

February 2024

London Luton Airport Expansion

Planning Inspectorate Scheme Ref: TR020001

Volume 8 Additional Submissions (Examination)

8.119 Sustainable Transport Fund

Infrastructure Planning (Examination Procedure) Rules 2010

Application Document Ref: TR020001/APP/8.119

The Planning Act 2008

The Infrastructure Planning (Examination Procedure) Rules 2010

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

8.119 SUSTAINABLE TRANSPORT FUND

Deadline:	Deadline 10
Planning Inspectorate Scheme Reference:	TR020001
Document Reference:	TR020001/APP/8.119
Author:	Luton Rising

Version	Date	Status of Version
Issue 1	November 2023	Additional Submission – Deadline 5
Revision 1	January 2024	Additional Submission – Deadline 7
Revision 2	February 2024	Additional Submission – Deadline 10

Contents

	Page
1 Introduction	1
1.1 The Proposed Development	1
1.2 Purpose of this document	1
1.3 What is the Sustainable Transport Fund?	1
2 London Luton Airport Sustainable Transport Fund	2
2.1 Overview	2
2.2 Funding Source	2
2.3 Fund Size	3
2.4 Fund Scope and Terms of Use	8
2.5 Governance	10
Appendix A: Forecast annual revenues	13

Tables

Table 2.1: Car parks included in the STF

Table 2.2: Current car park transactions at London Luton Airport

Table 2.3: Forecast transactions and revenue for the Core Planning Case growth scenario

Table 2.4: Proposed ATF and ATF Steering Group membership (one representative from each body)

Table A.1: Forecast transactions and levy revenue for the duration of the Proposed Development

Figures

Figure 2.1: Forecast annual revenue across growth scenarios during the Proposed Development

Figure 2.2: Changes in passenger volumes over the duration of the Proposed Development (mppa)

Figure 2.3: STF decision-making process

1 INTRODUCTION

1.1 The Proposed Development

1.1.1 This document has been prepared to support the proposed expansion of London Luton Airport ('the Proposed Development'), proposed by Luton Rising ('the Applicant'). The Applicant is a business and social enterprise owned by a sole shareholder, Luton Borough Council, for community benefit.

1.1.2 The Proposed Development builds on the current operational airport with the construction of a new passenger terminal and additional aircraft stands. This will take the overall passenger capacity to 32 million passengers per annum (mppa). The existing infrastructure and supporting facilities at the airport, including transport infrastructure, will be improved to support the increase in demand.

1.2 Purpose of this document

1.2.1 This document sets out the framework for the Proposed Development's future Sustainable Transport Fund (STF) and its governance, source, size and scope.

1.3 What is the Sustainable Transport Fund?

1.3.1 The STF will be generated through levies on on-site airport passenger parking transactions and will be used to fund:

- i. interventions aimed at improving sustainable travel options for accessing the airport; and
- ii. interventions associated with Mitigation Type 2 (MT2) as defined in the **Outline Transport Related Impacts Monitoring and Mitigation Approach (OTRIMMA) [TR020001/APP/8.97]**.

1.3.2 It supports the implementation of interventions proposed in the Travel Plans, which are to be produced five-yearly as outlined in the **Framework Travel Plan [TR020001/APP/7.13]**.

1.3.3 By establishing the STF, the Applicant is demonstrating its commitment to:

- i. achieving the targets that will be set in the five-yearly Travel Plans; and
- ii. addressing 'residual' traffic-related effects (established via the TRIMMA) that may arise from the Proposed Development.

1.3.4 The STF is secured through requirement 32 of the **DCO [TR020001/APP/2.01]**.

2 LONDON LUTON AIRPORT SUSTAINABLE TRANSPORT FUND

2.1 Overview

2.1.1 This section provides detail on the fund’s source, size, and scope to describe how the fund will be used.

2.2 Funding Source

2.2.1 The source of the STF will be a levy on on-site passenger car parking (short, mid and long stay) and on-site passenger drop-off. The fund will be generated from a charge per transaction on passenger vehicles.

2.2.2 There is no charge (or transaction) for *Mid Stay Car Park – Gate* (under 15 minutes) and *Long Stay Car Park – Gate* (under one hour). These free periods have been introduced to reduce the risk of drop offs around the airport boundary and to mitigate short term fly parking issues. Between June 2022 and May 2023, 684,000 vehicles made use of this free period. The car parks and drop off zones that will contribute a levy to the STF are indicated in Table 2.1.

Table 2.1: Car parks included in the STF

Car Park Type	Inclusion in STF?
TCP1 (Self-Park) - Gate	Yes
TCP2 (Self-Park) - Gate	Yes
Mid Stay Car Park - Gate	Yes
Long Stay Car Park - Gate	Yes
Drop-Off Zone (DOZ)	Yes
TCP1 (Self-Park) - Pre Book	Yes
TCP2 (Self-Park) - Pre Book	Yes
Mid Stay Car Park - Pre Book	Yes
Long Stay Car Park - Pre Book	Yes
Priority Parking - Pre Book	Yes
Mid Stay Car Park – Gate (Under 15 minutes)	No
Long Stay Car Park – Gate (Under one hour)	No

2.2.3 No levy will apply to staff parking, to avoid any potential for fly-parking on roads around the airport, adversely affecting local communities.

2.2.4 The fund will be collected and administered by the airport operator, as the operator of the on-site parking and drop-off areas.

2.2.5 Funds will start to be collected following the serving of notice to grow under article 44(1) of the **DCO [TR020001/APP/2.01]**, which triggers the transition from the existing planning requirements to those established under the DCO. This is assumed to occur in 2025 (for the purposes of fund size forecasting).

2.3 Fund Size

2.3.1 The fund has been sized based on the following assumptions and considerations:

- a. Full year data of parking and drop-off transactions up to May 2023, received from the airport operator, to determine a baseline vehicle demand.
- b. Passenger forecasts from the **Need Case [TR020001/APP/7.04]** for the Core Planning Case, Faster Growth Case, and Slower Growth Case.
- c. The forecast fund size has been calculated from the baseline number of transactions and factored up in alignment with the increase in parking supply outlined in Table ES.1 in the **Transport Assessment [TR020001/APP/7.02]**, corresponding to each assessment phase. Between assessment phases, growth in revenue has been calculated proportionate to the change in passenger throughput, for each of the three cases. This assumes that the car park occupancy rate will be maintained for the duration of the Proposed Development. Actual fund size may vary if car park occupancy rates change over time.
- d. The levy has been set at £0.20 per passenger parking transaction and £0.30 per passenger drop-off. Those levies will be varied to remain at the same fixed percentage of the overall charges, should those charges change in the future.
- e. No levy has been applied to parking products which currently do not have a charge: Mid Stay Car Park - Gate (Under 15 minutes) and Long Stay Car Park - Gate (under one hour).
- f. The first year the levy would be collected is 2025 on the assumption that this is when the airport's notice to grow will be triggered. Levy revenue for 2022-2023 is shown in Table 2.2 to demonstrate what the fund size would be if it was currently being collected, based on the latest available data.

2.3.2 Table 2.2 presents existing passenger parking and drop-off transactions at the airport for the year June 2022 to May 2023. The levy defined above is applied to this data for 2023 for illustrative purposes only to demonstrate the size of an STF for this same period.

2.3.3 It is noted that the TCP2 car park fire in October 2023 has affected the supply of passenger parking and drop off facilities at the airport. At the time of writing, it is difficult to state when the car park will re-open and so the potential value of funds raised by the car parking levy in the first year or two of the STF cannot be confirmed at this time.

Table 2.2: Current car park transactions at London Luton Airport

Paid Transactions	Number of transactions (Jun 22 - May 23)	Proposed levy	Levy revenue
TCP 1 (Self-Park) - Gate	208,000	£0.20	£42,000
TCP 2 (Self-Park) - Gate	226,000	£0.20	£45,000
Mid Stay Car Park - Gate	62,000	£0.20	£12,000
Long Stay Car Park - Gate	36,000	£0.20	£7,000
Drop-Off Zone (DOZ)	2,847,000	£0.30	£854,000
TCP 1 (Self-Park) - Pre Book	51,000	£0.20	£10,000
TCP 2 (Self-Park) - Pre Book	82,000	£0.20	£16,000
Mid Stay Car Park - Pre Book	77,000	£0.20	£15,000
Long Stay Car Park - Pre Book	156,000	£0.20	£31,000
Priority Parking - Pre Book	27,000	£0.20	£5,000
Mid Stay Car Park – Gate (Under 15 minutes)	311,000	£0	£0
Long Stay Car Park – Gate (Under one hour)	373,000	£0	£0
Total	4,456,000	-	£1,039,000

2.3.4 The number of current transactions outlined in **Table 2.2** has been extrapolated to each of the assessment phases, to inform forecast annual revenue from the levy for the period up to the forecast maximum passenger throughput; the forecast annual revenue is presented in **Table 2.3**. The table presents annual revenue only for the year of each assessment phase that the passenger capacity is predicted to be reached in the Core Planning Case, explained in paragraph 2.3.5. For the purposes of this illustration, it has been assumed that the levies increase in line with inflation following government forecasts. As stated in section 2.3.1, parking levy changes will differ from this illustration.

Illustrative Growth Scenarios

2.3.5 **Table 2.3** lists the forecast annual revenue for the construction completion year for each assessment phase, with forecast transaction numbers based on existing transaction numbers, increased in proportion to the planned increase in parking provision. **Figure 2.1** and **Appendix A** set out forecast total annual revenue for

every year of the expansion through to 2049, based on three future demand forecasts of passenger growth outlined in the **Need Case [TR020001/APP/7.04]**:

- a. The **Core Planning Case**, where 32 mppa is reached in 2043; understood to be the most likely scenario.
- b. The **Faster Growth Case**, where 32 mppa is reached in 2042.
- c. The **Slower Growth Case**, where 32 mppa is reached in 2049.

2.3.6 Annual revenue has been mapped to the forecast mppa in these growth scenarios to illustrate how the annual and cumulative revenue may change over time.

2.3.7 Figure 2.1 shows that the final year of the Proposed Development (i.e. the year that the predicted passenger capacity of 32 mppa is reached) for all growth scenarios will see annual revenue of £2,448,000 (based on stated levy) at 2023 prices.

Table 2.3: Forecast transactions and revenue for the Core Planning Case growth scenario

Baseline 2023, 18 mppa			
	Annual transactions	Levy	Annual revenue
Car parks	1,609,000	£0.20	£185,000
Drop-Off Zone	2,847,000	£0.30	£854,000
Total	4,456,000	-	£1,039,000
Assessment Phase 1 2027, 21.5 mppa			
	Annual transactions	Levy	Annual revenue
Car parks	1,797,000	£0.22	£225,000
Drop-Off Zone	3,193,000	£0.33	£1,049,000
Total	4,990,000	-	£1,274,000
Assessment Phase 2a 2039, 27 mppa			
	Annual transactions	Levy	Annual revenue
Car parks	2,085,000	£0.28	£332,000
Drop-Off Zone	3,693,000	£0.42	£1,538,000
Total	5,778,000	-	£1,871,000
Assessment Phase 2b 2043, 32 mppa			
	Annual transactions	Levy	Annual revenue
Car parks	2,524,000	£0.30	£436,000
Drop-Off Zone	4,463,000	£0.45	£2,012,000
Total	6,987,000		£2,448,000

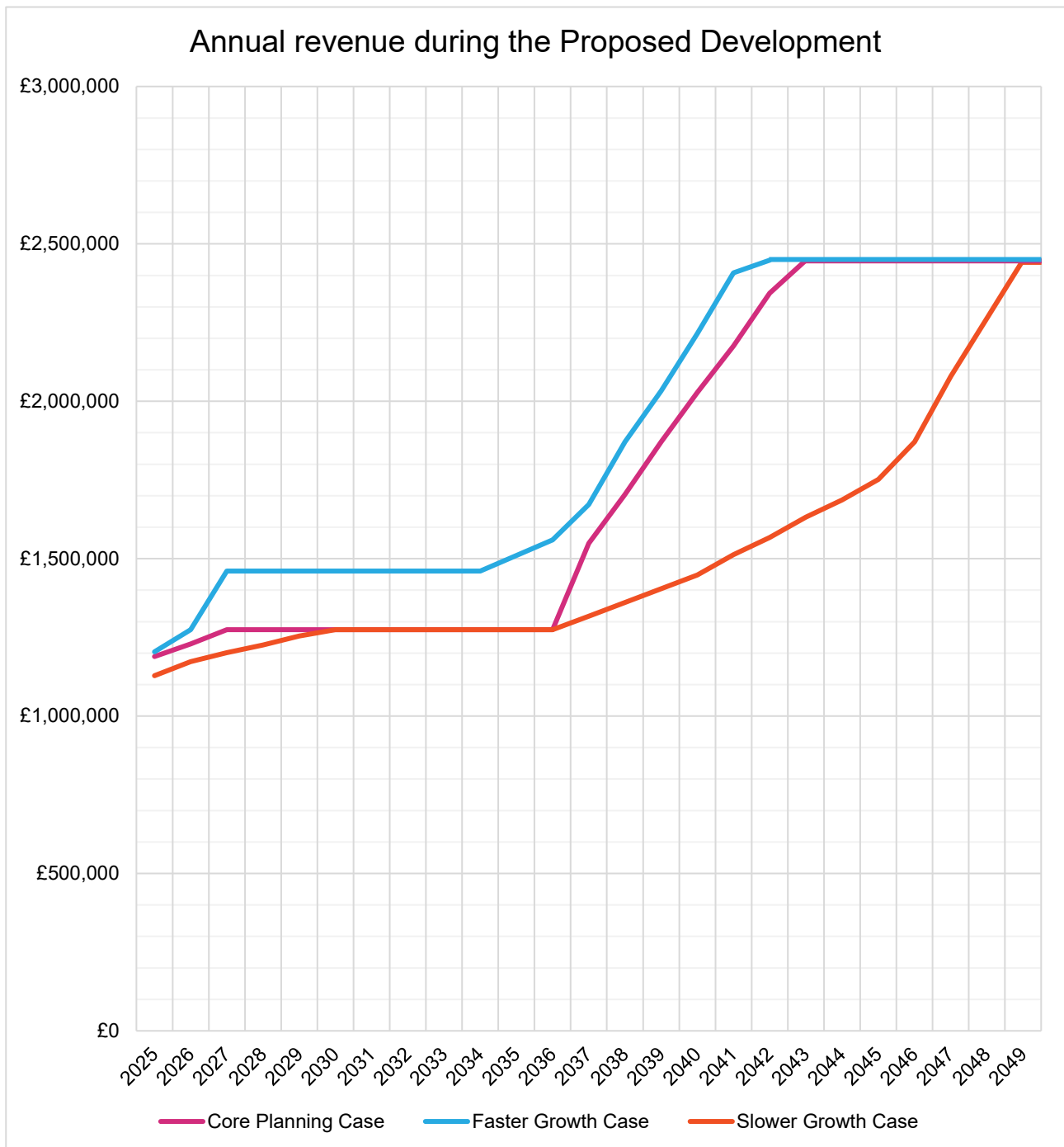


Figure 2.1: Forecast annual revenue across growth scenarios during the Proposed Development

2.3.8 As demonstrated in **Figure 2.1**, the passenger forecasts result in variations to the annual revenue raised over time. In all cases, the total raised each year would increase until the functional capacity of Terminal 1 is reached (21.5 mppa for the Core Planning Case and Slower Growth Case, and 23 mppa for the Faster Growth Case). There would then be a period of time where no further growth occurs whilst Terminal 2 is under construction, and therefore the annual revenue would not increase. The growth in passengers would increase at varying rates up to the new passenger cap of 32 mppa, with the annual revenue

varying proportionally. After this, if the levy amounts remain the same in the illustration, annual revenue would remain at the same level of £2,448,000; it is also possible that revenue would reduce due to a more trips being taken by sustainable modes, due to the interventions funded by the STF.

2.3.9 **Figure 2.1** highlights considerations when setting the fund size:

- a. Once the functional capacity of Terminal 1 is reached, there will be a prolonged period where no growth occurs, and the need for the STF might be diminished in this period; and
- b. A significant proportion of growth occurs long into the future, so funding must be available not just in the early years, but also in the later stages of expansion, as the airport reaches its final operating capacity.

2.3.10 **Figure 2.2** shows the increases in passenger volumes over the delivery of the Proposed Development, illustrating that there are multiple years where no growth in passenger volumes is forecast to occur.

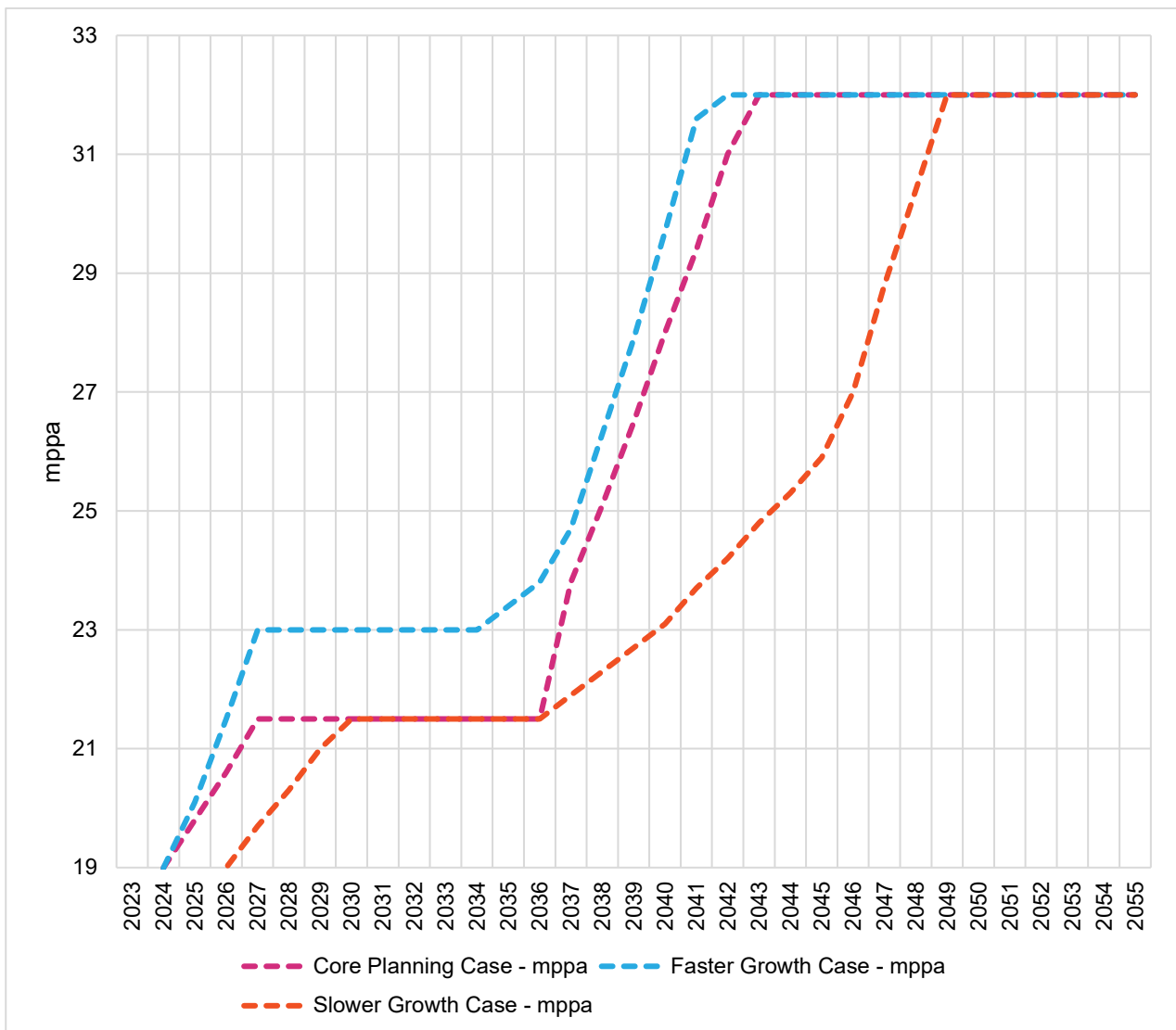


Figure 2.2: Changes in passenger volumes over the duration of the Proposed Development (mppa)

Enabling early investment

- 2.3.11 Feedback from engagement with relevant highway authorities has raised the potential need for the fund to be of a sufficient size in the early years to enable investment opportunities in new bus routes (subject to evidenced proposals and ATF Steering Group approval).
- 2.3.12 No later than the first meeting of the ATF Steering Group, the Applicant will therefore make available £1,000,000 to 'pump-prime' the fund.

Redistribution of the fund

- 2.3.13 If, at the end of any calendar year, there is a surplus of available funds (i.e. any uncommitted funds remaining) this shall be rolled over and added into the next year's fund. Up to 25% of this surplus may be redistributed (at the discretion of the ATF Steering Group) to Community First or to the Community Fund.
- 2.3.14 If there is a surplus at the end of any calendar year following the throughput of passengers at the airport exceeding 31.5 mppa, the ATF Steering Group may recommend to the operator that levies be reduced or removed as appropriate.

2.4 Fund Scope and Terms of Use

- 2.4.1 The STF will be used to fund the following:
- a. Travel Plan interventions and measures; and
 - b. Interventions intended to address residual traffic-related effects as a result of the Proposed Development.
- 2.4.2 The ATF Steering Group will ensure that the funding of Travel Plan interventions and measures will take priority over the funding of the mitigation of residual traffic-related effects in any particular year. The ATF Steering Group will have discretion to fund necessary MT2 interventions provided that doing so does not have a significant detrimental effect on the ability to fund Travel Plan measures in any given year. As a result, MT2 interventions may not be funded immediately but be delivered at a time that does not have an unduly negative impact on the delivery of Travel Plan measures.

Travel Plan Interventions and Measures

- 2.4.3 The STF's main purpose will be to contribute towards realising the **Surface Access Strategy [TR020001/APP/7.12]** vision, objectives and priority areas as set out in the successive Travel Plans, with focused funding of interventions and measures identified through monitoring against targets.

- 2.4.4 The operator will make funds available from the STF according to the recommendations of the ATF Steering Group, such recommendations to be made in accordance with the following principles:
- a. **Purpose:** The STF's main purpose will be to contribute towards realising the **Surface Access Strategy [TR020001/APP/7.12]** vision, objectives and priority areas as set out in the successive Travel Plans, with focused funding of interventions and measures identified through monitoring against Travel Plan targets.
 - b. **Eligibility:** Any intervention proposed by ATF members, including the airport operator, to be considered for funding must be evidenced, necessary, and fairly and reasonably related to the development. The ATF Steering Group will consider a proposed intervention against agreed criteria (to be defined by the ATF Steering Group upon their establishment). The ATF Steering Group must be satisfied that the interventions proposed for funding are likely to provide a positive impact on sustainable mode share and the **Surface Access Strategy [TR020001/APP/7.12]** vision, objectives, and priority areas.
 - c. **Modal considerations:** There should be a reasonable balance between mode spending across the six surface access priority areas – (1) Luton DART and rail, (2) Managing vehicle access, parking, private hire vehicles and taxis, (3) Bus and coach, (4) Walking and cycling, (5) Highway interventions and (6) Technology and communications.
- 2.4.5 Funded projects must represent additional interventions beyond the operator's business as usual practices; the funding of capital works that form part of the Proposed Development (e.g. the extension of the Luton DART to T2); and any mandatory requirements of future planning applications (e.g. compliance with minimum cycle parking standards).
- 2.4.6 Funded projects to support sustainable travel should help achieve the Targets of the Travel Plan (and hence enable mode share levels to go beyond the GCG surface access mode share Limits).
- 2.4.7 The STF decision-making process for the delivery of Travel Plan interventions and measures is set out in **Figure 2.3** below.

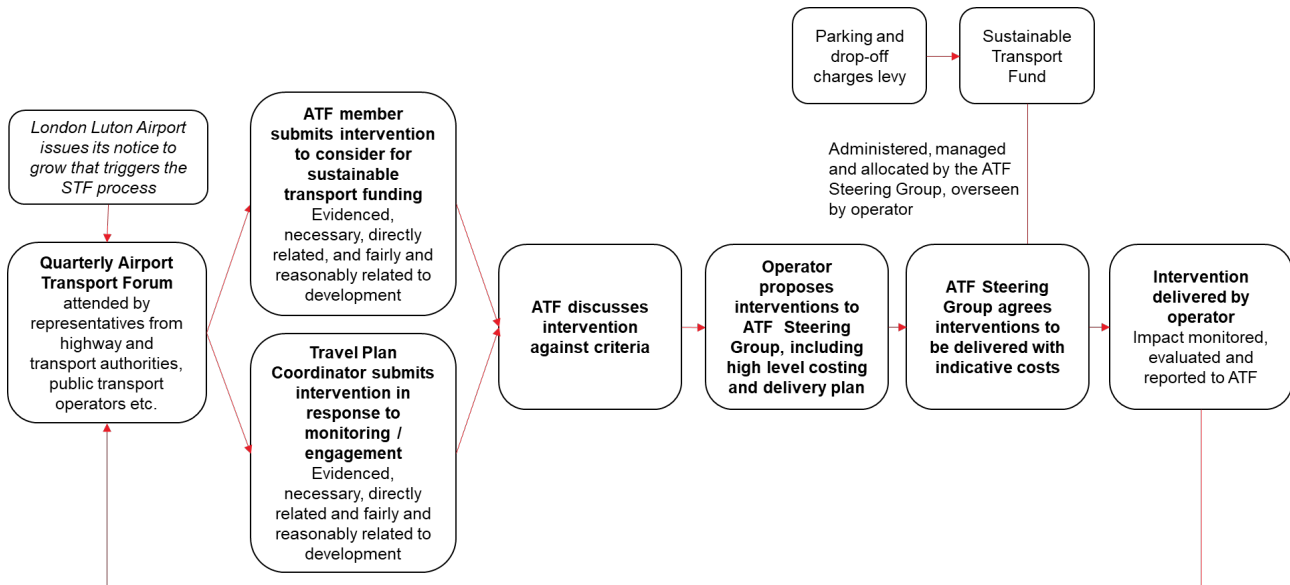


Figure 2.3 STF decision-making process

Funding of interventions to address residual traffic effects

2.4.8 The STF may be used to fund interventions aimed at tackling residual traffic-related effects of the Proposed Development. The terms of use for the STF in relation to this activity are contained in section 4.2 of the **OTRIMMA [TR020001/APP/8.97]** and is referred to as Mitigation Type 2.

2.5 Governance

2.5.1 Whilst the airport operator will collect the funds through parking levies, the ATF Steering Group, a sub-committee of the Airport Transport Forum (ATF), will administer the STF.

2.5.2 The ATF Steering Group will be chaired by the airport operator. The ATF Steering Group will have selected representation from the ATF, as proposed in **Table 2..**

Table 2.4: Proposed ATF and ATF Steering Group membership (one representative from each body)

ATF membership	ATF Steering Group membership
The airport operator - who will chair the forum	National Highways
Local highway authorities and National Highways	Representatives from Central Bedfordshire Council, Hertfordshire County Council, Luton Borough Council, Buckinghamshire Council (Highways Authorities)
The relevant Local Enterprise Partnership	Airport operator (chair and Travel Plan Coordinator)

ATF membership	ATF Steering Group membership
Local transport providers (bus, rail, coach, car hire, etc.)	
Relevant local authorities	
Passenger representatives	
Freight industry representatives	
Local businesses	
Representative from the London Luton Airport Consultative Committee	
Representatives of airport users	
Representatives of car park and taxi operators	
Representatives of airport employees	
Bodies representing interests of walkers, cyclists and disabled people in the area	

2.5.3 The **Applicant’s response to Issue Specific Hearing 4 Action 17: Terms of reference for the Airport Transport Forum (ATF) [TR020001/APP/8.95]** document contains the purpose, structure, governance and responsibilities for the ATF.

~~2.5.4~~ Outline Terms of Reference for the ATF Steering Group are contained in the **OTRIMMA [TR020001/APP/8.97]**; final terms of reference will be contained in the TRIMMA.

GLOSSARY AND ABBREVIATIONS

Term	Definition
ATF	Airport Transport Forum
ATF Steering Group	A select group of members of the ATF to play a greater role in decision-making regarding surface access to the airport
CAA	Civil Aviation Authority
DCO	Development Consent Order
FTP	Framework Travel Plan
Luton DART	Direct Air-Rail Transit, a rail service linking Luton Airport Parkway Station with London Luton Airport
mppa	million passengers per annum
MT2	Mitigation Type 2, interventions designed to address residual traffic-related effects that may arise from the Proposed Development
OTRIMMA	Outline Transport Related Impacts Monitoring and Mitigation Approach
Proposed Development	The expansion of London Luton Airport to 32 mppa
STF	Sustainable Transport Fund: a fund established to deliver 1) Travel Plan measures and 2) interventions associated with MT2.
the Applicant	Luton Rising, a business and social enterprise owned by a sole shareholder, Luton Borough Council, for community benefit
TCP	Terminal Car Park
Terms of Reference	The terms by which the ATF Steering Group will operate, including member organisations and how processes will be undertaken
Terms of Use	The terms in accordance to which the STF will be used
Travel Plan	Five-yearly plans to be produced in accordance with the Framework Travel Plan that set mode share targets and identify key transport interventions to be implemented
TRIMMA	Transport Related Impacts Monitoring and Mitigation Approach

APPENDIX A: FORECAST ANNUAL REVENUES

Table A.1: Forecast transactions and levy revenue for the duration of the Proposed Development

Year	Annual Sustainable Transport Revenue			Accumulated Sustainable Transport Revenue		
	Core Planning Case	Faster Growth	Slower Growth	Core Planning Case	Faster Growth	Slower Growth
2025	£1,189,138	£1,204,143	£1,128,258	£1,189,138	£1,204,143	£1,128,258
2026	£1,229,150	£1,274,164	£1,172,840	£2,418,288	£2,478,306	£2,301,098
2027	£1,274,164	£1,460,605	£1,201,211	£3,692,452	£3,938,912	£3,502,309
2028	£1,274,164	£1,460,605	£1,225,528	£4,966,616	£5,399,517	£4,727,837
2029	£1,274,164	£1,460,605	£1,253,899	£6,240,780	£6,860,123	£5,981,736
2030	£1,274,164	£1,460,605	£1,274,164	£7,514,944	£8,320,728	£7,255,900
2031	£1,274,164	£1,460,605	£1,274,164	£8,789,107	£9,781,334	£8,530,064
2032	£1,274,164	£1,460,605	£1,274,164	£10,063,271	£11,241,939	£9,804,228
2033	£1,274,164	£1,460,605	£1,274,164	£11,337,435	£12,702,545	£11,078,392
2034	£1,274,164	£1,460,605	£1,274,164	£12,611,599	£14,163,150	£12,352,555
2035	£1,274,164	£1,510,323	£1,274,164	£13,885,762	£15,673,473	£13,626,719
2036	£1,274,164	£1,560,041	£1,274,164	£15,159,926	£17,233,514	£14,900,883
2037	£1,548,606	£1,671,906	£1,317,554	£16,708,532	£18,905,421	£16,218,437
2038	£1,703,725	£1,870,777	£1,360,944	£18,412,257	£20,776,198	£17,579,381
2039	£1,870,777	£2,032,887	£1,404,334	£20,283,035	£22,809,084	£18,983,714
2040	£2,028,281	£2,215,259	£1,447,724	£22,311,316	£25,024,344	£20,431,439
2041	£2,175,285	£2,407,764	£1,512,809	£24,486,601	£27,432,108	£21,944,248
2042	£2,343,289	£2,448,292	£1,567,047	£26,829,890	£29,880,400	£23,511,294
2043	£2,448,292	£2,448,292	£1,632,132	£29,278,181	£32,328,691	£25,143,426
2044	£2,448,292	£2,448,292	£1,686,369	£31,726,473	£34,776,983	£26,829,796
2045	£2,448,292	£2,448,292	£1,751,455	£34,174,764	£37,225,274	£28,581,250
2046	£2,448,292	£2,448,292	£1,870,777	£36,623,056	£39,673,566	£30,452,027
2047	£2,448,292	£2,448,292	£2,078,682	£39,071,348	£42,121,858	£32,530,710
2048	£2,448,292	£2,448,292	£2,263,487	£41,519,639	£44,570,149	£34,794,197
2049	£2,448,292	£2,448,292	£2,448,292	£43,967,931	£47,018,441	£37,242,488