



Gatwick Airport Northern Runway Project

Funding Statement

Book 3

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1 Introduction

- 1.1.1 This **Funding Statement** (Doc Ref. 3.1) forms part of an application by Gatwick Airport Ltd to the Secretary of State under the Planning Act 2008 (the "Act") (Ref 1.1) for the necessary powers to enable its Northern Runway Project to implement a dual runway operation and the mitigation designed to address its associated impacts.
- 1.1.2 The Project would enable Gatwick Airport to grow to accommodate c. 80 million passengers each year by 2047. It would involve substantial investment and create significant short, medium and long-term employment opportunities and economic benefits for the local area, the region and the UK.
- 1.1.3 The Northern Runway Project falls within the definition and thresholds (an increase of more than 10 million passengers per year) for a Nationally Significant Infrastructure Project under section 15 of the Act and its construction must therefore be authorised by a Development Consent Order ("DCO").
- 1.1.4 A funding statement is required where a DCO application includes compulsory acquisition powers (regulation 5(2)(h) of the Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009).
- 1.1.5 A detailed description of the main development proposed can be found in **Chapter 5** of the **Environmental Statement (ES)** (Doc Ref. 5.1). The location of the Project is shown on the **Land Plans** (Doc Ref. 4.2). Gatwick Airport Ltd is engaging in negotiations with all affected landowners and the current status of those negotiation is outlined in the **Statement of Reasons** (Doc Ref. 3.2).

2 Purpose of this Funding Statement

- 2.1.1 This Funding Statement is required because the **Draft Development Consent Order** (Doc Ref. 2.1) (the "Order") would authorise the compulsory acquisition of land, interests in land and rights over land. Under the relevant regulations (as described below), Gatwick Airport Ltd. must provide a statement setting out how, if the Secretary of State were to grant the Order containing such powers, it would fund such acquisition.
- 2.1.2 This Funding Statement has been produced in accordance with Regulation 5(2)(h) of the Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009 ("APFP") (Ref. 1.2) and the former Department for Communities and Local Government guidance, 'Planning Act 2008: Guidance related to procedures for the compulsory acquisition of land' (September 2013) (Ref. 1.3) and 'Planning Act 2008: Application form guidance' (June 2013) (Ref. 1.4).
- 2.1.3 The Planning Act 2008: Application form guidance' (June 2013) (Ref. 1.4). explains:
- "25. Where an applicant intends to compulsorily acquire land, an interest in land or rights over land, information relating to this must be set out within a ... a funding statement ... 26. ... A funding statement must contain sufficient information to enable the Secretary of State to be satisfied that, if it were to grant the compulsory acquisition*

request, the proposed development is likely to be undertaken and not be prevented due to difficulties in sourcing and securing the necessary funding.”

- 2.1.4 In addition, the former Department for Communities and Local Government guidance, ‘Planning Act 2008: Guidance related to procedures for the compulsory acquisition of land’ (September 2013) (Ref. 1.3) explains:

“9. The applicant must have a clear idea of how they intend to use the land which it is proposed to acquire. They should also be able to demonstrate that there is a reasonable prospect of the requisite funds for acquisition becoming available. Otherwise, it will be difficult to show conclusively that the compulsory acquisition of land meets the two conditions in section 122 [...]

17. Any application for a consent order authorising compulsory acquisition must be accompanied by a statement explaining how it will be funded. This statement should provide as much information as possible about the resource implications of both acquiring the land and implementing the project for which the land is required. It may be that the project is not intended to be independently financially viable, or that the details cannot be finalised until there is certainty about the assembly of the necessary land. In such instances, the applicant should provide an indication of how any potential shortfalls are intended to be met. This should include the degree to which other bodies (public or private sector) have agreed to make financial contributions or to underwrite the scheme, and on what basis such contributions or underwriting is to be made.

18. The timing of the availability of the funding is also likely to be a relevant factor. Regulation 3(2) of the Infrastructure Planning (Miscellaneous Prescribed Provisions) Regulations 2010 allows for five years within which any notice to treat must be served, beginning on the date on which the order granting development consent is made, though the Secretary of State does have the discretion to make a different provision in an order granting development consent. Applicants should be able to demonstrate that adequate funding is likely to be available to enable the compulsory acquisition within the statutory period following the order being made, and that the resource implications of a possible acquisition resulting from a blight notice have been taken account of.”

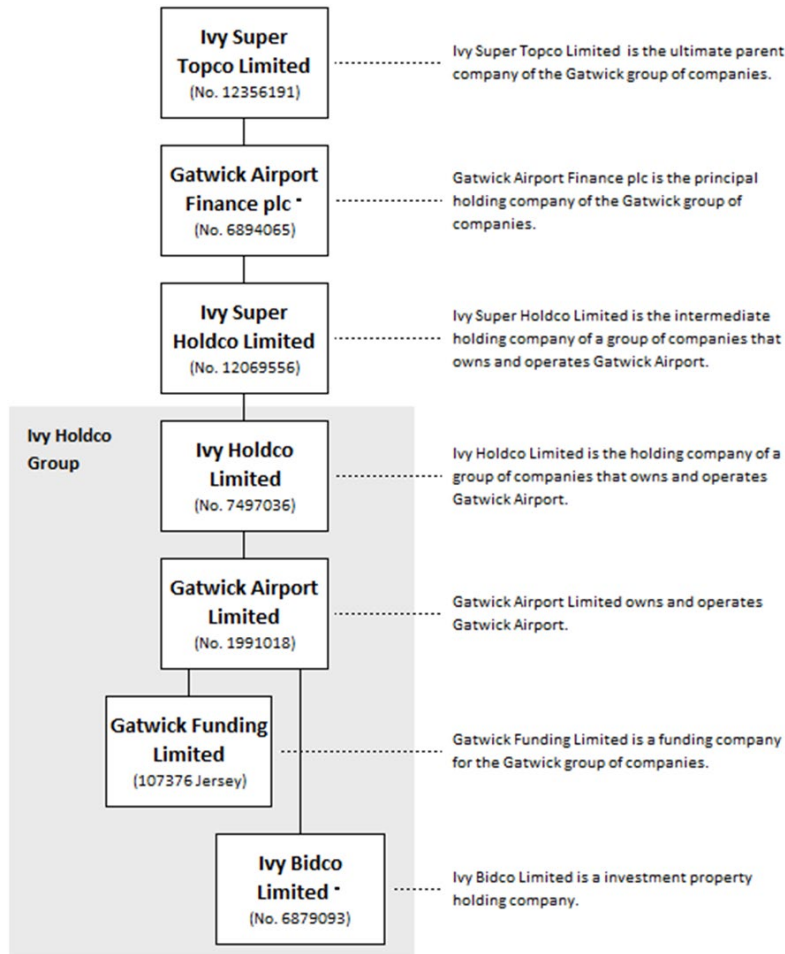
- 2.1.5 This Funding Statement explains how: (i) the acquisition of the land, interests and rights necessary to build the Northern Runway Project and its mitigation would be funded; and (ii) how the implementation of the Northern Runway Project generally is to be funded. It should be read alongside the **Statement of Reasons** (Doc Ref. 3.2), which justifies the powers of compulsory acquisition that are sought and explains how Gatwick Airport Ltd. intends to use the land for which acquisition is proposed.

3 Capital Expenditure

3.1. Corporate Structure

- 3.1.1 A simplified structure of the overall Gatwick group of companies (the Group) is illustrated in the diagram below, along with their principal activities within the Group. Gatwick Airport Limited, accounts for the significant majority of the Group’s operations. The Board of Directors of Gatwick

Airport Limited (the “GAL Board”) determines the long-term strategy of the Group, ensuring that it acts ethically, has the necessary resources to meet its objectives, monitors performance, and meets its responsibilities as a major UK infrastructure asset.



3.1.2 The Gatwick Group is ultimately owned by VINCI SA ("VINCI") and a consortium of investors managed by Global Infrastructure Management LLC ("GIM").

3.1.3 VINCI Airports, as the world’s leading private airport operator in the world, manages the development and operation of more than 65 airports in 12 countries in Europe, Asia and the Americas. Served by more than 250 airlines, VINCI Airports’ network handled 255 million passengers in 2019. Through its expertise as a comprehensive integrator, VINCI Airports develops, finances, builds and operates airports, leveraging its investment capability and know-how in optimising operational performance, modernising infrastructure and steering environmental transition. VINCI Airports’ annual revenue in 2021 was €1.2 billion, down 55% relative to 2019 but up 20% on 2020. For more information, visit www.vinci-airports.com.

3.1.4 Global Infrastructure Partners (GIP) is a leading global independent infrastructure fund manager. GIP targets infrastructure businesses and assets in the energy, transportation, digital, water and waste sectors. GIP has grown to be one of the world’s largest infrastructure investors and currently manages \$87 billion in assets on behalf of its global investor base. The companies in GIP’s equity portfolios have combined annual revenues greater than \$80 billion and employ approximately 100,000 people. For more information, visit www.global-infra.com.

3.2. Project Cost and Funding

- 3.2.1 The current cost estimate for the Northern Runway Project is c. £2.2 billion. This includes design, land acquisition (including any compensation payable for any compulsory acquisition of land, interests in land and rights over land), and physical construction. This cost estimate takes into account expected inflation and contingencies.
- 3.2.2 This cost estimate has been informed by contributions from a variety of sources, including budget quotations, expert advice and industry recognised rates based upon experience of large infrastructure projects. Additionally, this has been informed by learning from previous development projects at Gatwick airport which over the last decade have totalled £2.5 billion.
- 3.2.3 Because of this, Gatwick Airport Ltd. is confident that it will be able to raise the funding required through a blend of debt, equity and airport charges for the Northern Runway Project and that adequate funding will be available in order to commence development and for any compulsory acquisition to take place within the timescales set by the Order. The availability of funding is therefore not considered to be an impediment to the implementation of the Northern Runway Project or to the acquisition of land, interests in land or rights over land identified in the Order.
- 3.2.4 Considering the above, the Secretary of State can be satisfied that Gatwick Airport Ltd. will have adequate funds available for the Northern Runway Project (including the compulsory acquisition of land, interests in land and rights over land) if development consent is granted.

3.3. Compensation Payments

- 3.3.1 An estimate of the amounts necessary to cover the payment of compensation associated with the exercise of any compulsory acquisition powers granted in the Order is taken into account in the overall Northern Runway Project cost explained in **section 3** above. Expert advice has been taken by Gatwick Airport Ltd. about the amount of compensation that may be payable.

3.4. Blight

- 3.4.1 In the event that any claims for blight arise, Gatwick Airport Ltd. will be sufficiently capitalised for the reasons explained above to meet the costs of dealing with such claims.

References

- 1.1 Planning Act 2008.
- 1.2 Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009 No. 2264.
- 1.3 "Planning Act 2008: guidance related to procedures for compulsory acquisition" published in September 2013 by the former Department for Communities and Local Government.
- 1.4 "Planning Act 2008: application form guidance" published in June 2013 by the former Department for Communities and Local Government.