors that are linked to international connectivity, creating an international context for the local area's economy. However, the Need Case also identifies that the local area is also characterised by localised pockets of deprivation around the airport (it notes Luton, Bedford, Stevenage and Milton Keynes).</p> <p>Typically, airport-related employment (direct and indirect) covers a wide range of job types, skill levels and full and part time roles. Therefore, the scale and type of jobs projected would be expected to help address local deprivation. The Oxford Economics research [APP-079] builds up the direct employment projections via a detailed bottom-up approach which considers the growth in jobs across more than 25 subsectors.</p> <p>These are presented broken down across five broad sectors: Airlines and airport operation; Airline support services; Hotels and restaurants; Wholesale and retail; and Ground Transport.</p> <p>The largest sector (Airlines and airport operations) is projected to deliver the majority of the jobs projected by 2043 (9,300 out of 15,100 i.e. more than 60%). This sector is typically represented by a balance of higher and lower skilled roles, providing good opportunities for local employment, and therefore the potential to help achieve levelling up ambitions for the area.</p> <p>The ExA queried impact at the Luton area level and potential contribution that the airport's expansion could make to levelling up, and the contribution to Luton's economy.</p> <p>Genecon note that the Applicant's case does not have a detailed impact analysis section on this issue. However, Genecon note that Oxford Economics' report does point to direct job wages into the local Luton economy of £81.8m. Luton borough has a total of 91,000 (full and part-time) workers with total earnings of £1.7bn. The Oxford Economics report refers to 3,100 direct airport jobs (i.e. employed by the Airport), The Airport's contribution is however wider given the assessment reported that in 2019. there were a further 7,800 gross jobs (i.e. 10,900 less 3,100) in related industries and a further 800 indirect and induced jobs (i.e. a total</p>

	<p>contribution of c. 15% of the local economy). The projection at the Luton area level of the increase to 16,300 gross jobs by 2043 (assuming airport traffic growth projections are achieved), i.e. a 39% increase will undoubtedly have a positive impact on Luton's economy.</p> <p>Genecon do also note however, that the average earnings of the 3,100 airport jobs within Luton area have an average worker wage of c. £26,200 (2019) This is well below the average airport wage of £41,100 (page 17 of Oxford Economics' report), which suggests Luton workers are not accessing the higher paid jobs at the airport. This suggests that it would be beneficial for the proposals to be linked closely to a robust Skills and Employment plan that can raise skill levels over time for Luton area airport workers to help them access the higher value jobs at the airport.</p>
<p>To review the proposals for Community First including but not limited to the purpose of the fund; how it would be secured and how the proposed fund would be apportioned.</p>	<p>The Host Authorities welcome the commitment to a community fund.</p> <p>However, the Hertfordshire Host Authorities raised concerns in their Written Representation [REP1069] regarding the flexibility of the fund (paras 1.21, 2.2.1.1.6 – 2.2.1.1.8), and recommended, for example, widening the eligibility for grants beyond deprivation and decarbonisation, increasing the maximum size of grants, and considering eligible organisations for grants.</p> <p>Luton Borough Council and Central Bedfordshire Council raised similar issues in their Local Impact Reports Local Impact Reports [LBC in REP1A- para 4.12.5 and CBC REP1A-002 paras 6.7 – 6.9] respectively. Luton Borough Council further commented that given one of the key priorities is carbon neutrality by 2040, Community First should be front loaded, possibly with an initial kick-off lump sum to energise the community sector and support local decarbonisation and green skills.</p> <p>The Applicant's response refers to the 5 year review process to say that these things can be picked up in due course. However, the Host Authorities consider that appropriate flexibility to ensure best use of the Community First fund should be built into the design of the fund from the outset, and request that the Applicant engages on the issues that have been raised, rather than pushing these issues into a review process several years hence.</p> <p>It would also be helpful if, as suggested in the Hertfordshire Host Authorities' Written Representation [REP1069], the Examination process might be provided with some historic patterns of grant funding to</p>

	provide some context for the scale of historic take-up of community funding, to inform the design of the Community First fund and to ensure that it is genuinely effective.
4. Greenhouse Gases and Climate Change	
The Applicant will firstly be asked to briefly summarise its position.	No comments
Baseline data	No comments
Application of carbon trading and offsetting schemes	No comments
Airport operations in 2040/2050	No comments
GHG (Greenhouse Gas) Action Plan	No comments
Assessment of significance of effects	<p>Quantification of difference in GHG emissions</p> <p>As noted in the Hertfordshire Host Authorities' Local Impact Report [REP1A-003] (para 7.14.6), the Applicant has taken an approach within ES Chapter 12 GHG [APP-038] that only accounts for one way aviation trips above 3000 feet. The Applicant has responded referring to the advice of the CCC, UK carbon budgets and UNFCCC.</p> <p>The <i>Institute of Environmental Management and Assessment (IEMA) Guide: Assessing Greenhouse Gas Emissions and Evaluating their Significance</i> ("the IEMA GHG Guidance") states in Section 5.2: "The assessment should seek to quantify the difference in GHG emissions between the proposed project and the baseline scenario (the alternative project/solution in place of the proposed project). Assessment results should reflect the difference in whole life net GHG emissions between the two options".</p> <p>The approach taken (in the view of the host authorities) is not aligned with the IEMA best practice guidance, as it does not account for ALL emissions resulting from this project. The Host Authorities still consider that all emissions resulting from the proposed development should be reported and that the approach taken by the applicant significantly underestimates the carbon emissions impact of the Scheme.</p>

Assessment of significance

The Applicant has taken the approach within ES Chapter 12 GHG [APP-038] to determination of Minor Adverse effect rather than Moderate Adverse, following IEMA GHG guidance and given the predicted magnitude of carbon emission increase resulting from the Proposed Development.

As referenced in the Hertfordshire Host Authorities' Local Impact Report [REP1A-003] (para 7.14.5), the Host Authorities have concerns in relation to the assessment of significance as Minor Adverse. The Applicant has responded in its Response to the Local Impact Report [REP2A-006], stating that Minor adverse has been determined as it is deemed that the Proposed Development's GHG impacts would be fully consistent with applicable existing and emerging policy requirements and good practice design standards, as well as fully in line with measures necessary to achieve the UK's trajectory to net zero, including those outlined within the Government's Jet Zero Strategy.

The IEMA GHG guidance, Section 6.3 states that *"A 'minor adverse' effect or better is therefore a high bar and indicates exemplary performance where a project meets or exceeds measures to achieve net zero earlier than 2050. However, in the context of the severe threat of climate change, such an effect cannot be judged as significant beneficial – this category is reserved for projects with effects that directly or indirectly remove or avoid GHG emissions in the without-project baseline."*

The GHG assessment has been modelled and showed to be in line with the UK Jet Zero Strategy, hence resulting in this determination of Minor Adverse effect.

However, IEMA GHG guidance also states, in Section 6.3, to be minor adverse (not significant), the project must be *"doing enough to align with and contribute to the relevant transition scenario, keeping the UK on track towards net zero by 2050 with at least a 78% reduction by 2035 and thereby potentially avoiding significant adverse effects"*.

The GHG assessment has been modelled, as presented in ES Chapter 12 Inset 12.2 [APP-082], and showed that the project will not reach net zero by 2050. Therefore it could also be concluded that it would result in a Moderate Adverse (Significant) impact.

The ExA noted that from Luton Borough Council's Written Representations it can see that Luton Borough Council has declared a climate emergency but cannot see any documents submitted in respect of this.

Action Point 16 arising from ISH2

Action Point 16 required Luton Borough Council to submit relevant strategies, policies and other documents relating to Luton Borough Council's declaration of a climate emergency, if any. Luton Borough Council can confirm that there are a number of strategies that have contributed to its position on the climate emergency, and the airport and emissions associated with the airport are referenced in these documents. The first document, Climate Action Plan Support (Jan 2020), is a report prepared by Anthesis on behalf of Luton Borough Council to provide an evidence base to inform the Council's Climate Action Plan. The report includes, in Section 6, an analysis of the emissions associated with Luton Airport.

Luton Borough Council ran an eight-week consultation between December 2022 and January 2023 in relation to the draft Net Zero Roadmap, setting out the challenges and opportunities on the way to net zero by 2040, including in relation to Luton Airport, seeking to achieve carbon neutral airport ground operations by 2030 and net zero by 2040, as well as to deliver carbon neutral surface access by 2040. Alongside the Roadmap, the consultation included the Luton Net Zero: Climate Policy and Action Plan, setting out how the Luton Borough Council would work with residents, partners and organisations to reduce net carbon emissions and increase climate resilience by 2040. There are a number of actions associated with the airport under the Section 3: Transport and Active Travel' and Section 4: Luton Airport. The Climate Policy and Action Plan and the Net Zero Roadmap were formally adopted by the Council on 24 July 2023.

The documents shall be submitted to the ExA at Deadline 3.