



RiverOak Strategic Partners

Summary of Applicant's Case put Orally at the Socio-economic hearing and associated appendices

TR020002/D8/ISH5

Examination Document

Project Name:

Manston Airport Development Consent Order

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8

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MANSTON AIRPORT DEVELOPMENT CONSENT ORDER APPLICATION
WRITTEN SUMMARY OF ORAL SUBMISSIONS PUT AT ISSUE SPECIFIC HEARING 5 ON SOCIO-
ECONOMICS

5 JUNE 2019

Laurence Suite, Building 500, Discovery Park, Sandwich, CT13 9FF

1 Introduction

- 1.1 This document summarises the case put by RiverOak Strategic Partners (the Applicant), at Issue Specific Hearing 5. The hearing opened at 10am on 5 June 2019 at Laurence Suite, Building 500, Discovery Park, Sandwich, CT13 9FF. The agenda for the hearing was set out in the Examining Authority's (ExA) letter published on the Planning Inspectorate's website on 24 May 2019 [\[EV-020\]](#).

2 Agenda Item 4: Employment

(a) Construction jobs

- 2.1 The Applicant noted that Thanet is an area where unemployment is already high and as such labour is available. Policy SP02 of the draft new Thanet Local Plan (Oct 2018) stipulates that a minimum of 5,000 additional jobs are planned for Thanet up to 2031.
- 2.2 The Applicant made the point that the project would contribute to meeting this target and would provide significant opportunities for 'upskilling' of the labour force. The Applicant has committed to a target of 30% of local labour across the construction phase, as secured in the Register of Environmental Actions and Commitments.
- 2.3 In meeting this, the Applicant has committed to working with Thanet District Council (TDC) and the IEP, as well as education and training institutions and local businesses. The Applicant has already been in discussion with East Kent College and Canterbury Christ Church University and engagement is on-going.
- 2.4 Requirement 20 of the DCO commits the Applicant to submitting an Education, Employment and Skills Plan which necessitates, amongst other initiatives, the instigation of a Local Hiring Policy and the establishment of a Local Employment Partnership Board. The Applicant is committing to contribute £1,250,000 to fund the Education, Employment and Skills Plan initiatives pursuant to it, secured by the Section 106 agreement (an updated draft of which is submitted at TR020002/D8/S106).
- 2.5 The Applicant highlighted that once the necessary skills exist, they can be utilised in latter phases of development and in relation to the wider aspirations of TDC and KCC in terms of housing and growth.
- 2.6 The Applicant suggested that Phase 1 of construction of the project could be accelerated and will take 12-18 months to complete. The assessment presented in Chapter 13 of the Environmental Statement (ES) is considered to be conservative. It assumes 210 construction jobs per phase will be created but does acknowledge that this could fluctuate and increase to 600-700 jobs for certain periods. The acceleration of the construction programme would

not negatively affect employment opportunities but would result in the socio-economic benefits to be realised earlier.

(b) Exploration of the comparators used in the Azimuth Report for employment forecasts, with reference to East Midlands, Prestwick, Stansted and Luton airports.

Direct jobs

- 2.7 The Applicant emphasised that it has always been made clear that there is no perfect comparator to Manston Airport. East Midlands Airport was considered the most suitable comparator due to the volume of freight traffic handled. Other airports, such as Glasgow Prestwick, are not considered to be appropriate [SE.2.4] due to their location away from the South East and the major conurbation that is London, and the tonnage of freight handled. The Applicant highlighted that the breadth of services and scale of operation provided by Manston Airport is different to those provided at Glasgow Prestwick. Furthermore, the integrator component and the extent to which processing on-site will occur at Manston draws similarities with East Midlands Airport.
- 2.8 The Applicant explained that for direct jobs the standard figure used to assess likely job creation is 950 jobs per million passengers or 100,000 tonnes of freight. This is cited by the Airports Commission (2014), Thanet District Council (2013) and York Aviation (2004). The Applicant reduced this to a more conservative figure of 887 for the assessment at Manston Airport, which is considered more appropriate.
- 2.9 The Applicant explained that it is confident that the forecasts for employment opportunities are robust, however it noted that if employment figures were to be lower, throughput would be lower and so the impacts of the project, such as surface access, would also be lower.
- 2.10 In this scenario the benefits of the project would still outweigh the impacts. The Applicant also notes that even if the actual jobs created are less than have assessed, there will inevitably be significant job creation (including highly skilled jobs) which is still a significant benefit in an area of high unemployment.

(c) Significance of job forecast numbers in relation to wider job numbers in the Thanet area

- 2.11 TDC confirmed that they are in agreement with the Applicant that its Year 20 job creation would represent 8.3% of all jobs in Thanet which is considered to be a major benefit. The Applicant notes that employment in Thanet rose from 31,000 in 1997 to 42,000 in 2017. Jobs created at Manston Airport would therefore equate to 28.5% of all jobs created in the local economy over a 20-year period.
- 2.12 The Applicant believes that the operation of Manston Airport will open up a wealth of careers for local people and raise aspirations. This would be the case whether or not the outline forecasts are exact, since jobs in a wide range of categories and skills levels would be created and encourage young people to train for careers they may not have considered without the presence of Manston Airport in East Kent.

(d) Justification for detailed job forecasts

- 2.13 The Applicant explained that the total job creation forecast by Year 20 is 23,235, including direct, indirect, induced and catalytic jobs. That figure is based on the assumptions/comparators outlined above. This breaks down as 3,417 direct jobs (on or near to the airport site) of which 1,024 are forecast to be jobs created by the airport operator. The figure of 3,417 was reduced from an earlier forecast of 4,217 to take account of potential productivity gains.
- 2.14 The Applicant explained that the indirect (supply chain) and induced (jobs created by additional spending in the economy due to the increase in jobs locally) are forecast to be 6,151. As explained at paragraph 2.21 below, this figure was derived using the same calculation as employed recently by both Stansted and Luton airports.
- 2.15 The Applicant noted that in earlier versions prior to the making the application for development consent a ratio of 2.1 to each direct job was used in forecasting. However, following comments from stakeholders and the release of figures by Luton and Stansted, this was reduced to 1.8 per direct job.
- 2.16 The Applicant notes that the catalytic job creation figure of 13,668 is heavily caveated in the Azimuth Report (Volume IV) and is not a local job creation figure. Catalytic impacts are associated with the aviation sector outside the local economy in which the airport operates. Air transportation facilitates employment and economic development in the local and national economy and jobs in this category therefore capture a wide range of opportunities. For example, air transport contributes to tourism and therefore impacts tourist spending in the economy. Air transport also impacts trade, facilitating the import and export of goods by air and therefore their manufacture and distribution, as well as productivity. Air transport also positively impacts location and business decisions by other organisations and stimulates innovation, thereby having a long run impact on productivity and GDP. Other catalytic effects of air transportation include the impact on the supply chain through the creation of larger potential markets and increased competition, technology transfer, increased innovation, and upskilling of the workforce. For freight-focused airports, inbound air cargo provides businesses that rely on fast delivery (such as airlines, oil rig maintenance, etc.) with a reliable transportation mode for high-value equipment, machinery and spare parts. Air transportation also supports Just-in-Time practices, particularly for high value to weight goods with short product lifecycles such as electronic equipment. Businesses involved with perishable goods of all types, including not just electronic components but agricultural products such as flowers, fruit and some vegetables, are enabled by their use of air transportation (see The Azimuth Report Volume IV paras 2.1.3 to 2.1.4)

(e) Effects of Automation

- 2.17 The Applicant highlighted the difficulty in predicting the precise effects of automation into the future, however, it was established that this would be an economy wide effect. It is acknowledged that certain jobs are not easily automated, however, any automation will result in greater productivity and drive value, subsequently creating other opportunities.
- 2.18 The Applicant explained that operations at Manston were unique and involved modern processes, with a 93% aircraft recycling facility (i.e. the vast majority of parts and materials would be recycled with only 7% destined for landfill) across three operational bays. Consequently, the assumption of the creation of 600 jobs within the MRO facility was valid.

- 2.19 The Applicant gave the example of Tarmac Aerosave, an aircraft maintenance, storage and recycling operation based at Tarbes-Lourdes Airport in the Occitanie Region of France. The ExA requested details of this operation (at action point 17), the Applicant has provided a note enclosed with this summary at Appendix ISH5-17.
- 2.20 Forecasts presented in Table 4 in Vol IV of the Azimuth Report [APP-085] show the effect of applying a percentage for productivity gains (i.e. reducing the level of job creation) and a reduction in the indirect/induced ratio on the figures originally presented and shown in Table 5 of the Azimuth Report.

(f) Calculation of Indirect, Induced and Catalytic Job forecasts

- 2.21 The Applicant confirmed that the ratio for calculating indirect and induced jobs multiplies the direct jobs. The Applicant used the ratio for Stansted and Luton as these are the most recent assessments of job creation at UK airports. Stansted and Luton use the ratio of 1:1.8. This is less than the 1:2.1 ratio used by York Aviation in their work for Airports Council International Europe in 2015.
- 2.22 The Applicant confirmed no other local factors, such as policies for training were accounted for in the modelling of indirect and induced job forecasts. However, it will be vital for training and education programmes to be in place to ensure locally created vacancies can be filled by local people.
- 2.23 The catalytic impact on job creation was derived from the formula used by ICAO (2000), using a ratio of 4:1, which is more conservative than the more recent 2015 Intervistas figure of 4.65:1. This is a national and not a local figure, deemed appropriate to give an indication of the national significance of Manston Airport.

3 Agenda Item 5: Displacement

- 3.1 The Applicant highlighted that there is presently an inefficiency in the UK economy: a significant proportion of freight that is either produced in the UK or destined for the UK is trucked to and from European airports. This unmet demand, resulting in trucking, is partly due to a lack of capacity in the South-East aviation sector and to a lack of facilities such as security checking oversized items. It is this market that the Applicant anticipates capturing.
- 3.2 The Applicant acknowledged that some displacement of freight from other airports is expected, however, noted that this is unlikely to have any significant effect on job numbers. The Applicant cited Stansted as an example, where any loss of freight movements would be taken up by an increasing focus on passenger operations. In this way any reduction in Cargo ATMs would be replaced by Passenger ATMs.
- 3.3 The Applicant commented that the number of trucking movements would be unaffected by the project's operations, however, the distances travelled would be shorter since transportation by truck would be within the UK as opposed to across Europe. Should there be any displacement of trucking jobs it is not clear that this would affect UK-based jobs. Whilst the project will certainly create local jobs (at the airport), there is no evidence that local haulage jobs will be lost. Many existing trucks travelling to/from European airports are likely to be handled by non-UK-based truckers whereas trucks from Manston to UK customers are more likely to be UK-based.

- 3.4 It was suggested that displacement due to the introduction of a Public Safety Zone (PSZ) should be given due consideration. The Applicant highlighted that PSZs are areas located at the end of runways which do not cover huge swathes of land. TDC has not notified the Applicant of any employment zones within a potential PSZ and in the case of Manston Airport, development tends to be north and south of the runway as opposed to being positioned at either end. The Applicant declared the Manston Airport PSZ using the largest PSZ in the UK and it is therefore considered more than robust. As acknowledged by Louise Congdon of York Aviation, the 1 in 10,000 contour where existing developments would be vacated would be small and hardly extend beyond the airport boundary at the ends of the runways and thus not contain any existing development. The 1 in 100,000 contour would be larger and although people can continue to live and work within it, planning applications that would increase the number of people living or working within the contour would not normally be permitted.

4 Agenda Item 6: Tourism

(a) Consideration of likely inbound tourism

- 4.1 There is the potential for large numbers of inbound tourists coming to the UK for a holiday, for business or to visit friends and relatives. The Applicant recognises that during the early years of operation of Manston Airport many of these will have ultimate destinations beyond Thanet or Kent. However, tourists are commencing their journeys in this part of Kent which provides opportunities for Local Authorities, tourist boards or individual tourist sites to advertise themselves and attract these tourists, enticing them to spend time in Kent or attracting them on their journeys through Kent. The Applicant argues that this opportunity exists even though it cannot be precisely quantified.
- 4.2 The Applicant cited Southend airport, where Southend-on-Sea Borough Council worked closely with the airport to attract and encourage tourists to the local area. In 2019, there were 7.5 million visitors to Southend, bringing £440 million to the local economy. The Applicant anticipates that the same level of success could be achieved at Manston Airport, given an appropriate amount of effort by local authorities and other stakeholders.

(b) Effects of outbound tourism on the economy

- 4.3 The Applicant stated that it is not anticipated that there will be negative effects arising from outbound tourism. Individuals who choose to travel through Manston Airport may otherwise travel from another airport in the South-East. The Applicant noted that Southend has not reported negative effects from outbound tourism.

(c) Negative effects on tourist economy, including on the HAZ

- 4.4 The Applicant noted that the Heritage Action Zone (HAZ) is a relatively new designation intended to perform an economic regeneration function. The Applicant also noted that Manston Airport will bring a significant number of visitors to Ramsgate, effectively creating a market for the HAZ. It will be for TDC to grasp the opportunity to attract those visitors to the HAZ.
- 4.5 The HAZ operates in an already urban environment, characterised by noise from buses, cars and a small amount of aviation already present from the Polar Helicopters operation at Manston Airport. In addition, at its peak, Manston Airport will have approximately 4

movements per hour (2 take-offs and 2 landings) and it is not anticipated that the noise from these flights will adversely affect the HAZ; indeed, as stated above, the potential for additional tourism should benefit the HAZ. The Applicant believes that it is unlikely, therefore, that additional flights to Manston will adversely change the character of the area.

5 Agenda Item: 7. Education, Training and Skills

- 5.1 The Applicant highlighted that the latest draft of the DCO [\[REP7a-017\]](#) contained an additional requirement for an education, employment and skills plan (Schedule 2, requirement 20). Under this requirement, the education, employment and skills plan must contain a local hiring policy, an education and skill policy and a workplace training policy. All educational and training facets envisaged to form part of this plan have been discussed with stakeholders including Thanet District Council.
- 5.2 A report has been commissioned to inform where certain resources are spent in terms of future training and the current skill base within Thanet, however, it is unlikely that this will be available until after the examination period..
- 5.3 For the project to be successful, both East Kent College and Canterbury Christ Church University need to develop business plans before launching new or augmented provision. For this to happen, the following are needed:
- o An informed, evidence-based forecast of the anticipated scale and nature of the likely business population on site;
 - o A quantitative forecast of the anticipated volume of employment, broken down by occupation by industry sector; and
 - o A qualitative assessment of the type and level of skills required for the most promising occupations on site (as these will be of a scale that it is viable for providers to address), along with an assessment of what offers and services by local providers could best meet these needs.
- 5.4 This research work is now underway and will be delivered working closely with the emerging partnership of organisations with an interest in the likely employment and skills dimensions of the proposed Manston development. This will help to optimise the benefits of the scheme to local people and the local economy. The output of the work will be a Skills Demand Forecast report. This will set out the overall scale and nature of demand for skills among the businesses that are anticipated at Manston as part of the airport redevelopment. It will also provide descriptive detail on the top 20 job roles and the education and skills offers that will have been identified as appropriate to prepare people for these roles. In this way, the report will provide the underpinning information required by education and skills providers to build a business case for their activities in support of maximising the local employment impact of the scheme.

ISH5 Appendix Index

ExA Action No.	Appendix No.	Document
N/A	1	Manston ATM Cap- Flexibility vs Impacts Reported
17	ISH5 - 17	Details of French aircraft MRO and recycling operation referred to by Mr Cain as a comparator

Appendix 1

Technical note:

Manston Airport: Clarification on Potential Impacts Arising from Flexibility in the ATM Cap

1. Introduction

At the DCO Issue Specific Hearing for the Manston Airport project on the 7th June the issue of whether to impose separate movement caps for freight and passenger movements was discussed. The applicant suggested that, in order allow some limited flexibility for the future operation of the airport, the form of cap to be included at Requirement 21 of the dDCO and within the Noise Mitigation Plan at Paragraph 1.9 should be:

‘A total annual air transport movement limit of 26,468, of which no more than 9,298 movements will be passenger aircraft’

The Examining Authority (ExA) expressed concern as to whether such a cap had been fully assessed within the ES. The following matters were of particular interest to the ExA:

- a) Emissions relating to road transport, where it was agreed that the road traffic movements associated with passenger flights would have a greater impact on the transport network than road traffic movements associated with HGVs.
- b) That the form of words used in the above sentence could potentially allow more than the 17,170 freight movements assessed and would therefore give rise to significant effects over and above those assessed in the ES.

2. Potential effects of modelled passenger aircraft movements being used for freight

The applicant considers that the potential significant effects arising from a potential variation from the ES forecast would be limited to noise, air quality and transport. No other ES topics would be significantly affected by flexibility in the fleet mix other than where there is a relationship with noise or air quality. In the case of noise, aviation movements are already limited by the noise contour cap contained at Paragraph 2.1 of the Noise Mitigation Plan and as such the ExA can be satisfied that the flexibility allowed by the above wording would not allow the noise effects presented within the ES to be exceeded.

In the case of transport, it is the case that the trip generation associated with a single passenger ATM is greater than that of a freight ATM (approximately double) due to the greater number of vehicle movements associated with a passenger flight. It is also the case that freight movements are more likely to avoid peak hours and therefore further reduce potential impacts on the transport network. Therefore, although not assessed in detail, in the event that additional freight movements use up part of the passenger component of the above cap, the ExA can be satisfied that the road traffic effects are likely to be less than those assessed in the ES.

In the case of air quality, it is accepted by the applicant that aircraft carrying freight are often older than those carrying passengers and as such the freight fleet mix may result in greater aircraft emissions than the passenger fleet. Nonetheless, as noted above a passenger aircraft movement will create more than twice as many car trips as a freight aircraft movement will create HGV trips.

Defra's Emission Factors Toolkit indicates that emission per vehicle-kilometre from HGVs is approximately 2 times that from light duty vehicles such as cars. Therefore, the emissions from road traffic associated with passenger aircraft will be greater than that associated with freight aircraft. In this regard, a switch from a passenger ATM to a freight ATM would not cause air quality effects resulting from road traffic to be materially worse (indeed they would be likely to be marginally better) than reported in the ES.

This therefore leaves only emissions from aviation related sources that could worsen as a result of the flexibility offered by the applicants suggested drafting of Paragraph 1.9 of the Noise Mitigation Plan. In this regard Figures 6.11 to 6.22 of the ES (attached here for ease of reference) show the following pollutant concentrations without road transport:

- NO₂
- PM₁₀
- PM_{2.5}
- NO_x

These contour plots clearly show that in all years', pollutants from aviation related sources are largely limited to within or just outside the airport boundary.

Since the ISH on the 5th June, the applicant has undertaken further sensitivity testing which has shown that increasing the proportion of freight aircraft within the overall cap of 26,468 movements would slightly increase the area over which "slight" and "moderate" impacts occur, but concentrations are low enough that the overall significance of the effects is judged to be not significant.

A second, and more realistic, sensitivity test showed that if c25% of the passenger aircraft are replaced with freight movements in Year 20, then the modelled impacts at the St Lawrence receptors would increase from "slight" to "moderate", but taking into account the conservatism of the model and the existing conditions this is again judged not to be significant.

Impacts on ecological sites would not be appreciably different from those assessed in the RIAA, so the conclusions of no significant effects remains valid even if all passenger movements are replaced by freight aircraft.

3. Conclusion

The Applicant therefore concludes that the suggested ATM cap wording (above) is appropriate in order to control the environmental effects of the development to those assessed in the ES, but at the same time allow reasonable commercial flexibility so that the airport can respond to market conditions over the next 20 years or so.

Issued by

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Appendix IS H5 – 17

Note outlining aircraft maintenance, storage and recycling operations at Tarbes-Lourdes Airport

Aircraft Recycling, Tarbes-Lourdes-Pyrenees Airport, Haut Pyrenees

Tarmac Aerosave is an aircraft maintenance, storage and recycling operation based at Tarbes-Lourdes Airport in the Occitanie Region of France. It is a joint venture established in 2005 between Airbus, Sarfan and Suez, with initial support from EU funding to explore the practical challenges and economics of recycling aircraft. It is now a commercial operation that has disassembled and recycled around 125 aircraft at a rate of 10 per annum and employs around 200 staff, although some of these are involved in engine maintenance, which along with aircraft storage, forms part of the overall joint venture.



The combination of offering MRO alongside recycling is the commercial model adopted by most participants in the nascent aircraft recycling sector including Apple Aviation, ASI and e-cube in the UK, although Tarmac's Tarbes operation is still by far the largest aircraft recycling facility in Europe and the only one that uses sophisticated cutting equipment to ensure aluminium and alloys from aircraft wings and fuselages are presented in uncontaminated packages for smelting and then re-use either in the aircraft manufacturing sector or in cars or tin manufacture.



A number of studies point to a large supply of older (particularly narrow-body) aircraft coming forward for storage, parting out and recycling over the next ten years, and whilst Tarmac are looking to double their capacity, there will remain a large market for further aircraft recycling facilities in Europe and the Applicant believes one of these could be at Manston as part of or sitting alongside the MRO operation shown on the Masterplan submitted with the DCO.

The evidence from Tarbes¹ and the UK² is that the density of employment associated with recycling operations increases with scale. So for smaller facilities, which 'trash' rather than precision cut fuselages/wings and deal with 2-4 aircraft per year, the employment rate appears to be around 8-10 FTEs per aircraft or one job per 125msq; in Tarbes it is closer to 20 FTE's per aircraft and one job per 75sqm and increasing. As with manufacturing assembly operations the greater the throughput the greater the job specialisation; and the precision cut material secures higher value from the aluminium smelting operators (principally Constellium and Alcoa).

Although at Manston the main focus in the 100,000 sq ft MRO facility is anticipated to be Cand D check maintenance, the applicant will also be exploring the potential to use the associated apron and adjacent land next to what will be a flexibly configured hangar capable of taking 4 narrow-body aircraft or two narrow-body and one wide body aircraft at once, to develop an aircraft recycling proposition. Parted out materials will be stored offsite in one (or more) of the Northern Grass buildings, which will also house the main administrative functions associated with the operation. The certification, registration, packaging and sale of these parts is a significant operation in itself.

¹ Inside MRO: Airbus, Safran, Suez See Future In Aircraft Recycling (Dec 2017)

² Northpoint discussions with airports/operators



We have already pointed to MRO operations with multiple shifts, of a similar size and intensity to that envisaged at BAMC in Cardiff (700 jobs) and Prestwick (600 jobs) in estimating the jobs to be created at facility proposed for Manston. The aircraft recycling operation is expected to be an 'adjunct' not a replacement for this, but with the potential to grow further if successful. In comparison SHP's reference to the now failed Monarch MRO operation is: unspecific about the nature of the operation (i.e. third party, in-house, line or heavy maintenance, single or mixed aircraft); the size of the facilities they operated (small single bay operations on multiple sites are inherently less efficient); whether it was multi-shift; and the extent of the work pipeline they had when the figure of 350 jobs they quote was calculated (after-all they went into administration shortly thereafter). We do not, therefore consider it a valid comparison and stand by the employment figures we have put forward.