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# London Luton Airport Expansion

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## **8.73 Applicant's response to Written Questions - Need Case**

Infrastructure Planning (Examination Procedure) Rules 2010

Application Document Ref: TR020001/APP/8.73

**The Planning Act 2008**

**The Infrastructure Planning (Examination Procedure) Rules 2010**

**London Luton Airport Expansion Development Consent  
Order 202x**

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**8.73 APPLICANT'S RESPONSE TO WRITTEN QUESTIONS - NEED  
CASE**

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# 1 RESPONSE TO EXAMINING AUTHORITY WRITTEN QUESTIONS (NEED CASE)

Table 1.1: Responses to the Examining Authority's Written Questions (Need Case)

PINS ID	Question / Response
NE.1.1	<p><b>Question:</b> <b>CAA Passenger survey data</b> A large amount of the underlying data quoted within the Need Case [AS-125] relies on CAA passenger survey data. To allow the ExA to have more understanding of the context of the data, can you provide further details on how it is collected and the number of respondents?</p> <p><b>Response:</b> The CAA Passenger Survey is undertaken annually in the UK by the Civil Aviation Authority, commencing originally in 1968. The survey includes a number of questions centred on aspects such as journey purpose, the next and final destination of passengers, the surface origins and destinations, the country of residence, income and means of travel to and from airports. The CAA indicates that the surveys are to “obtain information about air travellers and the determinants of the travel market.” (Ref 1) The survey data provides the basis for forecasting air transport demand and is used by the Department for Transport to underpin their own air passenger forecasting work. Its use underpinning the case for airport development is widely accepted.</p> <p>Whilst some airports are surveyed annually, others are surveyed less frequently. London Luton Airport, along with London Heathrow, London Gatwick, London Stansted, Manchester and (since 2012) London City Airport are all surveyed annually. East Midlands and Birmingham airports, to the north of the London Luton catchment area, have both been surveyed annually since 2010.</p> <p>The survey is a sample-survey, collected through interviews of a sample of departing passengers within the terminal building. The sample is then uprated to reflect the total passenger numbers on a route-by-route and airline-by-airline basis based on statistical data provided to the CAA by the airport (which keeps a record of this in the movement database). The survey is undertaken on the outbound flight and therefore is doubled to allow for arrivals.</p> <p>In 2019, there were 11,052 surveys undertaken at London Luton Airport. 31,661 surveys were undertaken at Gatwick Airport, 57,256 at Heathrow Airport, 26,633 at Stansted Airport and 5,510 at London City Airport.</p>
NE.1.2	<p><b>Question:</b> <b>Government policy</b> The Planning Statement [AS-122, paragraph 9.1.12] states “Government policy on aviation is clear that increases in aviation capacity are necessary and that they bring significant socio-economic benefits”. Explain what government policy is being referenced.</p> <p><b>Response:</b> This paragraph of the Planning Statement is a cross reference to <b>Section 3</b> of the <b>Need Case [AS-125]</b>, where the aviation policy context is set out more fully.</p> <p>Of particular relevance are the following: The <i>Aviation Policy Framework</i> (or APF) of 2013 sets out the key objectives and principles underpinning Government policy on aviation. At its heart is the statement (para. 5) that “The Government’s primary objective is to achieve long-term economic growth. The aviation sector is a major contributor to the economy and we support its growth within a framework which maintains a balance between the benefits of aviation and its costs, particularly its contribution to climate change and noise” (Need Case, paragraph 5.3.5).<sup>2</sup></p> <p>In <i>Flightpath to the Future</i> (page 70), the Government re-confirms its support for airport expansion: “Airport expansion has a key role to play in realising benefits for the UK through boosting our global connectivity and levelling up. We continue to be supportive of airport growth where it is justified, and our existing policy frameworks for airport planning provide a robust and balanced framework for airports to grow sustainably within our strict environmental criteria. They continue to have full effect, as a material consideration in decision-taking on applications for planning permission. The Government is clear that the expansion of any airport must meet its climate change obligations to be able to proceed.” (Need Case, paragraph 3.3.56)</p>

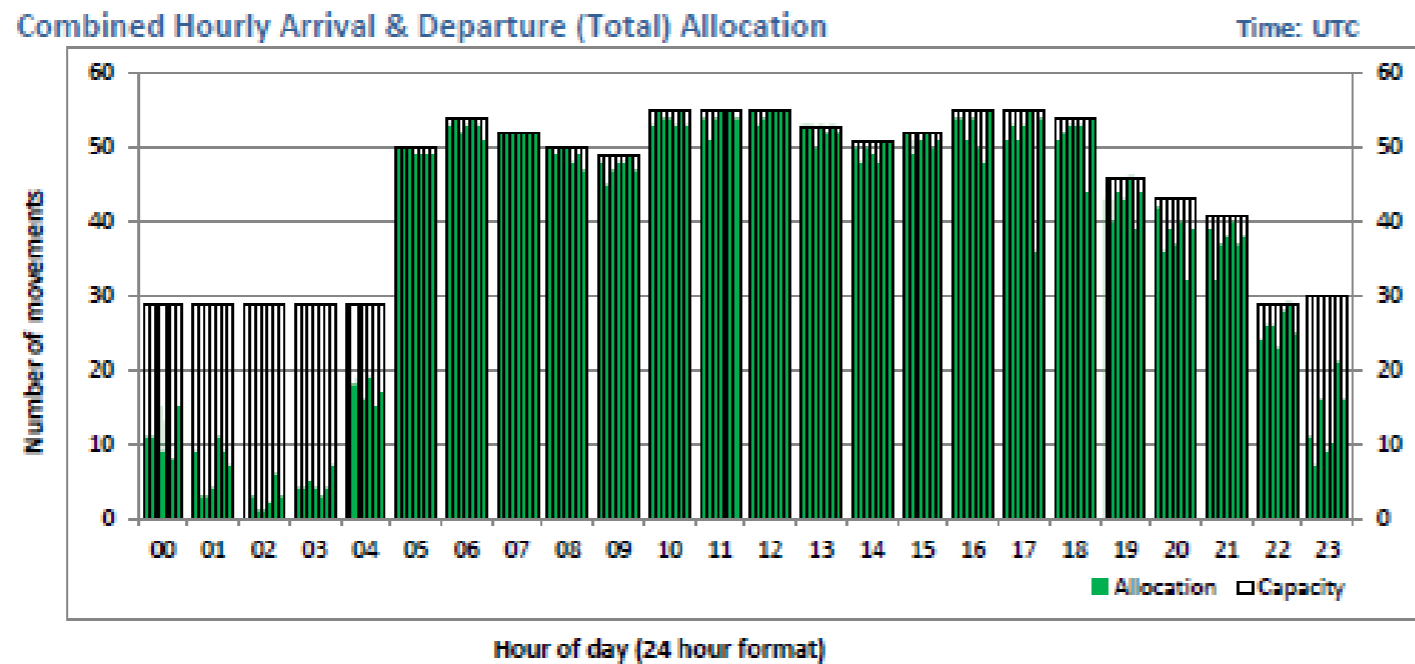
PINS ID	Question / Response																																																					
	It is clear that aviation policy supports growth in aviation activity, including increases in airport capacity, in light of the full range of socio-economic benefits deriving from aviation growth. Further detail is provided in Section 3 of the Need Case, which sets out a range of policy support for airport growth and explains the Government's position in relation to the economic importance of airport expansion.																																																					
NE.1.3	<p><b>Question:</b>  <b>Existing Airport Capacity in the South East</b>  The Rule 6 letter [PD-007, Annex F, Section 13] requested information relating to flight and passenger information. In addition to the information requested in the bullet points, it was also requested that information containing the current caps on passenger and/ or aircraft movement at Heathrow, Gatwick, Stansted, London City and Southend Airports and the total number of passengers and/ or aircraft movements to each of these airports in the year 2019 be submitted, along with any changes to restrictions that have taken place since 2019. This is to allow for better understanding of the current situation regarding capacity and current restrictions attached to airports located in the south east of England. The ExA notes the submission in [REP1-016] which contains the requested information relating to London Luton Airport but this does not contain the information relating to other south east airports.</p> <p><b>Response:</b>  The current capacity caps at the other London airports and their throughput in 2019 are set out in the table below:</p> <table border="1"> <thead> <tr> <th rowspan="2">Airport</th> <th colspan="2">Current Annual Limits</th> <th colspan="2">Revised Annual Limits</th> <th colspan="2">Utilisation 2019</th> </tr> <tr> <th>Passengers</th> <th>Aircraft Movements</th> <th>Passengers</th> <th>Aircraft Movements</th> <th>Passengers</th> <th>Aircraft Movements</th> </tr> </thead> <tbody> <tr> <td>Heathrow</td> <td>n.a.</td> <td>480,000</td> <td>n.a.</td> <td>n.a.</td> <td>80,890,031</td> <td>478,059<sup>1</sup></td> </tr> <tr> <td>Gatwick</td> <td>n.a.</td> <td>n.a.</td> <td>n.a.</td> <td>n.a.</td> <td>46,576,473</td> <td>284,987</td> </tr> <tr> <td>Stansted</td> <td>35 mppa</td> <td>265,000 air transport movements, of which no more than 243,500 can be passenger air transport movements and no more than 20,500 can be cargo air transport movements</td> <td>43 mppa</td> <td>274,000 aircraft movements, of which no more than 16,000 can be cargo air transport movements</td> <td>28,124,292</td> <td>199,925</td> </tr> <tr> <td>London City</td> <td>6.5 mppa</td> <td>111,000 aircraft movements</td> <td>n.a.</td> <td>n.a.</td> <td>5,122,271</td> <td>84,260</td> </tr> <tr> <td>Southend</td> <td>n.a.</td> <td>53,300 aircraft movements</td> <td>n.a.</td> <td>n.a.</td> <td>2,035,535</td> <td>36,327</td> </tr> </tbody> </table> <p>It is important to note that where an airport does not have a planning cap, this does not mean that capacity is unconstrained as there will also be physical limitations on the capacity available with the existing infrastructure. Because an airport does not have a planning cap in place does not mean that it has unlimited capacity to expand without seeking further planning consent.</p>						Airport	Current Annual Limits		Revised Annual Limits		Utilisation 2019		Passengers	Aircraft Movements	Passengers	Aircraft Movements	Passengers	Aircraft Movements	Heathrow	n.a.	480,000	n.a.	n.a.	80,890,031	478,059 <sup>1</sup>	Gatwick	n.a.	n.a.	n.a.	n.a.	46,576,473	284,987	Stansted	35 mppa	265,000 air transport movements, of which no more than 243,500 can be passenger air transport movements and no more than 20,500 can be cargo air transport movements	43 mppa	274,000 aircraft movements, of which no more than 16,000 can be cargo air transport movements	28,124,292	199,925	London City	6.5 mppa	111,000 aircraft movements	n.a.	n.a.	5,122,271	84,260	Southend	n.a.	53,300 aircraft movements	n.a.	n.a.	2,035,535	36,327
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<sup>1</sup> The data cited above is taken from CAA Airport Statistics 2019, Table 3.1 but other tables cite the airport as handling 479,811 air transport movements.

**PINS ID**      **Question / Response**

In the case of **Heathrow**, it is evident that there was limited spare capacity in 2019.

In the case of **Gatwick**, it has a current declared runway capacity of up to 55 aircraft movements per hour based on its current infrastructure. In 2019, according to Airport Coordination Ltd in the Start of Season report for summer 2019, the airport had very limited spare capacity available on a regular basis throughout the week as shown in the chart below (each individual green bar reflects the stated hour on days Monday through Sunday). The airport also has night movement constraints in place. Overall, the scope for growth with the existing infrastructure is highly limited. Gatwick has applied for development consent to bring its northern standby runway into permanent use to overcome these constraints.



**Stansted** currently has spare capacity but by August 2023 was handling more passengers than in the equivalent month in 2019 indicating strong growth.

**London City** has applied to increase its passenger cap to 9 mppa and this is subject to a planning appeal.

Although **Southend** has spare aircraft movement capacity, its market is localised and would not provide an alternative to London Luton Airport for passengers in the latter's catchment area (see page 5 of **REP1-022**).

The demand forecasts for the application for development consent have considered available capacity at these other airports as set out at paragraph 6.3.21 of the **Need Case [AS-125]**. Heathrow and Gatwick are assumed to be constrained in the first instance at the longer term capacities assumed by the Department for Transport in *UK Aviation Forecasts 2017*, Table 22. The impact of increases in runway capacity at both Heathrow and Gatwick have been expressly tested as set out in Section 6 of the Need Case.

**NE.1.4**

**Question:**  
**Airport Capacity in the South East**  
Based on the information in the report by Chris Smith Aviation Consultancy Limited [REP2-057, Table 3.3], it is understood that neither Heathrow nor Gatwick have passenger cap restrictions although Heathrow is subject to a restriction of 480,000 Air Traffic Movements (ATM) and Gatwick 283,000. Stansted has obtained permission for a further 8MPPA. Passengers per ATM in 2019 at Heathrow and Gatwick were 168.6 and 164.7 respectively (Luton was 165). In the absence of a passenger cap at Heathrow and Gatwick, to what extent can spare capacity in the London airspace be currently met at these airports by the number of passengers per ATM increasing?

**Response:**  
As set out in response to NE.1.6 both Heathrow and Gatwick have very limited capacity for growth in aircraft movements. As stated in that response, Gatwick does not currently have a planning cap on the annual number of aircraft movements that it can handle but the Department for Transport has previously assumed 290,000/291,000 movements as an annual ceiling on the number of aircraft movements (Ref 3) but the achievability of this would depend on the airlines being willing to take up the remaining slots at less popular times of day and/or increase their operations during the winter months.

**PINS ID**      **Question / Response**

In terms of the contention made by CSACL [REP2-057] that Heathrow and Gatwick could grow above the capacities assumed in the modelling for the DCO forecasts, even if constrained by their existing runway capacity, through growth in the number of passengers per passenger air transport movement, there are two key points:

1. The growth in passengers per passenger air transport movement cited in Table 3.1 of REP2-057 is partly a reflection of increases in load factor as well as aircraft size. Over the same 20 year period, airline load factors grew by 8.7% per annum as shown in Figure 1.1 below. This load factor growth accounts for a substantial proportion of the growth in passengers per movement at airports.

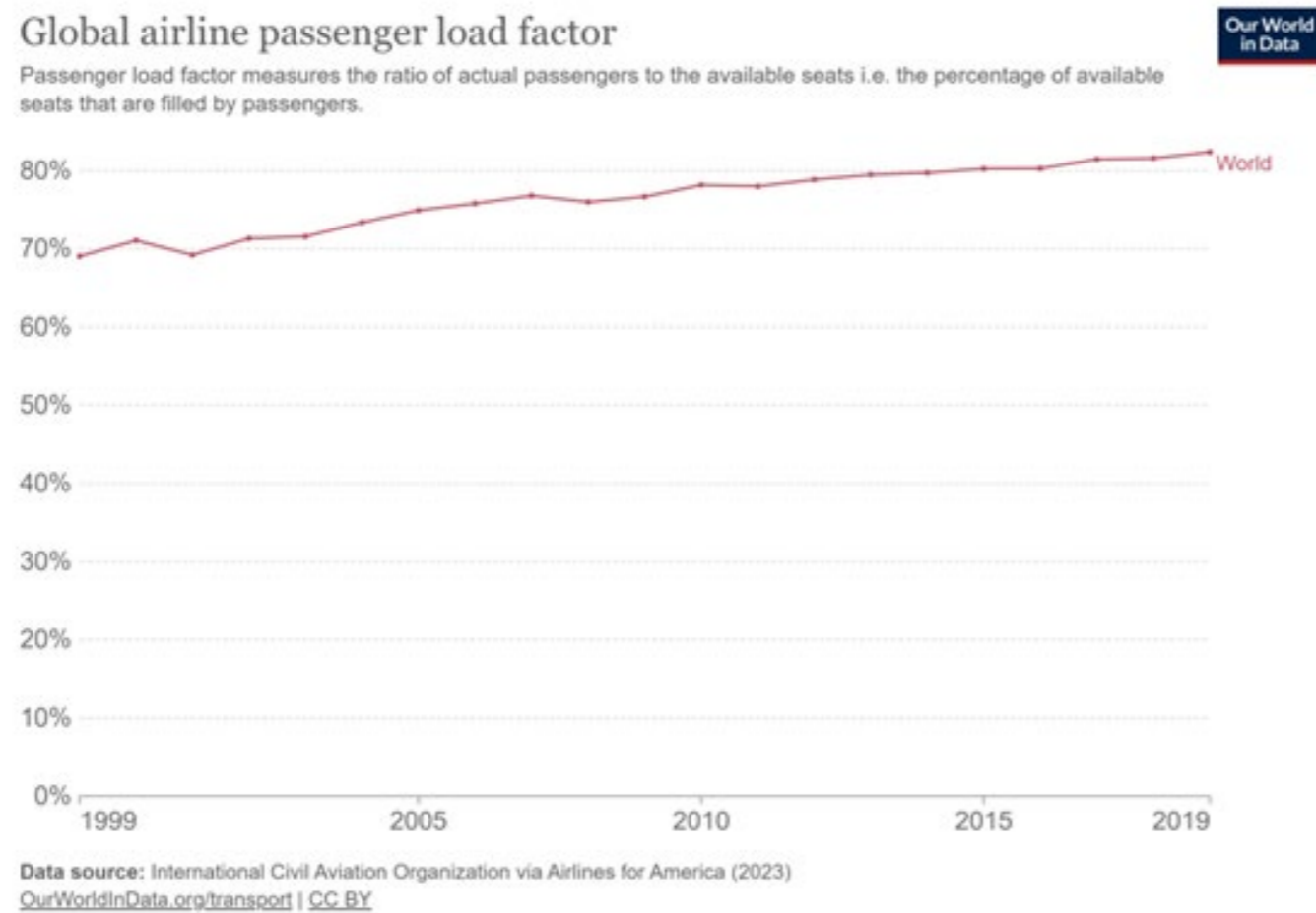


Figure 1.1: Load Factor Growth

2. As highlighted in paragraph 6.6.14 of the Need Case [AS-125], ultimately there is a ceiling on load factors due to asymmetries in demand at any point in time and seasonal variations. Low cost carriers, such as those that provide the majority of flights at London Luton Airport, tend to operate with higher load factors than full service airlines, such as British Airways, that are dominant at Heathrow and play a more substantive role at Gatwick. The latter carriers tend to operate with lower load factors. This is partly due to offering multiple classes of travel and also because of the greater proportion of fully flexible tickets that are sold, enabling passengers to switch between flights, meaning that some spare capacity has to be left to accommodate such passengers.

It is highly unlikely that load factors could feasibly continue to grow at the pace seen over the period 1999-2019. Hence, this reduces the ongoing scope for growth through increasing passengers per passenger aircraft movement. The Applicant considers that the same trend in increase in passengers per aircraft movement applying at London Luton Airport (Need Case [AS-125], paragraph 6.6.16) would be most likely to apply at the other two airports as well, i.e. an initial rate of 1% per annum to the mid-2020s, reflecting ongoing transition of the short haul fleet to larger new generation variants, declining to 0.25% per annum. On this basis, the long term capacity of Heathrow would be 90 mppa as assumed in the Need Case but there could be some scope for Gatwick to grow further to handle up to 53.5 mppa on a single runway by 2050, (51 mppa at 2030 and 52 mppa at 2040).

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	<p>Even if the latent capacity at Gatwick, with a single runway, were to be marginally greater than assumed in the demand forecasts, this would make no material difference to the forecast for the airport. Using Figure 6.3 of the <b>Need Case [AS-125]</b> as the basis, even if all of the increase in passengers at Gatwick were to be taken from London Luton Airport, this would mean latent unconstrained demand at the airport of c.31 mppa in 2030, which is in excess of the assessed Phase 1 capacity of 21.5-23 mppa, and c.29.5 mppa in 2043, which lies within the range between the Core Planning Case and the Slower Growth Case, as set out in Table 6.5 of the Need Case. Hence, any reasonable change to the assumption about capacity at Gatwick would make no material difference to the case for the Proposed Development as assessed.</p> <p>In any event, even if there was spare capacity at other airports, a key principle underpinning the policy support for airports making best use of their runways is competition and the benefits to consumers of a competitive aviation sector. Policy recognises that airports will compete to attract airlines and passengers, and it is not a feature of policy that other airports must be fully used before consent is granted for growth at another airport, as each airport is recognised to meet the needs of its own market. This was made clear in the decision on the Manston Airport DCO (Ref 4). At paragraph 37, it is stated that:</p> <p><i>“The Secretary of State agrees with the Applicant that the ANPS does not provide an explanation of ‘sufficient need’. He also agrees that the MBU policy, which is relevant to this Application, does not require making best use developments to demonstrate a need for their proposals to intensify use of an existing runway or for any associated Air Traffic Movements (“ATMs”). The Secretary of State notes, however, that the MBU policy states that a decision-maker, in taking a decision on an application, must take careful account of all relevant considerations, particularly economic and environmental impacts and proposed mitigations (MBU paragraph 1.29). The Secretary of State considers that the benefits expected from a proposed development would materialise if there is a need for that development. Therefore, in order to assess whether the expected economic benefits will outweigh the expected environmental and other impacts from this Development, the Secretary of State has considered need in the context of identifying the likely usage of the Development from the evidence submitted in the Examining Authority’s Report, the Independent Assessor’s Report and the representations submitted by Interested Parties during the redetermination process.</i></p> <p>The decision goes on to provide further clarification at paragraph 47:</p> <p><i>“The MBU policy is clear that it does not prejudge the decision of the relevant planning authority which must take into consideration all relevant matters, in particular the economic and environmental impacts that are expected as a result of a development and proposed mitigations (MBU paragraph 129). The MBU policy does not limit the number of MBU airport developments that might be granted and does not include a cap on any associated increase in ATMs as a result of intensifying use at MBU developments.”</i></p> <p>It is clear that the existence, or potential existence, of spare capacity at other airports, is not, of itself, a reason for refusal of an MBU application and that each proposal should be judged on its merits having regard to the need for the development, by reference to the demand that it is expected to attract, and its local environmental impacts. Constraining capacity at one airport until it is ‘needed’ because all others serving the area are full would not be consistent with ensuring a functioning competitive market. The consequences of such an approach would be higher fares and restricted services available to passengers, contrary to the clearly stated Government objective set out in the Executive Summary (page 6) to <i>Flightpath to the Future</i> (Ref 5), the use of airport capacity delivers <i>“better outcomes for passengers, such as contributing to lower fares, more destinations and more service innovation by airlines.”</i> This would not be achieved by an approach that required all airports to be full before new capacity was approved.</p>
NE.1.5	<p><b>Question:</b> <b>Oxford to Cambridge Arc</b> The Need Case [AS-125, paragraph 2.4.7] states if the sectors within the Oxford to Cambridge Arc are to thrive in a globally competitive market and deliver enhanced economic performance to the benefit of the wider region and to the whole of the UK, this will require improved global connectivity directly to the Arc.</p> <ol style="list-style-type: none"> <li>1. What evidence do you have that businesses within the Arc require improved global connectivity?</li> <li>2. Where in the documentation available on the Oxford to Cambridge Arc does it state that the expansion of Luton Airport, or any other airport, is needed to deliver the aspirations for the Arc?</li> <li>3. The New Economics Foundation [REP1-115] advise that there has been no net new growth in business passengers since 2006 and that the largest growth at Luton is expected to be in UK Leisure [REP1-115, table 6.5]. Furthermore, the Need Case [AS-125, table 5.4] shows that three of the top four business destinations were in the UK (Edinburgh, Glasgow and Belfast). Given this how would the Application deliver the global connectivity directly to the Arc?</li> </ol> <p><b>Response:</b> At the outset, the Applicant wishes to highlight that the case for the Proposed Development is not framed solely, or even principally, in terms of its role in supporting the Oxford to Cambridge Arc initiative. The Arc is included in Section 2.4 of the <b>Need Case [AS-125]</b> as part of the overall economic context given that it is a recognised area of economic importance seen as a driver for the economy both regionally and nationally. As identified in paragraph 2.4.6 of the Need Case, the Arc is home to significant clusters of global businesses for which international connectivity is critical but there are other drivers for the Proposed Development in terms of levelling up and supporting business growth more generally.</p>



PINS ID	Question / Response
	<p>1. There is case study evidence provided at paragraph 4.5.5 of the <b>Need Case [AS-125]</b> of local businesses that seek additional air connectivity from the Airport.</p> <p>However, it is a key economic principle that successful regions and countries need good connectivity to support business growth. This is particularly so in an area such as the, so named, Arc where there are clearly recognised clusters of globally important businesses. For this area to remain internationally competitive, there will be a need for improved connectivity.</p> <p>The important role of air connectivity in supporting UK economic growth is clearly recognised through the gamut of UK aviation policy. The Applicant highlights a recent statement in <i>Flightpath to the Future</i> (page 18) as succinctly capturing why aviation connectivity matters:</p> <p><i>“A central aspect of achieving our future ambitions will be to continue to enhance our global aviation impact. At the heart of aviation is facilitating travel internationally to connect people, goods, and businesses across the globe. The UK will promote and improve its global connectivity to facilitate sustainable growth, as well as embracing UK aviation strengths and competitive advantage to deliver our ambitions to incentivise UK trade and investment opportunities.”</i></p> <p>Just as the UK needs improved connectivity to remain competitive, the same applies at the regional level.</p> <p>2. The map at Figure 2.1 of the Need Case is taken from the National Infrastructure Commission’s original prospectus for the Arc, <i>Partnership for Prosperity</i>. This map clearly shows London Luton Airport, although smaller airports at Oxford, Cranfield and Cambridge are also shown.</p> <p>The <i>Oxford-Cambridge Arc economic prospectus</i> of October 2020, published by OxLEP is more specific about the role of London Luton Airport in supporting the Arc, both as a sector strength in terms of aviation (page 25) and in terms of its broader contribution to the work on sustainable airport operations (page 24).</p> <p>It is evident that the airport is seen as having an important role to play by stakeholders in the Arc. The Applicant considers that the need for the airport to be implicit throughout the Arc prospectus.</p> <p>3. The Applicant has addressed points made by Dr Chapman of NEF in relation to business travel in <b>REP2-038</b> and in a further response at Deadline 4 to <b>REP3-131</b>. Dr Chapman’s contentions in relation to the trends in business travel post-pandemic are not accepted by the Applicant.</p> <p>It is not disputed that leisure travel is expected to make up the majority of passenger demand at London Luton Airport. This is the case at all UK airports, even Heathrow. The fact that business travel is a smaller proportion of the total does not mean that such business travel by air is not economically important. As shown in Figure 6.5 of the <b>Need Case [AS-125]</b>, business is only expected to be a fractionally smaller proportion of the airport’s passengers in 2043 compared to 2019. This still amounts an increase of over 1.5 million business air passengers and growth of 62% over 2019. This would deliver material benefits to local businesses enabled to travel from an airport in closer proximity than the other airports serving London.</p> <p>In terms of the role that the airport plays today in supporting businesses with global connectivity, this is highlighted in Figure 5.15 of the <b>Need Case [AS-125]</b>, which shows the extent to which the airport already provides connectivity to a range of globally significant business cities. This number has been increasing as the airport has grown and would be expected to increase further with growth to 32 mppa. Generally, the larger the throughput of an airport, the wider the range of connections that it can support, including to business destinations.</p> <p>Whilst Table 5.4 of the <b>Need Case [AS-125]</b> does show Edinburgh, Glasgow and Belfast as important destinations for business travel currently, it is notable that Amsterdam and Paris also feature highly in the list. It is also important to highlight the strong connectivity provided from London Luton Airport to key cities in Central and Eastern Europe that are of increasing economic importance, such as Budapest, Bucharest, Warsaw, Vilnius and Sofia, as well as to the German capital Berlin. These connections are a demonstration of the importance of business airlinks from the airport today.</p>
NE.1.6	<p><b>Question:</b> <b>Exports</b></p> <p>The Need Case [AS-125, Section 4.4] focuses on trade and the percentage of exports in goods by sector for this region where it is stated 30% of Gross Value Added (GVA) in the East of England derives from exports, reflecting that the region has a strong international focus with growing need for international connectivity. Given that the Need Case</p>

PINS ID	Question / Response
	<p>identifies limited growth in cargo operations, where any additional cargo would only occur when longer haul flights are potentially introduced in the later phases of the development, how significant a contribution could growth at the airport have to exports in the East of England?</p> <p><b>Response:</b></p> <p>Again, it should be noted that Section 4.4 of the <b>Need Case [AS-125]</b> is provided by way of context. It is important to highlight that the 30% of regional GVA deriving from exports relates to both exports of goods and of services (Need Case, paragraph 4.4.1 and Figures 4.2 and 4.3). Paragraph 4.4.3 goes on to highlight the particular strength of the East of England in the services sector, for which cargo services are of little relevance.</p> <p>Even in terms of export of goods, there is a need for improved passenger connectivity to create the sale in the first place and to provide on-going customer support and after sales care.</p> <p>Overall, the Applicant does not consider that the limited cargo capacity available from the airport, at all phases, has any bearing on the contribution that its growth could make to developing exports from the region because a) these exports are likely to be predominantly in the services sector, b) creating markets for goods requires passenger air travel in the first place to make the sale and c) there is less direct correlation between the creation of goods for export and how they are flown. There is a tendency for air freight (other than express freight as currently uses London Luton Airport) to be consolidated centrally, often in the vicinity of Heathrow, before being trucked to the airport of departure.</p>
NE.1.7	<p><b>Question:</b> <b>Global connectivity</b></p> <p>The Need Case [AS-125, paragraph 4.7.3] states “<i>Conversely, it should also be recognised that if the airport cannot grow and the region around the airport falls behind in terms of relative global connectivity, then it is likely that some of the businesses that currently support this demand will move away or refocus their growth to areas that can support their needs</i>”.</p> <p>What evidence exists to support this claim?</p> <p><b>Response:</b></p> <p>The statement reflects the well-recognised position that the availability of air services is a ‘necessary’ condition for internationally focussed companies, be they either indigenous companies that trade overseas or foreign direct investors seeking locations for branch or head office locations that can service their markets and networks. This phenomenon is explored in some detail in a joint report by Oxford Economics and York Aviation prepared for Transport for London (<i>The Economic Value of International Connectivity – A report for Transport for London by Oxford Economics and York Aviation. April 2013</i>). The report describes the mechanisms by which air connectivity influences a number of channels for economic benefit, such as the ability to trade, to attract foreign direct investment, and to benefit from agglomeration effects. It considered a range of secondary evidence, which established the importance of air connectivity in attracting international firms and growing trade, with the economic benefits. In the context of this specific question, it also considers the relative nature of connectivity. In other words, it considers the extent to which connectivity is a competitive factor between cities and regions, and, therefore, how firms will choose to allocate investment and growth between different areas, as set out at paragraph 4.7.3 of the <b>Need Case [AS-125]</b>. In particular, it considers London’s position in terms of connectivity and its future needs, concluding that, while London was, at the time, the best-connected city in the world and that that was central to its economic status, but that that status would likely be damaged if others could grow their connectivity while it could not.</p>
NE.1.8	<p><b>Question:</b> <b>Short haul connectivity</b></p> <p>The last sentence in paragraph 5.3.2 of the Need Case [AS-125] states “<i>This illustrates the importance of the airport being able to deliver enhanced air connectivity, particularly to short haul markets, if these areas are to keep pace with other areas of the UK in terms of the air connectivity available to them</i>”.</p> <p>Explain further what is meant by ‘these areas are to keep pace’ and what the impact to these areas would be if enhanced air connectivity in the short haul air travel market wasn’t available.</p> <p><b>Response:</b></p> <p>The statement at paragraph 5.3.2 of the <b>Need Case [AS-125]</b> is highlighting the same effect as is discussed in the response to NE.1.7 above. It is highlighting the relative nature of air connectivity, and, by extension, its importance in securing the competitiveness of regions in comparison to others. In this case, the specific reference to short-haul connectivity reflects the role that Luton Airport plays in the London system as primarily a short-haul connector for the economic base in M1/Thameslink corridor. If the airport is not able to grow its connectivity alongside other UK regions, the area being described will become less competitive as a place to locate for businesses with short-haul international interests, and, over time, this will lead to companies either choosing to move away or reduce their operations or to direct growth elsewhere or to not invest in the area in the first place. This will ultimately lead to lower productivity, lower GDP and reduced employment opportunities.</p>
NE.1.9	<p><b>Question:</b></p>

PINS ID	Question / Response
	<p><b>Business prospects</b> The Need Case [AS-125, paragraph 4.7.3] states “If the airport was not able to expand to accommodate growth, it is likely that the route network would consolidate back to high volume leisure routes, which would be detrimental to business prospects within the Three Counties as business passengers from these areas are likely to have to travel further to access air services not available from London Luton Airport”.</p> <p>Explain further why ‘the route network would consolidate back to high volume leisure routes’ in the absence of expansion and how a lack of expansion would be detrimental to business prospects within the three counties given that Heathrow already has the largest share of business passengers in 2019, notwithstanding the comments in paragraph 5.3.10 of the Need Case [AS-125] regarding the potential to clawback leakage?</p> <p><b>Response:</b> When an airport reaches constraint, airlines need to decide how best to use their allocated slots. As airlines are commercial businesses, this means that they will operate the most profitable routes and cease less profitable ones.</p> <p>For full service airlines, such as British Airways or Emirates, offering a multi-class product, this may lead to a focus on routes with higher proportions of business travel and/or larger aircraft on long haul services. This explains some of the patterns seen at Heathrow where, as the airport has reached its movement limit, long haul services have been gradually replacing short haul.</p> <p>However, the same logic does not apply for low cost carriers, which are the predominant operators at London Luton Airport and expected to remain so. These airlines are ‘load factor active’, i.e. they seek to operate the routes with the highest load factors. In many cases, these will be high volume leisure routes to places like Malaga or Alicante or other longer sectors where higher ancillary revenues (e.g. baggage, catering, etc.) can be earned. So, if Luton were to be constrained to 19 mppa, the Applicant would expect a gradual erosion of the route network, with more marginal services to smaller cities in Europe for example, to be lost in favour of higher volume routes to leisure type destinations. This would result in reduced opportunities for business travel.</p> <p>If such routes were lost from London Luton Airport, it is highly unlikely that they would be replaced at Heathrow as it is facing its own capacity constraint until a third runway can be built later in the 2030s. Hence, business passengers from the local area would need to travel further to alternative airports where such services might be operated. This additional travel time, and cost, would represent an inefficient impact to business in the area as reflected in the business productivity benefits in Table 8.6 of the <b>Need Case [AS-125]</b> and the journey time savings in Table 8.8.</p>
NE.1.10	<p><b>Question:</b> <b>Operating timetables</b> The Need Case [AS-125, paragraph 6.6.34] states “It is important to note that, whilst the timetables are based on realistic operating patterns, they remain indicative of the profile of traffic, generic assumptions as to the destinations likely to be served and the types of airlines which may operate”.</p> <p>Given this statement, what weight can the ExA give to the indicative operating timetables and increase in flights envisaged when drafting its recommendations for this application?</p> <p><b>Response:</b> The indicative timetables were derived from the overarching passenger and aircraft movement forecasts as set out in Section 6.6 of the <b>Need Case [AS-125]</b>. This reflect the increase in flights projected and illustrate how these flights are likely to arise on a typical busy day or typical October day for surface access purposes. The busy day timetables are not, in themselves, a forecast but are intended to be illustrative of how the flights would be likely to operate over the day in each of the forecast assessment years, principally to inform the assessment of surface access requirements and the scale of terminal facilities required.</p> <p>Given that operations at the airport are expected to continue to be dominated by aircraft based overnight at the airport, realistic daily profiles have been developed for those aircraft to reflect typical sector lengths and turnaround times based on the current patterns of operating. These are built from the current operating schedules at the airport, which show how aircraft are used. Taking into account the growth forecast, additional based aircraft have been added to the fleets and assigned indicative destinations and then allowance has been made for additional flights over the day from aircraft not based at the airport. This approach is common to that taken to inform all airport development proposals and has been accepted at other inquiries into airport expansion, e.g. Bristol in 2021.</p> <p>As set out at paragraph 6.6.36 of the <b>Need Case [AS-125]</b>, the outcome of the process of deriving the busy day timetable has been benchmarked against the anticipated profile of demand at the airport as it grows. Typically, as an airport grows its traffic becomes less peaky over time, partly due to some increases in activity in off peak periods of the year and partly as airlines operates a more varied pattern of movements over the day. Figure 6.19 of the Need Case sets out the historic relationship at London Luton Airport and this has been extrapolated forwards to act as a check against the busy hour passenger flows estimated as a consequence of the busy day timetable.</p>

PINS ID	Question / Response
	<p>The Applicant is confident that the busy day timetables as set out represent a robust assessment of how the aircraft movement activity and passenger traffic at different levels of passenger throughput would materialise on a typical busy day for the purpose of scaling the passenger terminal requirements and October day for assessing the broader surface access impact.</p>
NE.1.11	<p><b>Question:</b>  <b>Impacts on forecasting assumptions</b>            In respect of the comments made in the Initial Review of DCO Need Case [REP2-057, paragraph 3.37], which sets out potential weaknesses in the assumptions used by York Aviation, what effect of Brexit, long term effects of the pandemic and the Russian invasion of Ukraine have on the forecast assumptions? Would this be a major effect on the forecast assumptions or simply delay the anticipated growth?</p> <p><b>Response:</b>            The Applicant notes that this question is directed to the Joint Host Authorities and Chris Smith Aviation Consultancy Limited, however the Applicant considers that a response from the Applicant will help provide further clarification.</p> <p>This matter has already been addressed in the Applicant's response to <b>REP2-057</b>, namely <b>REP2-042</b>. Although the forecasts were originally produced before the economic effects of the Ukraine war were fully understood, more recent economic projections from March 2023 suggest that the economic projections underpinning the demand forecasts remain robust as set out in Table 2.1 of <b>REP2-042</b>. If anything, they may be slightly on the conservative side in the near term. Given that GDP assumptions are the principal driver in the assessment of the underlying demand for air travel, the Applicant does not consider that updating the forecasts to the latest official GDP projections would have any material effect on the Assessment Cases used for the Application.</p>

## REFERENCES

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Ref 1 Civil Aviation Authority (2023), About the departing passenger survey

Ref 2 Department for Transport (2013) Aviation Policy Framework

Ref 3 Department for Transport, UK Aviation Forecasts 2017, Jet Zero Dataset.

Ref 4 Department for Transport, Application for the Proposed Manston Airport Development Consent Order, Decision, 18<sup>th</sup> August 2022.

Ref 5 Department for Transport, Flightpath to the Future, May 2022.