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London Luton Airport Expansion

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London Luton Airport Expansion Development Consent Order



The Planning Act 2008

The Infrastructure Planning (Examination Procedure) Rules 2010

London Luton Airport Expansion Development Consent Order 202x

8.48 APPLICANT'S POST HEARING SUBMISSION - ISSUE SPECIFIC HEARING 2 (ISH2)

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1 INTRODUCTION

- 1.1.1 This document contains Luton Rising's, a trading name of London Luton Airport Limited, (the Applicant) oral summary of evidence and post hearing comments on submissions made by others at Issue Specific Hearing 2 (ISH2) held on 27 September 2023. Where the comment is a post-hearing comment submitted by the Applicant, this is indicated. The Applicant has also included tabulated responses to each of the action points raised by the Examining Authority (ExA) for ISH2 published on 4 October 2023.
- 1.1.2 The document uses the headings for each item in the agenda published for ISH2 by the Examining Authority (ExA) on 19 September 2023.

2 AGENDA ITEM 1 – WELCOME, INTRODUCTIONS, ARRANGEMENTS FOR THE HEARING

- 2.1.1 The Applicant, which is promoting a proposal to expand London Luton Airport (the Proposed Development), was represented at ISH2 by Rebecca Clutten, Of Counsel. The ExA also introduced the following persons:
 - a. Tom Henderson, Partner, BDB Pitmans, Legal Advisers to the Applicant;
 - Louise Congdon, Managing Partner, York Aviation, Topic Expert Need Case;
 - c. Kieron Hyams, Socio-Economist and Chartered Town Planner, Arup, Equalities Impact Assessment Expert Witness; and
 - d. Antony Aldridge, Programme Director, Luton Rising, Client Lead.

3 AGENDA ITEM 2 – NEED

3.1 Aviation Policy

- 3.1.1 The Applicant was asked to summarise its position on the need for the development regarding aviation policy and justification. The aviation policy context is set out in full in Section 3 of the **Need Case [AS-125]**.
- 3.1.2 The Applicant addressed two key themes of aviation policy. Firstly, the overarching theme underpinning policy, which is the economic importance of air transport to wider economic growth, and, secondly, an emerging theme of compatibility of aviation growth with climate change targets.
- 3.1.3 The Applicant explained that the starting position is 2013 with the *Aviation Policy Framework* (*APF*) (Ref 1) which sets out the long-term strategy. The Applicant drew the attention of the ExA to paragraph 5 of the Executive Summary of the document that sets out an overarching theme relevant to this application, namely striking the balance between economic benefits and

environmental costs. In this case, the Applicant asserts that economic benefits outweigh the harms in terms of environmental costs.

- 3.1.4 The Applicant explained that the theme of balancing benefits and costs appears again in the *Airports National Policy Statement (ANPS)* (Ref 2). This addresses the need for a third runway at Heathrow and confirms policy support for all airports to make best use of their existing runways. This was reiterated in the Government's *Beyond the Horizon; The future of UK aviation; Making best use of existing runways* document (*MBU*) (Ref 3), which provides a policy statement that the Government is supportive of airports beyond Heathrow making best use of existing runways. MBU is the overarching policy relevant to this application.
- 3.1.5 The *ANPS* (paragraph 5.82) also sets out the relevant consideration in relation to carbon whereby the Applicant asserts that the *ANPS* makes clear that carbon is not a reason for a refusal unless the effects are so significant that they would have a material impact on the Government's ability to meet its national carbon reduction targets.
- 3.1.6 The Applicant noted that following the pandemic, the Government produced *Flightpath to the Future: a strategic framework for the aviation sector (FttF)* in May 2022 (Ref 4), which provided a 10-year plan for the recovery of the sector, and which is seen as crucial to the economy in the wake of Brexit and the pandemic. *FttF* also stresses the need for aviation to have regard to managing and mitigating its impacts in relation to carbon and noise.
- 3.1.7 The Applicant explained that an important theme of *FttF* is about securing consumer benefits, highlighting the right of people to fly. This is confirmed in a response that the Prime Minister (PM) gave in Parliamentary Questions on 13 September this year, which was specifically in relation to this application. The PM gave a clear answer that it was a right for people to be able to go on holiday whilst re-emphasising the Government's commitment to achieving carbon targets by 2050. The public's ability to fly at an affordable price is an important part of Government policy.
- 3.1.8 The Applicant explained that there was a specific aviation policy detailing how carbon targets can still be met, whilst allowing the aviation sector to grow as set out in the *Jet Zero Strategy: delivering net zero aviation by 2050* (JZS) of July 2022 (Ref 5). The Government has mechanisms in place to ensure targets are still met through the UK Emissions Trading Scheme which covers the vast majority of flights now and will continue to in future. The *JZS* confirms that the

ANPS and *MBU* remain the relevant policies for considering airport plans for expansion.

- 3.1.9 The ExA asked the Applicant whether the *FttF* representing a recent strategy for recovery, should be considered as policy.
- 3.1.10 The Applicant asserted the position of considering it to be policy by differentiating from the *Aviation 2050* Green Paper of 2018 (*Aviation 250*) and referred to the recent Manston Airport Judicial Review Decision ([2023] EWHC 2352 (Admin). Case No: CO/3570/2022) handed down on 22 September 2023 which confirmed *FttF* should be considered a policy statement, albeit a 10-year policy.
- 3.1.11 The ExA asked the Applicant whether the *Aviation 2050* Consultation Document has status to inform *FttF* and the *JZS*.
- 3.1.12 The Applicant explained that, following the *Aviation 2050* consultation document of 2018, the Government had been intending to produce topic-specific policy papers but that the process had been overtaken by the pandemic. The first topic expected had been carbon and this was, ultimately, produced in the *JZS*. There are aspects of *Aviation 2050* that indicate the direction of policy until superseded by more recent policy statements, e.g., the *Overarching Aviation Noise Policy Statement* (Ref 6).
- 3.1.13 The ExA drew attention to paragraph 1.29 of the *MBU*, which provides a policy statement that the Government is supportive of airports beyond Heathrow making best use of existing runways. The ExA asked to what extent does the policy framework in *MBU* relate to paragraph 1.42 of ANPS, which refers to the Airports Commission and its view that that airports should make best use of existing infrastructure.
- 3.1.14 The Applicant explained that *MBU* policy is about airports making best use of their existing runways, remembering that the focus of the work of the Airports Commission was on whether additional runways were needed, and that this allowed for airports requiring additional infrastructure, such as terminals, in order to ensure that they could make best use of existing runways. The concept of best use is also related to demand; MBU is enabling airports to meet local demand in a competitive way so local demand around Luton should be met in Luton to the extent possible as this benefits consumers most.
- 3.1.15 The Applicant brought the attention back to *MBU* and *FttF* being policy documents. Referring the ExA to the recent SoS decision with regards to the Manston Airport Development Consent Order (Manston DCO) where these documents were expressly identified as government policy in a section of the

Secretary of State's decision letter of 18 August 2022 confirming the making of the Manston DCO (see, in particular, paragraphs 55 and 63 of that decision letter).

- 3.1.16 The ExA drew attention to the 10-point plan for the future of UK aviation in *FttF*, of which three in particular support growth in airport capacity. The ExA asked whether this represents a shift in position from *MBU* and how should this be considered when assessing need.
- 3.1.17 The Applicant stated that this is about ensuring that, when you are considering an application for making best use of a runway, you take into account the nature of the benefits that you are going to deliver, moving across to the socioeconomic part of this argument. This ultimately links to Luton being an area that needs levelling up and London and the South East being important economically and needing good connectivity so that people in this catchment area can fly conveniently.
- 3.1.18 The ExA narrowed the question and asked the Applicant to consider the capacity from where airports in the South East are and how this relates to the Proposed Development.
- 3.1.19 The Applicant explained that what the Government wants is a competitive aviation system. The airport system in London is not a single market but is an airport system with a number of different airports with different geographical catchment areas that overlap, but each catchment area also needs to be looked at in its own right. Travel to different (non-local) airports adds to costs and inconvenience for passengers and, ultimately, is economic cost to the country.
- 3.1.20 The ExA asked the Applicant about the balancing of Government policies; one government policy requires us to maximise use of airports in the South East and another policy requires development to be where local demand is. The ExA queried whether both of these policies be true at the same time.
- 3.1.21 The Applicant explained that what needs to be considered is the base of demand in the area served by an airport and then how that demand is best served. The level of demand should be driven by economic factors and what can be accommodated in meeting Jet Zero targets. The Applicant has looked at

what is the optimal balance and how its forecast reflects this optimisation as set out in Section 6 of the **Need Case [AS-125].**

3.2 Item 2 ii) Climate Change Committee and Other Reports

3.2.1 This was considered in Agenda Item 4.

3.3 Item 2 iii) Forecasting Assumptions

- 3.3.1 The ExA referred to the technical information within Section 6 of the **Need Case** [AS-125] and asked for a summary of how the stated future demand forecasts had been derived and how underlying data and modelling has been used to inform the forecast.
- 3.3.2 The Applicant explained that it has used best practice methodology, which is to forecast overall level of demand and then consider which airports that demand would choose to use. This is the same in concept as the methodology that the Department for Transport (DfT) uses when undertaking their airport specific forecasts and was used by the Airports Commission. The Applicant noted that this approach has been tested by the Bristol Airport Inquiry, and that the methodology is broadly accepted by the host authorities and by National Highways.
- 3.3.3 The Applicant has considered a range of possible outcomes as there are market uncertainties when considering higher and lower economic growth and costs of carbon. The Applicant's carbon costs are the same as used by the Government in its modelling for the *JZS*. These carbon costs trend from current traded carbon prices to the BEIS long term appraisal values and these are considered to take into account the potential higher costs of sustainable aviation fuels or the costs of abating carbon through new technologies.
- 3.3.4 The Applicant pointed out in its Deadline 2 submission **8.43 Response to** Chris Smith Aviation Consultancy Limited – Initial Review of DCO Need Case for the Host Authorities [REP2-042] that although the Government's *Jet Zero strategy: one year on* report of July 2023 (Ref 7) indicated reduced demand forecasts based on economic projections of November of last year, the most recent OBR forecast for UK economic growth of March 23 is slightly higher over medium term than the Applicant used in modelling, suggesting that the application forecasts are robust.
- 3.3.5 The ExA asked whether the Applicant is using their own aviation model or based on the DfT figures.
- 3.3.6 The Applicant explained that it has produced and used its own aviation forecasting model following the same principles of the DfT model using the

same demand elasticities which is rate of growth of air travel relative to economic and cost variables.

- 3.3.7 The ExA asked the Applicant how it could properly examine the suitability and reliability of the outcome of these forecasts to the extent that there were elements of judgement applied in deriving the assessment cases.
- 3.3.8 The Applicant explained that the current situation is complicated given the uncertainties about capacity being brought forward across a number of airports. In the first instance, underlying demand is projected using a Monte Carlo random simulation model, with the 50th percentile adopted as the most likely growth scenario. It is then important to look at the complexities of what could come forward in terms of capacity at other airports and the need to work out what Luton's share would be with each combination of additional runway capacity at Heathrow or Gatwick. This is done using the allocation model. The Applicant then took a hybrid approach of what is a reasonable case for assessment based on one more runway coming forward whether at Heathrow or Gatwick, which is a hybrid of the two modelled cases.
- 3.3.9 The ExA noted that in terms of examining suitability and reliability, the ExA would have to take the Applicant's model at face value. The Applicant offered to provide further explanation of the methodology as set out in Section 6 of the **Need Case [AS-125].**
- 3.3.10 The Applicant noted that the underlying need of the model was to account for an additional runway coming forward at either Gatwick or Heathrow and that this had been done using a methodology consistent with that used by DfT.
- 3.3.11 The ExA drew attention to changes to GDP which in 2023 is at -0.2% in comparison to that forecast in the **Need Case [AS-125]** which is +1.8%. The ExA questioned whether, if GDP does not increase and stays at a minus level, what the effect would be on forecasting figures.
- 3.3.12 The Applicant agreed that GDP in 2023 is projected to be lower than initially assumed but, given that passenger demand in 2023 is effectively now known and consistent with the forecast, there would be a rebasing of the forecast and

more weight can be put on GDP projections for 2024 onwards. Ultimately, a range of demand forecasts is set out with Faster and Slower Growth Cases.

- 3.3.13 The ExA put forward questions regarding long haul flights and how the figures in Table 6.4 of the **Need Case [AS-125]** have been arrived at.
- 3.3.14 The Applicant explained the calculations by looking at seat capacity, a weekly frequency and what an acceptable load factor would be and what that would mean in terms of number of passengers.
- 3.3.15 The Applicant was asked to check the accuracy of the figures in Table 6.4 by the ExA.
- 3.3.16 **Post Hearing Note**: the figures provided within Table 6.4 are calculated as the two-way passenger capabilities of different sized aircraft at an 85% load factor. The descriptions in the column headers are provided as the weekly or daily departure frequency from the airport i.e. '3 times weekly' means there are three departures from the airport and '2 times daily' indicates two flights departing the airport to a destination each day. This terminology is common in describing a frequency of service within the aviation industry, but this means that, when calculating the annual passenger figures, the frequency needs to be doubled to allow for the equivalent return flights to Luton.
- 3.3.17 **Post Hearing Note**: the Applicant can confirm that the figures in the table are all correct, albeit in each case have been rounded to the nearest 1,000 passengers for simplicity of presentation.
- 3.3.18 The ExA asked about route specific forecasts in relation to long haul flights and the uncertainty of how much weight can be given to the figures quoted in paragraph 6.3.34 of the **Need Case [AS-125]**.
- 3.3.19 The Applicant highlighted that when looking at route specific forecasts there is always a degree of uncertainty but the forecast for long haul flying overall is robust. Overall, as the airport grows towards 32 mppa, it would be reasonable to expect some element of long-haul flights so the Applicant felt it was prudent to allow and include for long haul flying so as not to understate the environmental effects.
- 3.3.20 The ExA asked the Applicant to clarify which long haul flights have previously flown from the airport and whether these were due to capacity restraints or lack of demand.
- 3.3.21 The Applicant explained how the London long haul system is dominated by London Heathrow Airport so there is a tendency to prioritise long haul flights there. The attempts of long haul from London Luton Airport were largely to USA

and business class only flights, which generally have not proved successful across a range of airports. However, this does not mean that there is not scope for leisure type long haul services to develop over time.

- 3.3.22 The ExA asked the Applicant about load factors and whether it was possible that with more seats on each aircraft, fewer flights would be needed.
- 3.3.23 The Applicant explained that the aircraft size transition is ongoing currently and the Applicant has taken into account the increase in aircraft size. It is possible airlines could seek to increase the number of seats on each aircraft further so you could end up with the same volume of passengers with fewer aircraft movements, but this was considered unlikely. There would still be the need for the terminal capacity to be developed in relation to increased passenger numbers.
- 3.3.24 The ExA asked about the comparison back to the 2012 planning application. The Applicant highlighted that airlines re-fleeting goes in cycles and that the refleeting is largely proceeding as expected in 2012 but that airlines had also increased load factors to a greater extent than had been anticipated so resulting in fewer aircraft movements at 18 mppa. However, it was not considered that there would be scope for substantial further increases in year-round load factors. Load factors can vary seasonally by direction of travel.
- 3.3.25 The ExA noted how the Applicant has presented a forecast using a range of quantitative data and asked the Applicant what level of interest has been shown by existing and new airlines to deliver proposed growth and to deliver new routes.
- 3.3.26 The Applicant explained that this was the challenge of planning inquiries because airlines are reluctant to give a future commitment at times of inquiry given competition within the industry. Wizz Air wrote in their additional submission [AS-133] that they are interested in expanding. Other airlines are keen to grow but the Applicant does not have written confirmation at this stage.

3.4 Item 2 iv) Capacity and Coordination

3.4.1 This has been considered within previous agenda items.

3.5 Item 2 v) Other Airport Capacity

3.5.1 This has been considered within previous agenda items.

3.6 Item 2 vi) Strategic Economic Case

- 3.6.1 The ExA drew attention to the Oxford Cambridge Arc development area. The **Need Case [AS-125]** states that London Luton Airport is the only major airport in the arc and so growing Luton will be essential to achieving growth in the arc.
- 3.6.2 The Applicant stated that this was an over-simplification as it is not the only strategic economic argument, but instead there are more broad economic drivers such as levelling up and improving connectivity. There are a number of representations from the host authorities and other Interested Parties acknowledging the economic benefits.
- 3.6.3 [Post-Hearing Note: Examples of representations recognising the economic value of the Proposed Development include Bedfordshire Chamber of Commerce [RR-0141], SEMLEP [RR-1364], England's Economic Heartland [RR-0443] and the Bedfordshire Luton and Milton Keynes Integrated Care Board [RR-0143].
- 3.6.4 The ExA noted that looking in the Oxford Cambridge Arc documents, mention of Luton could not be found as a need for airport growth in the Arc.
- 3.6.5 The Applicant responded that the Arc is mentioned in the context of many other strategic economic considerations underpinning the economic need for the Proposed Development.
- 3.6.6 The Applicant was asked to confirm to what extent the Proposed Development would contribute to the Oxford-Cambridge Arc and to the business located within these areas.
- 3.6.7 **Post Hearing Note**: The Applicant confirms that Figure 2.1 of the **Need Case** [AS-125] is taken from the National Infrastructure Commission work in connection with the Arc. As stated, London Luton Airport is the only major airport shown as being within the Arc. As such it is considered relevant to attracting businesses to locate in the Arc in terms of the connectivity that it provides.

4 AGENDA ITEM 3 – SOCIO-ECONOMIC MATTERS

4.1.1 The ExA explained that the focus would be on employment and that a number of questions, especially more technical questions, would be submitted in writing.

4.2 Item 3 i) Number and Location of Jobs

- 4.2.1 The ExA asked how many jobs the airport currently supports and asked about the accuracy of the job breakdown figures the Applicant has supplied, specifically in relation to paragraph 11.7.3 of **Chapter 11 of the Environmental Statement [APP-037]** where 10,900 jobs was cited, but with the breakdown by type of job accounting for 10,700 jobs.
- 4.2.2 The Applicant noted that the correct figure is 10,900 and this would be confirmed. [**Post Hearing Note:** see Action 4 in Table 1.1 below].
- 4.2.3 The ExA asked about the **Employment and Training Strategy [APP-215]**. They noted that in Chapter 11 of the **Environmental Statement [APP-037]**, the figures for job opportunities are increasing but asked whether the jobs predicted included adjustment for jobs lost (paragraph 11.9.20 of Chapter 11) as jobs will need to be moved and reproved during the construction period.
- 4.2.4 The Applicant confirmed that the figures cited are the gross job creation before displacement i.e. job numbers originally cited were made before those jobs were noted as being losses.
- 4.2.5 The ExA noted two potential areas for job automation at the airport and questioned if the numbers have been adjusted as a result. The Applicant confirmed that this had been taken into account and the automation factored into the productivity assumptions.
- 4.2.6 The ExA asked the Applicant whether it has any information regarding the planning permission granted in 2012 and whether the passenger cap increase has delivered the jobs it promised to provide.
- 4.2.7 The Applicant explained that the way job numbers were assessed for the previous planning application was on a different basis and included jobs which are not strictly airport-related so comparisons are difficult. The Applicant agreed to prepare a note on the comparisons with the original jobs projected in 2012 to now.
- 4.2.8 The ExA spoke about the number of section (s) 106 agreements of relevance to the application referring to the 2012 planning permission and also a s.106 agreement relating to Green Horizons Park, employment skills procurement and

training strategies. The ExA queried what would happen to the strategies that are currently secured with the new strategy coming forward.

- 4.2.9 LBC noted that discussions have not yet to start with the Applicant on s106 agreements attached to the existing planning permission or Green Horizons Park permission. LBC noted that the Applicant will be engaging with LBC regarding the discharge of pre-commencement conditions for the Green Horizons Park permission and the outline permission reserve matters, which need to be submitted by June 2024 for the planning permission to remain live. LBC noted that there are significant planning contributions and benefits associated with Green Horizons Park. For example, there are playing fields which would be lost. LBC would expect a s106 discussion to pick up these issues in case Green Horizons Park does not go forward. There could be a potential overlapping of employment and training strategies.
- 4.2.10 The ExA asked about how all of the strategies would work together and whether they would they still all exist or whether the 2012 employment and training strategy would fall away because it has been replaced by the Employment and Training Strategy [APP-215] associated with the DCO. The Applicant will provide further information on this at Deadline 4.
- 4.2.11 The Applicant noted that in the **Planning Statement [AS-122]**, there is a nonexhaustive Heads of Terms for the section 106. One of those is for replacement sport pitches.

4.3 Item 3 ii) Types of Jobs and Contribution to Levelling Up

- 4.3.1 The ExA noted the weight given by the application to the importance of the levelling up agenda locally that is backed up by LBC's vision for 2040, to have Luton as a healthy, fair and sustainable town. The ExA noted that jobs at the airport are well-paid, but Luton appears to have the lowest median wage in the Three Counties according to the Environmental Statement. The ExA asked the Applicant to explain how the average wage of jobs directly supported by the airport can be above average if Luton wages are below median average.
- 4.3.2 The Applicant explained that these facts are correct but not inconsistent with each other and there is a need to return to the **Employment and Training Strategy [APP-215]**. The types of employment at the airport still range in accessibility and there is a good blend of higher order jobs, entry level jobs, the semi-skilled and the unskilled also attract reasonably good wages. The Applicant highlighted a need to try and target harder to reach areas.

- 4.3.3 The ExA asked the Applicant what they would do differently to try to help raise the lower median wage in Luton.
- 4.3.4 The Applicant agreed that it would track the differences between the development of employment created by the original planning permission and what is being proposed. It was agreed that this note was to be submitted at Deadline 4.
- 4.3.5 Buckinghamshire Council noted that it supports economic developments brought forward by the airport and stressed the need to be involved in a local economic development working group.
- 4.3.6 The New Economics Foundation noted the back and forth from the Applicant in relation to the Halcrow Assessment from 2012 and significantly higher jobs forecast than is shown now to be the case. Jobs in aviation have not increased I at a national level and data sets elsewhere not used by the Applicant show this has played out locally in Luton. This shows that the number of jobs is about 1000 fewer pre-financial crisis to now. On the issue on job quality, employees of the airport are not paid notably better than jobs within the region and that is the Applicant's own data.
- 4.3.7 In respect of community funding, the ExA asked for clarification on what is happening with the provision for passengers below the 18 mppa or potential 19 mppa cap, and whether it is being kept or will be falling away with the DCO.
- 4.3.8 The Applicant wished to address a misconception that £0.5 per passenger is a fixed contribution in respect of community funding. The figure was used as a specific measurement at one point in 2019, showing the comparative level of funds within the existing community funding programme. The existing community funding programme is not linked to passenger throughput. The Applicant uses the £0.5 per passenger point as a comparison against the performance of other airports in the UK. The Applicant confirmed that the existing community funding programme is wholly separate from the proposals before the ExA for expansion of the airport.
- 4.3.9 The ExA asked whether the two funds would run in parallel and the Applicant explained that they would. The ExA asked in practical terms what would happen if the current 2012 planning permission fell away, and whether the existing funding programme will be secured.
- 4.3.10 The Applicant explained that the existing level of community funding is not linked to the 2012 planning permission. The Applicant considers itself to be a social enterprise with community funding central to its activities, and so whilst

the existing level of community funding could fall away, as there is no obligation for the Applicant to provide this, that scenario is very unlikely.

- 4.3.11 In response to a question from the ExA about if Community First was proposed to be index linked, the Applicant explained that there will be a regular review process for Community First and that the level of contribution would be one of the aspects to be reviewed at intervals of no more than 5 years.
- 4.3.12 The ExA asked whether there was double counting of Luton in the calculations of the fund and the Applicant explained that Luton sits within the county of Bedfordshire, but 40% is for outside of the boundary of the Borough of Luton.
- 4.3.13 The ExA asked if the fund is going to be administered by an independent administrator, then how would this be funded. The Applicant explained that Bedford and Luton Community Foundation is an independent body and it is not for the Applicant to determine how that body is funded.
- 4.3.14 The ExA noted that the purpose of the fund is to contribute to the Luton 2040 vision and make Luton thrive, but that Luton has been part of a similar fund for quite some time yet there are still issues with deprivation. The ExA asked the Applicant to explain why Community First would make any difference.
- 4.3.15 The Applicant noted that it cannot be wholly down to charitable giving to solve the social problems in any particular area.
- 4.3.16 The ExA questioned whether a 60/40 split is appropriate, and the Applicant explained that it is when considering the relative level of deprivation in Luton. IMD has three key methodologies in measuring deprivation: by rank running from most deprived to the least; by score based on an aggregated collection of a number of different factors and ranked nationally; and by comparison against the 10% most deprived Lower Super Output Areas. In comparing data for Luton with the averaged scores for the surrounding areas within the Community First zone, the range of relative need for Luton sits between 57% and 82% of the total Community First pot. The Applicant has positioned the Luton contribution at the lower end of this range.

- 4.3.17 Buckinghamshire Council responded by noting that it would welcome the inclusion of four wards within Buckinghamshire and would like to ask for consideration to extending to these areas of deprivation in Buckinghamshire.
- 4.3.18 The Applicant agreed to take this away and consider it.
- 4.3.19 The Applicant confirmed to the ExA that the Community First would be secured by section 106 agreement.
- 4.3.20 The ExA asked a question based on paragraph 11.1.3 of the Draft Compensation Policies, Measures and Community First document [REP2-005], querying how the Applicant would ensure that the criteria set out could comply with the tests for section 106 obligations as defined in the National Planning Policy Framework (Ref 8). The Applicant agreed to take this away and anticipates providing a response at Deadline 4 as requested by the ExA.

5 AGENDA ITEM 4 – GREENHOUSE GASES AND CLIMATE CHANGE

- 5.1.1 The Applicant summarised its position on the effects of greenhouse gases (GHG) which are reported in Chapter 12 of the Environmental Statement [APP-038]. GHG from Proposed Development includes emissions over project life cycle.
- 5.1.2 The Applicant explained that it has undertaken assessment aligned with the *ANPS*, reporting under four main emissions categories, specifically: aviation, surface access, construction and airport operations. Aviation emissions are impacted by two policy pieces: JZS and the Transport Decarbonisation Plan (TDP) (Ref 9) also government levers around the UK Emissions Trading Scheme (UK ETS) and the Carbon Offsetting Reduction Scheme for International Aviation (CORSIA).
- 5.1.3 The Applicant explained that the assessment has developed a baseline and core planning case, and the impact of JZS is built into these. The Applicant has made a number of key assumptions as part of assessment. There is a legal duty on the Government to achieve net zero by 2050 and the reduction of carbon emissions is in line with this legally binding requirement; this is government policy and can be relied on. The Government uses legal levers in form of the UK ETS and CORSIA. To assist with removing carbon emissions where other elements of Jet Zero do not get brought forward at same level of Government forecasting.
- 5.1.4 The ExA queried the status and weight to be given to the JZS and TDP which are described as key policies within government commitments. The ExA questioned how much weight can be given to the JZS and the TDP given that

they are not detailed policies and are representations so the ExA will need to consider them further.

- 5.1.5 The Applicant asserted that they can be seen as policy and can be relied on and given weight as such. These are long term policies which have some element of uncertainty, but as different technologies develop the Applicant will still align with Government carbon targets.
- 5.1.6 The ExA referenced the *FttF* policy and the Manston Airport Judicial Review and noted to the Applicant that it would be useful to pull together other examples where it can be shown that these documents have been used as policy.
- 5.1.7 The ExA noted that the UK Climate Change Committee (CCC) 2023 Progress Report states that there should be no airport expansion and the ExA questioned whether this application considers whether less weight should be given to the Jet Zero Strategy in that context.
- 5.1.8 The Applicant responded that the CCC Progress Report will not and should not affect the amount of weight given to the JZS. The Applicant noted that the CCC is an advisor to Government. Government does not need to follow its advice and indeed has rejected it several times in recent times. The Applicant agreed to address this point further in note to be provided at Deadline 4 (see Action 12 in Table 1.1 below).
- 5.1.9 The Applicant mentioned that in the SoS decision letter for the Manston DCO, there was reference to both JZS and the TDP as policies and agreed to include this as part of a note to be submitted by Deadline 4, as per Action 13 in Table 1.1. below.
- 5.1.10 The ExA asked whether any sensitivity analysis has been done on the aspirational targets involved in Jet Zero. The Applicant noted that a response to this could be provided following the hearing, and anticipates providing this information by the ExA's deadline, being Deadline 4, as per Action 15 in Table 1.1.

- 5.1.11 The ExA drew attention to the PM's recent announcement in relation to climate change and whether the Applicant envisages needing to make changes to the **Green Controlled Growth (GCG) Framework [APP- 218]** as a result.
- 5.1.12 The Applicant responded that it did not. The announcement will not affect the Applicant's plans for GCG and the controlling of GHG emissions via the GCG Framework.

5.2 Application of carbon trading and offsetting schemes

- 5.2.1 The Applicant asserted that the majority of flights from London Luton Airport will be captured by the UK ETS. There are a small number of flights departing to destinations outside of the European Economic Area (EEA) that are not captured by the UK ETS and would be excluded from CORSIA as well.
- 5.2.2 A significant number of flights departing from Luton fall within the remit of both the UK ETS and CORSIA, so in principle aircraft operators could be liable to surrender allowances under the UK ETS for the same emissions that they are required to offset under CORSIA. It remains to be seen how the interaction between the two systems will evolve to regulate aviation emissions more broadly. One possibility is for the scope of an emissions trading system be modified to exclude emissions that are affected by CORSIA.
- 5.2.3 The ExA asked the Applicant to confirm in writing how many flights will be caught by the UK ETS and how many will be caught by CORSIA, so that the ExA understands how many are not caught by trading schemes. The Applicant will provide this information at Deadline 4, as per Action 17 in Table 1.1.
- 5.2.4 Buckinghamshire Council noted that CORSIA runs to 2035 and is more relevant to the long-haul routes which will not come into effect until 2037. The CORSIA scheme is fundamentally different from the UK ETS and is very much less robust; it offsets emissions on the 2019 baseline only. The future of this scheme beyond 2035 government is not clear around its aspirations and there is much uncertainty for Government policy and how to handle emissions.
- 5.2.5 The Applicant will respond to this as requested by the ExA at Deadline 4.
- 5.2.6 The ExA drew attention to section 12.5.8 of **Chapter 12 of the Environmental Statement [APP-038]** and queried why the destination matters for the landing and take-off cycle.
- 5.2.7 The Applicant noted that the destination of a flight does not impact GHG emissions calculated for the landing and take-off (LTO) cycle of a flight. Journey destination is only required to be accounted for during the cruise, climb and descent (CCD) phase of flight which considers emissions between the Luton

Airport and the destination airport. The Applicant agreed to provide further clarification at Deadline 3, as per Action 21 in Table 1.1.

- 5.2.8 The ExA queried the treatment of domestic flights and the target of these to be Net Zero by 2040 and whether this had been allowed for in the modelling.
- 5.2.9 The Applicant agreed to provide clarification at Deadline 4 on the Jet Zero Strategy 2040 target in relation to domestic flights and why this was not included in the modelling, as per Action 22 in Table 1.1.

5.3 Carbon budgets

- 5.3.1 The ExA noted that the percentage contribution from the Proposed Development in the context of national carbon budgets is very small and queried whether there would be an assessment against details provided in the Sixth Carbon Budget relating specifically to aviation and shipping emissions to give a more realistic measure of the impact.
- 5.3.2 The Applicant noted the terms of approach being endorsed by courts and the SoS, which is an assessment against national carbon budgets. The Applicant's position is that it is appropriate to assess the contribution against the national budget as a whole but agreed to take this point away and provide further information at Deadline 4 to justify its position, as per Action 23 in Table 1.1.
- 5.3.3 The ExA queried whether measures relating to landing and take-off should be included within Scope 1 emissions, given some of the measures are reported to be within the airports direct control. The Applicant reiterated that the current practice for aviation emissions is that they fall within Scope 3, which is outside of the ownership and control of the airport, so the Applicant has taken this view in terms of its approach of the assessment. A detailed response to this has been provided at Action 24 within Table 1.1.
- 5.3.4 The ExA queried whether with the potential move away from airports being net zero, why the 2040 zero emissions target for airport operations is not being treated as something that is likely to happen. The ExA asked the Applicant whether its modelling includes getting operational emissions down to zero in 2040? The ExA further noted that there must be some way of limiting the Applicant's emissions to make sure that the measures are achievable, and the Applicant highlighted that they are achievable
- 5.3.5 The Applicant acknowledged that the modelling of GHG emissions from airport operations presented in the Chapter 12 of the Environmental Statement [APP-038] shows residual GHG emissions in 2040. The Applicant also acknowledged that a zero emission target for airport operations by 2040 has

been set out in the JZS but that the definition and scope for 'airport operations' is to be agreed following further consultation. In **Chapter 12 of the Environmental Statement [APP-038]**, the Applicant has committed to reviewing the results of the consultation on the scope of zero emissions airport operations by 2040 and within three months develop plans as to how the airport will meet the zero emissions target.

- 5.3.6 The Applicant also stated that the modelling of GHG emissions from Airport Operations in **Chapter 12 of the Environmental Statement [APP-038]** only accounts for emissions reduction measures committed to as part of the Proposed Development. The majority of Airport Operational emissions shown in 2040 are as a result of residual emissions from the generation of grid electricity. A number of measures that will reduce GHG emissions further from the Airport Operations are being explored outside of the DCO such as a private wire connection to a renewable energy source.
- 5.3.7 The Applicant explained that the national budget is the only legally binding carbon budgets currently in used which is why the Applicant has used those.

5.4 Surface access journeys

- 5.4.1 The Applicant noted that the Government is clear that aviation GHG emissions as set out in of the JZS and MBU are a national issue. Local impacts caused by aviation expansion need to be locally addressed as part of proposals by airports for MBU. The Applicant acknowledges that although emissions arising from surface access are reportable within the GHG footprint, the airport operator cannot directly control the scale of these emissions.
- 5.4.2 On that basis use of offsets should be allowable in order to meet the requirements of the GCG Framework. Offsetting would be allowed to reach that limit of zero by 2040. The Applicant confirmed that this was captured as part of the DCO.
- 5.4.3 The ExA questioned what would stop a developer wanting to save emissions through offsetting only and not pursue source reduction.
- 5.4.4 The Applicant noted that in section 3.4 of the **Green Controlled Growth Framework [APP- 218],** there has been reference to research of costs of offsetting which are increasing and therefore the Applicant will want to reduce from source more and more frequently.
- 5.4.5 The ExA questioned what assurances there are that carbon offsetting costs will continue to go up and the Applicant responded that there are a limited number of offset schemes that meet set criteria for what constitutes an appropriate

offset. Given increasing demand and restricted supply this will mostly likely continue to see an upward drive on prices. The Applicant mentioned the government consultation in 2022 on the issue of offsetting the results of which are still to be determined. The Applicant agreed to review this and come back on it when the results are published.

- 5.4.6 The ExA noted that the **Outline GHG Action Plan [APP-081]** should include a requirement for regular review and the Applicant responded that it will be regularly reviewed as part of airport operations, but also as new carbon budgets are published.
- 5.4.7 The Applicant noted that the purpose of the GCG net zero carbon commitment put forward by the Airport was to demonstrate its commitment to operate within the Limits set out in the ES. It seeks a proactive action plan in terms of mitigation options rather than them being fixed by the forecast within the ES. The ES forecasts are only carried out for assessment phases of development and so provide an indicative trajectory. Moving forward the actual reportable emissions may vary from the forecast and so the Applicant will have to respond accordingly to maintain Limits set out in the **Green Controlled Growth Framework [APP- 218]** and so be able to continue operations.
- 5.4.8 The ExA requested that the Applicant's references in Chapter 12 are revised because some of them appear to be incorrect at present. **Post Hearing Note**: This was provided at deadline 3.

6 AGENDA ITEM 5 – ACTION POINTS ARISING FROM HEARING

6.1.1 The Action Points noted by PINS were made available on 29 September 2023 and have been noted in Table 1.1 below.

7 AGENDA ITEM 6 – ANY OTHER BUSINESS

7.1.1 The Applicant had no further comments.

8 AGENDA ITEM 7 – CLOSE OF HEARING

8.1.1 The Applicant had no further comments.

Responses to Action Points from ISH2

Table .1: Applicant's Response to Action Points from ISH2

Action	Description	When	Applicant's response
Socio-e	conomic matters	1	
4	Applicant to confirm which figure for current jobs in Chapter 11 is correct.	D3	The 10,900 jobs figure cited in paragraph 11.7.3 of Chapter 11 of the Environmental Statement [APP-037] is correct. The paragraph also provides details of the main employment groups supported by the airport which total circa 10,700 jobs.
			The remainder of these jobs are related to ground transport which brings the total figure to 10,900. The full breakdown of the 10,900 jobs currently provided by the airport is provided in Section 2.1, Figure 5 in Appendix 11.1 – Oxford Economics. The Economic Impact of London Luton Airport [APP-079] report.
			Please note that figures have been rounded to the nearest 100 jobs.
5	Provide a breakdown of jobs in relation to the original 2012 planning permission, including those that are non-airport related.	D4	The Applicant will provide a response at Deadline 4.
6	Track the differences between the development of employment created by the original planning permission and what is being proposed. This is in light of very similar strategies, Luton still having a high rate of	D4	The Applicant will provide a response at Deadline 4.

Action	Description	When	Applicant's response
	deprivation and the levelling up agenda.		
7	Written response to Buckinghamshire Council's detailed requests regarding involvement in the Employment and Training Strategy. Include a response to the points made by the New Economic Foundation at the hearing.	D4	The Applicant will provide a response at Deadline 4.
9	Consider the request by BC that eligibility for the Community First Fund be extended to include an additional four deprived wards in its area.	D4	The Applicant will provide a response at Deadline 4.
10	Advise how it would ensure that the Community First Fund would still comply with the test for a section 106 if under a periodic review the eligibility criteria was changed/ widened to include grants to schemes other than in relation to decarbonisation or tackling deprivation.	D4	The Applicant will provide a response at Deadline 4.

Action	Description	When	Applicant's response
Greenh	ouse Gas and Climate Chang	е	
11	Provide a note discussing the status of the Jet Zero Strategy (2022) and Transport Decarbonisation Plan (2021) with particular regard to their treatment as Government 'policy'.	D4	The Applicant will provide a response at Deadline 4.
12	Include an assessment in the note (Action Point 11) of the implications of the Climate Change Committee's 2023 Progress Report on the deliverability of the Jet Zero Strategy.	D4	The Applicant will provide a response at Deadline 4.
13	Include reference in the note (Action Point 11) to the paragraphs relating to policy status of strategies in the Secretary of State's Decision letter for Manston Airport DCO of 18 August 2022.	D4	The Applicant will provide a response at Deadline 4.
15	To review whether any sensitivity analysis has been undertaken in relation to 'high-ambition' delivery timescales in the	D4	The Applicant will provide a response at Deadline 4.

Action	Description	When	Applicant's response
	Jet Zero strategy. If it has been undertaken, signpost where this is located. If not, provide the sensitivity analysis or explain why this is not required.		
17	Provide a breakdown of how many flights are caught by CORSIA, the UK ETS or by neither. This should include a breakdown by emissions and any other parameters that may assist the ExA.	D4	The Applicant will provide a response at Deadline 4.
19	Respond to points raised in BC's D3 submission.	D4	The Applicant will provide a response at Deadline 4.
20	Clarify where in Chapter 12 of the ES a quantitative distinction is made between international and domestic aviation emissions as required in the ANPS.	D3	The Applicant acknowledges that a quantitative breakdown between international and domestic aviation emissions was not presented in Chapter 12 of the ES [APP-038] . Table 3.5 of ES Appendix 12.2 GHG Methodology and Data [APP-082] provides a breakdown of total emissions for the Future Baseline and Core Planning Case, including and excluding international air transport, but the Applicant accepts that this does not align with the recommendation set out at paragraph 5.76 of the ANPS. A breakdown explicitly detailing international and domestic aviation emissions only is provided in Table 1 below. Table 1: Projected annual aviation emissions, broken down between Domestic and International flights, under the Future Baseline and the Core Planning Case. All data in tonnes CO ₂ e/year.

Action	Description	When	Applicant's response							
				Future	e Baseline - Avia	ation	Core PI	anning Case - A	Aviation	
			Year	Domestic	International	Total	Domestic	International	Total]
			2025	36,350	920,388	956,738	39,697	975,006	1,014,704	
			2026	33,342	887,373	920,714	36,419	971,042	1,007,461	
			2027	30,468	855,369	885,838	31,687	979,297	1,010,984	
			2028	29,287	827,534	856,821	27,503	956,334	983,837	
			2029	28,315	800,996	829,311	26,511	924,583	951,095	
			2030	27,385	775,397	802,782	25,849	892,859	918,708	
			2031	26,563	751,117	777,680	25,268	862,695	887,964	
			2032	25,801	729,689	755,490	24,987	834,727	859,714	
			2033	25,063	708,796	733,860	24,765	807,294	832,059	
			2034	24,345	688,466	712,811	24,597	780,384	804,982	
			2035	23,641	668,675	692,316	24,465	754,386	778,851	
			2036	22,967	649,259	672,227	24,335	728,974	753,309	
			2037	22,300	628,570	650,870	25,491	805,568	831,059	
			2038	21,650	608,509	630,159	25,662	848,676	874,338	
			2039	21,017	589,010	610,027	26,519	903,502	930,022	
			2040	20,272	568,690	588,961	26,314	916,518	942,832	
			2041	18,487	524,236	542,723	24,880	901,105	925,986	
			2042	16,871	483,904	500,775	23,575	889,090	912,665	
			2043	15,340	444,810	460,150	21,728	859,670	881,398	
			2044	13,861	407,729	421,590	19,456	793,664	813,121	
			2045	12,420	371,600	384,020	17,241	729,385	746,626	

Action	Description	When	Applicant's response							
			2046	11,723	351,931	363,655	16,237	691,898	708,135	
			2047	11,106	334,144	345,250	15,360	657,628	672,988	
			2048	10,452	315,676	326,128	14,418	622,431	636,848	
			2049	9,912	299,850	309,763	13,659	591,670	605,329	
			2050	9,393	284,596	293,989	12,929	561,997	574,926	
21		D3	must b target target	e balance for domest is applicab	d by offsets tic aviation s le to aircraf	or remov set out in t operato	vals in ord paragrap ors, not to	ler to meet tl h 1.3 of the	he net zer Jet Zero S	missions that o emissions Strategy. This associated
21	Clarify if, and if so why, the destination matters for calculating emissions during the landing and take-off cycle.	D3	with th Aviatio	e landing a n emission ition Progr	and take-off	(LTO) c n calcula	ycle. ated using	the Europe	an Monito	
			Luton provide namely includi (CCD)	Airport to t es two out / all activit ng approa	he destination puts for the ies near the ch, taxi, idle light namely	on airpoi journey, airport t and take	t is entere 1) emission hat take p e-off and 2	ons for the L	alculator. TO cycle he altitude , climb an	The calculator stage of flight e of 3000 feet d descent
				stance to t hase emis		on airpoi	t is only a	ccounted for	r in the ca	lculation of

Action	Description	When	Applicant's response
			^[1] European Environment Agency, EMEP/EEA air pollutant emissions inventory guidebook, 2019.
22	Provide a clarification on the Jet Zero Strategy 2040 target in relation to domestic flights and why this wasn't included in the modelling, while other targets in the Jet Zero Strategy have been relied upon.	D4	The Applicant will provide a response at Deadline 4.
23	Explore whether or not the relevant emissions from the Proposed Development should be assessed against the emissions for 'aviation and shipping' in the sixth Carbon Budget in addition to the carbon budget as a whole.	D4	The Applicant will provide a response at Deadline 4.
24	Clarify what is under airport control and consider if measures relating to Landing and Take-off should be included in scope 1 emissions because they are reportedly in direct control of the airport.	D4	 The Applicant notes that the deadline for this information was set as Deadline 4, however it has been possible to respond for Deadline 3. This response is set out below. It is not considered appropriate, or in line with best practice, to report GHG emissions from aircraft during the landing take-off cycle within the airport's Scope 1, direct emissions. GHG emissions under control of the airport are reported in ES Chapter 12, Greenhouse Gases [TR020001/APP/5.01], under the category of Airport Operations. Emissions from Airport Operations include direct GHG emissions

Action	Description	When	Applicant's response
			from sources that are owned or controlled by the airport, for example emissions from the combustion of fuel in owned or controlled boilers and vehicles. These are categorised as Scope 1. Airport Operations also includes indirect GHG emissions resulting from the consumption of imported energy services, predominantly grid electricity. These are categorised as Scope 2.
			A third category, Scope 3, is used to report all other indirect emissions arising as a consequence of activities at the airport but that are not from sources owned or controlled by the airport. These are outside of the Airport Operations category and include, for example, emissions from Surface Access journeys of passengers and staff travelling to and from the airport, and emissions from Aviation. Table 2 of Appendix 12.1 Outline Greenhouse Gas Action Plan [APP-081] contains a small number of short term (2020-2025) carbon reduction targets previously identified by LLAOL as the airport operator.
			The second of these is to "Assess if steeper approaches can be adopted and implement recommendations. Steeper Runway Approaches can reduce carbon emissions during the LTO [landing and take off] phase of flight." The target date is given as 2023, and the extent of airport control is given as Direct Control .
			Paragraph 2.3.1 of Appendix 12.1 [APP-081] points out that these measures are not dependent on the Proposed Development and will therefore be implemented under both the Future Baseline and the Core Planning Case scenarios.
			It is important to note that the term Direct Control refers to the introduction of steeper runway approaches by the aircraft, should this be recommended. It does not mean that the airport operator has direct control of the specific emissions source, i.e., emissions from fuel use in aircraft during the LTO phase of flight.
			All GHG emissions from aircraft during flight (LTO and CCD) are therefore considered to fall within the Scope 1 emissions of the aircraft operator, and within

Action	Description	When	Applicant's response
			the Scope 3 emissions of the Applicant. Emissions cannot be within the Scope 1 of more than one party at any given time.
			The Applicant therefore does not accept that the fact of having direct control of one aspect of the flightpath during runway approaches brings any aircraft emissions within their Scope 1.
25	Check references in Chapter 12 are correct and submit a revised version.	D3	An updated version of Chapter 12 has been submitted at Deadline 3.

REFERENCES

Ref 1 *Aviation Policy Framework* published by the Department for Transport on 22 March 2013.

Ref 2 *Airports National Policy Statement* published by the Department for Transport on 5 June 2018.

Ref 3 *Beyond the horizon; The future of UK aviation; Next steps towards an Aviation Strategy* published by the Department for Transport in April 2018.

Ref 4 *Flightpath to the Future: a strategic framework for the aviation sector* published by the Department for Transport on 26 May 2022.

Ref 5 *Jet Zero Strategy: delivering net zero aviation by 2050* published by the Department for Transport on 19 July 2022.

Ref 6 *Overarching Aviation Noise Policy Statement* published by the Department for Transport on 27 March 2023

Ref 7 Jet Zero strategy: one year on report published by the Department for Transport on 20 July 2023

Ref 8 National Planning Policy Framework published by the Department for Levelling Up, Housing and Communities on 27 March 2012

Ref 9 Transport Decarbonisation Plan published by the Department for Transport on 14 July 2021