

The Harpenden Society (“The Society”)

Comments on any further information/submissions received by Deadline 3 Luton Rising (“LR”) Development Consent Order (“DCO”) application

Funding

- 1 In the light of Ms Dowling’s comments at CAH1 we will await the additional information from the Applicant before commenting on the financing or funding of the Proposed Development.

The Need for the Development

General

- 2 We note that the ExA has highlighted the fact that a significant number of the business benefits that the Applicant claims would arise from the development (or the curtailing of opportunity if the development was not permitted) are unevidenced and has requested the Applicant to provide suitable evidence. Whilst we await the additional information before commenting further on the business benefits (or lost opportunity) aspects of the Need case we would make the following observations about points that we have already raised and the Applicant has responded to.

Economic context

Air intensive and air sensitive sectors

- 3 We note LR refers to Government research¹ into the “local of impact of airports that included the concept of air intensive sectors as an indicator of the likely dependence of the economy in a local area on air transport connectivity” as a means of justifying its use of this measure.
- 4 However, the research findings under the heading “Presence of Air Intensive Sectors in Region” (page 28) include the following:
 - “the approach has not been as widely used. However, it remains a useful tool for considering context.” (page 29);
 - “The primary limitation to be noted in relation to this measure is that the spend data on which it is based is collated at national level. This may mean that regionally or sub-regionally individual sectors’ patterns of expenditure may be different”. (page 30);
 - “To maintain consistency, we have used Great Britain as the denominator comparator across all airports, including airports in Northern Ireland. Therefore, a degree of caution may be required in interpreting results”.
- 5 We would add the following concern:

¹ [Developing a framework for the local economic impact of airports final report \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/671112/Developing_a_framework_for_the_local_economic_impact_of_airports_final_report.pdf)

- There's no attempt to assess whether in fact it is non-airport related factors that influence businesses location decisions so no-one can assess how significant this relationship is compared to others (this point is made in the research report when referring to PwC research (page 5) "broader agglomeration factors may be relevant to the clustering of activity, over and above the presence of an airport");
- A Location Quotient of 1 is an amazingly low hurdle to jump. It just means the region has a higher concentration locally than nationally but doesn't address the intensity of location in the region (i.e. it could be that there is a much greater concentration in other regions);
- LR make no attempt either to consider, given the close proximity of the London airports, which airport is actually driving the (alleged) concentration.

A proper academic research piece would have looked at the validity of the proposition compared to these and other tests to assess whether the original proposition was valid.

- 6 The reality is this measurement tool is irrelevant to providing "economic context".

High value added employment centres

- 7 We note that LR does not challenge our analysis in relation to this variable which is "that the evidence of clustering of key scientific, technology and high technology manufacturing employment around the airport is limited" but merely restates unevidenced statements about the Arc and exports (which are addressed in ExA questions so we do not intend to dwell on them here) and their belief that there are concentrations of economic sectors in the area that are demonstrably reliant on air travel and offer significant opportunities for future growth without ever demonstrating how these sectors are "demonstrably reliant" on air travel from Luton airport. We don't argue that these sectors have significant opportunities for growth but we question whether growth at Luton airport will have much impact on such growth, especially given the limitations on the growth of Luton airport's non-European route network.
- 8 Our concerns about air intensive sectors mentioned in paragraph 20 above are equally relevant here.

Foreign Direct Investment ("FDI")

- 9 LR's has offered no evidence to support its claim that "there's a close match to the connectivity the airport provides in Europe for FDI". In the absence of such evidence it is reasonable to conclude there is no close match.

Tourism

- 10 LR's response to our original concern that it is inappropriate to claim the benefits of inbound tourism but ignore the cost of outbound tourism only restated information in the Need Case (i.e. Government supporting outbound tourism for its health benefits and it being inappropriate to simply look at the difference in tourist expenditure in isolation).
- 11 Government policy does not say the costs of outbound tourism should be ignored and our position remains as set out in REP1-165.

- 12 LR's claim that "Luton airport's growth is beneficial to tourism" by claiming inbound tourism benefits but discounting outbound tourism costs is a completely one-sided and inaccurate position.
- 13 The tourism deficit is too significant a loss to national income to be ignored and LR should be required to assess its impact and compare it to the claimed inbound tourism benefits it claims (that figure, in any event, is an estimate and suffers from a number of calculation flaws itself).
- 14 Without such an analysis, we do not believe any weight can be attached to the inbound tourism effects claimed by LR.

Deprivation and employment in Luton

- 15 LR's response offers little in the way of comfort that our concerns will be addressed through the airport's growth. They refer to the ETS, which is in fact a series of statements that represent the bare minimum level of engagement we'd expect of any employer but no strategy for improving skills and wage levels through the airport's growth to alleviate deprivation. To be of any value and therefore to have any weight attached to it, and make a meaningful impact on deprivation in Luton, it needs to be specific about what skills challenges need to be met, be they educational or practical, what needs to happen to meet those challenges, how they are going to happen and when.
- 16 Without this, no-one can have any confidence that the current imbalance between the average wage attributable to airport jobs as a whole compared to the average wage of Luton residents will improve, which LR claim is what is going to happen. We would argue, as many other Interested Parties have argued already, that the jobs that will be filled by Luton residents will continue to imbalance and have little effect on deprivation. We invite LR to produce a granular (job by job type) analysis of the roles that airport growth will offer Luton residents to demonstrate its case.
- 17 Our point about employment was that unemployment remains stubbornly high in Luton relative to surrounding areas despite growth at the airport, which suggests that all that is happening is that airport jobs are displacing other local jobs or people are commuting from outside Luton to undertake airport jobs. Growth at the airport will see a continuance of that trend.
- 18 Thus, we remain concerned that airport growth will not alleviate deprivation in Luton.

Socio-economic benefits of the development

- 19 LR rising has offered no explanation for the lack of GDP growth in Luton relative to the three counties and six counties during the recent rapid expansion at the airport. We referred to this point because the Oxford Economics report is prepared on a gross basis and doesn't reflect the displacement of other employment and GDP as a result of the airport and ancillary services hoovering up available land and employment and either existing businesses relocating out of Luton or new businesses failing to relocate into Luton due to the increasing environmental disbenefits of being located in a town dominated by an airport with poor and congested transport links.

- 20 Without any assessment of this (and it's dismissed by LR in paragraph 8.3.6 of AS-125 as an abstract concept) the true economic effects of the airport cannot be properly assessed.
- 21 We ask the ExA to require LR to produce evidence to address the issue of displacement (particularly in Luton and the three counties) and its effects on the overall economic contribution to growth at Luton airport in recent years.

Noise and vibration

- 22 We noted in REP1-165 paragraph 128 that LR has effectively ignored the long term noise limits set in the 2014 planning permission.
- 23 LR's response claimed that those limits were no longer relevant as they were "based on the benefits of ongoing noise reduction but no further growth benefit" and were not "relevant for an application for development consent. Two points arise:
 - Firstly, the economic benefits will continue to accrue year on year – there are therefore ongoing economic benefits that need to be matched to the ongoing commitment to reduce noise – the economic benefits do not need to keep growing; and
 - Secondly, it is also worth noting the original plan was for the economic benefits to largely dovetail with reductions in the long term noise limits so the receipt of the economic benefits earlier is a windfall gain (and it hardly surprising they won't grow in the future);
- 24 We note in the recently determined 19 million Planning Inquiry the Inspectors made it a condition precedent that the airport operator comes up with a credible plan to reduce noise to the long term limits.
- 25 It is also relevant that the applicant (London Luton Airport Operations Limited) in that Inquiry as well as Luton Borough Council ("LBC") agreed that the further (admittedly small) reduction in the long term noise limits was relevant to meeting the conditions in Local Policy LLP6 to achieve "further noise reduction" policy sub-section (v) and "include proposals that will, over time, result in a significant diminution and betterment of the effects of aircraft operations on the amenity of local residents" policy sub-section (vii). Clearly, they both considered compliance with local policy for a new planning permission took the existing planning permission's noise conditions as the starting point and couldn't just be ignored.
- 26 The policy outcome of acceptance of LR's position is that, in future, any developer would be free to take split any long term development into several stages, apply for permission for each stage separately and then take all the financial benefits of each stage's development as early as possible but fail to deliver the environmental benefits and then claim in the follow up application that the current limit is what are likely to be (as is certainly the case here) no improvement in the environmental harms (noise in this case) and so effectively end up with no environmental improvement at the end of the final stage.
- 27 Quite apart from being completely inequitable, it cannot have been the intention of Parliament in setting out national policy or the EIA regulations to allow such an outcome when referring to the current environment. The current environment should necessarily include any future committed to benefits unmet when a further planning application is made. We urge the ExA to address this point specifically as it has major ramifications not only for this application but all future planning applications.

- 28 We further note that the noise contour Limits in Green Controlled Growth (“GCG”) are the Faster Growth noise contours. In order to meet Government policy requirements to achieve a balance between economic benefits and environmental harms (in this case noise) the GCG limits should be set at the Core Growth limits. It does not prevent faster growth but it incentivises the airport operator to manage noise to achieve the financial benefits of faster growth but does not penalise communities if growth is faster than represented by the Core Growth scenario. LR describe the Core Growth case as the “most likely outcome” (it’s the 50% [middle] percentile in its modelling). If environmental limits are assessed at the 80% percentile it stands to reason that the environmental targets should be tightened not relaxed to reflect the additional economic benefits that will accrue.
- 29 Transport for London in its written representations REP1-168 stated that the GCG Limits “are completely lacking in ambition, based on the core forecast with additional headroom provided in the form of a ‘reasonable worst case’ scenario. Such an approach is not designed to offer any environmental gain. The GCG limits should be driving environmental improvements, not providing a cushion for the proposed development to pollute greater than forecast”. We agree with this statement which corresponds to our views above. LR’s response to this representation (REP 1-024 page 18) stated that “This approach has been taken forward in the context of the UK government’s Aviation Policy Framework¹ (APF), which sets out how the aviation sector delivers economic growth and other benefits for the country, whilst acknowledging that the sector results in environmental impacts that need to be managed and balanced against these benefits.” Providing a cushion does not meet this policy objective.
- 30 We urge the ExA to hold LR to account for their failure to take account of the above matters in their noise proposals. It is perfectly possible for LR to reduce noise and to rely on noise insulation mitigating any significant effects is inadequate.

Fleet mix

- 31 The ExA has posed a number of questions about fleet mix to the applicant. We will await the applicants response before commenting further.

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Green Controlled Growth (“GCG”)

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Roles and Responsibilities of LBC

- 35 We note that LR responded to our concern about the lack of separation between LBC and LR by stating that “LBC is not dependent on income from the Applicant to balance its budget, nor would LBC be bankrupt without income from the Applicant”.

- 36 To further illustrate LBC’s dependence on income from the airport to balance the budget we refer the ExA to the CIPFA report² in relation to LBC’s capitalisation direction which, when referring to the income from the airport, described it as “Dependence on income from

² [CIPFA local government finance review: Luton Borough Council \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/671102/cipfa-local-government-finance-review-luton-borough-council.pdf)

London Luton Airport” and in its conclusions stated “The Council has been proactive in managing the **unprecedented financial pressures that arose as a result of the loss of income from the commercial operations of its airport subsidiary** and in making some hard decisions in order to realise savings [to balance the budget]”. The requirement to grow those savings continues and, as was reported to the LBC Executive recently, it is becoming increasingly difficult to achieve such savings. Clearly, as other income sources are relatively inflexible (mainly Council tax and Business rates) the pressure to maximise the income from LR grows.

- 37 We further note that LBC’s draft 2022/23 statements of account include the following statement in the introduction:

Any deterioration in LLAL finances will undoubtedly have an impact on the Council’s finances. The Council’s financial sustainability is closely linked to the position of LLAL, its 100% owned Airport Company and its recovery from the impact of the pandemic.

- 38 We believe these references emphasise the dependence LBC has on the income from the airport, especially as the latter emanates from LBC’s Director of Finance and LR’s acceptance in their response to our representations that if income from the airport reduces cuts would have to be made in discretionary services (we don’t believe there is much headroom for further cuts and the recent report to the LBC Executive refers to the fact that most services are struggling to come up with acceptable measures to meet this year’s budget shortfall).
- 39 Thus, in the face of this undoubted reliance on income from the airport to fund services, our concern remains that there is no practical separation between LBC and LR and the former will not do anything that harms the ability of LR to maximise the concession fee income.
- 40 Therefore, bearing in mind too the 19m planning inquiry Inspectors recognition of the lack of trust between LBC and the local community and the extent to which it has been repeated at this Examination already, we ask the ExA to ensure that the way in which the airport is held to account under GCG does not leave LBC as the ultimate enforcer of its terms.
- 41 So whilst we note that planning law that recognises LBC’s position as the ultimate enforcer, enforcement can be achieved by giving the ESG the power to levy fines for breaches of GCG and we ask the ExA to examine such an approach as part of the ESG’s remit. The level of fines should be sufficient to discourage any breaches of the Limits.

Community First Fund

- 42 Having read LR’s response to the ExA questions at ISH 2 with respect to the whether the new CFF was additional to LR’s existing charitable funding LR it is clear that it could fall away despite LR responding to our original concern in REP1-165 that the CFF will be “additional” to LR’s existing charitable funding.
- 43 This is the relevant extract from REP3-049:

- 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.

- 44 This is the relevant extract REP2-037 (page 50):

The respondent appears to have misunderstood the Applicant's proposed Community First fund, which would be provided by the Applicant, **in addition to** maintaining its existing community funding programme. Neither of these are funded by Luton Borough Council.

Community First is the Applicant's commitment to providing, from its own revenue, £1 for every passenger above the 18 mppa existing planning cap (or 19mppa if the airport operator's application for such is ultimately successful). This clearly represents only a significant increase in committed charitable donations by the Applicant.

- 45 Clearly, LR is back-tracking, if its original response to us is to be believed. If only the CFF commitment is secured by the s106 agreement, we expect the existing charitable donations to fall away due to LR's precarious financial position.
- 46 We urge the ExA to ensure the s106 agreement includes a commitment to underwrite both the existing charitable funding and the proposed CFF to ensure the community benefits are fully protected.