

File Name: ISH1 29th February 2024 Part 2.mp3

File Length: 01:24:04

FULL TRANSCRIPT (with timecode)

00:00:05:00 - 00:00:23:03

Okay. Um, it's now 1140 and the hearing is resumed. Um, so if we could carry on, um, with my questions relating to agenda item four, um, recent growth, um, and I just have a couple of questions now relating to, um, passenger catchment. Um,

00:00:24:18 - 00:00:52:18

in the, uh, the Forecast Data Book environmental Statement, appendix 4.3.1, it states that in 2019, uh, paragraph 5.5.8, this is London Gatwick had a larger share of short haul demand originating terminating in the London market. Um, I just want to know how much of London Gatwick for, uh, sorry, how much of the demand for London Gatwick come from the north, uh, and north east and east of London?

00:00:58:20 - 00:01:02:17

So kind of. You can imagine a slave from the north of London going across to the east.

00:01:08:00 - 00:01:27:22

Jonathan Pollard for the applicant. Um, the vast majority of the demand. Um, so more specifically, within a total, uh, catchment of 110 million, uh, for the London system. 77 of that came from Greater London and 23, uh, sorry, 36 million of that came from southeast England.

00:01:32:14 - 00:01:42:20

So that in itself, um, excludes the region I think you're referring to, but represents not far off the. Pull 110 million.

00:01:48:29 - 00:01:51:24

Sorry. I'm going to take a moment, actually, just to just consider that one.

00:02:15:03 - 00:02:25:14

Uh, Scotland. The applicant may introduce, um, Mr. Rob Walker. Well, Mr. Pollard checking those details. Perhaps you could introduce your your role as well, please, Mr. Walker.

00:02:25:25 - 00:03:02:23

Thanks, Scott. So my name is Rob Walker. I've been working with Gatwick for ten plus years on a range of traffic forecasting, uh, airline assignments. We've been supporting them through the DCA process. Um, in terms of the point around the catchments, um, in terms of the Gatwick School catchment, it's about 80, 90% comes from its kind of surrounding counties the south of London, uh, West Sussex, Surrey as well. Um, we do have a detailed breakdown, which we will be submitting as part of the the deadline. Deadline? One submission, uh, where we detailed a breakdown within the

south east of England, uh, the London markets in terms of their behaviours, in terms of the, of their favoured catchments as well.

00:03:02:25 - 00:03:20:00

But it's very significantly weighted towards the Greater London market and the south east of England. Um, in terms of kind of overlap with other airports, it's got certainly a much greater overlap with, say, somewhere like Heathrow versus the north London airports that you mentioned for, for catchment overlap.

00:03:22:08 - 00:03:50:05

Okay. Mr. Jonathan Pollard for the applicant. Forgive me. I've found the correct figures. So in terms of the Gatwick specific passenger volume, 82% of passengers in 2019 were from either the Greater London or southeast England. I think you asked specifically about those locations north of London. Um, so if we take East of England as an example, that comes right across as far as Saint Albans, that was 7% of the passenger volume in 2019 for Gatwick.

00:03:52:20 - 00:04:02:03

That is overwhelmingly, um, 82% centred around central London, um, and the south, east, south and surrounding areas of London.

00:04:04:01 - 00:04:18:18

Thank you. That's useful. Thank you. Um, you mentioned then, um, Mr. Walker, that, um, Gatwick catchment overlaps with Heathrow's. Um. Is there any more detail you can expand on that for us?

00:04:20:19 - 00:04:51:29

Yeah. Uh, Mr. Walker, on behalf of the applicant. So in terms of the, um, over overlapping catchments, um, when you extend, uh, we look at, say, some of the examples, you know, West Sussex around the Surrey and Hampshire, um, this is where you see a much more even distributions over every hundred passengers that are surveyed attending the London airports. It's a very even split, around 50% of the those passengers using Gatwick or Heathrow. Certainly the further north you'll get, you'll see much more overlap between, uh, Heathrow and Luton and other airports starting to come into play.

00:04:54:21 - 00:04:55:20

Okay. Thank you.

00:04:56:03 - 00:05:07:02

Mr. Scott. And as Mr. Walker says, we can reflect on the presentation of this information pursuant your question and provide some more information at deadline. Well thank you.

00:05:07:21 - 00:05:40:17

Useful. Um, uh, one of the reference within the data book. And, uh, you mentioned it earlier as one, um, Mr. Pollard, it was about, um, that you believe Gatwick has connections to central London, then? Uh, Stansted, I think in, in, uh, the data book as well. You mentioned better connections and Luton as well to central London. And I wondered if you could expand on that point for us. Yeah. Jonathan

Pollard for the applicants. So I think let's look at the rail proposition to start with. So we have uh, two key rail services, one that goes into London, Victoria.

00:05:40:19 - 00:06:12:22

It's a high frequency Gatwick Express service. Um, it runs at the most every half a half hour. It takes half an hour and it is direct. We then have the Thames Link service that runs into the core London station. So London Bridge, uh, Farringdon, Blackfriars, City, Thames Link and most specifically, uh Kings Cross Saint Pancras, which is the best connected, uh, underground mainline station in London. Um, from a journey time perspective, those services to either London Bridge or, as I said, Victoria, are half an hour, 28 minutes to London Bridge.

00:06:12:27 - 00:06:41:24

That compares with 47 minutes on the Stansted Express into Liverpool Street. Uh, Luton. If you account for having left the terminal, then take the walk to the dart to catch the darts and with a good wind, have a service coming in. At the point that you arrive on the platform that you're still looking at, probably a full journey time that exceeds 35 minutes. Um, so from a pure journey time perspective, we have the quickest, uh, services by rail into central London relative to Stansted and Luton.

00:06:46:24 - 00:06:47:09

Thank you.

00:06:49:11 - 00:07:24:24

Okay. If I could move on now to a Covid 19, um, recovery. Um. On. The point is raised that you expect to be back at 2019 traffic levels by 2025. Quite a wide ranging question, this one. But is that realistic? You're on track. Jonathan Pollard for the applicant. Yes. Very realistic. So if we look at the last few years of passenger volume, um, that Covid was obviously a phenomenally difficult time for the airport. Uh, we reached our absolute low into 2021 with 6.3 million passengers.

00:07:24:26 - 00:07:57:12

We finished 2022, uh, with 32.8 million. So that was a 70% recovery. Uh, we finished 2023 at an 88% recovery, which was 40.9 million passengers. And this year, we're anticipating an A well on track to deliver 44 million, which is a 95% recovery. I think if you just take the fact that the last three years we were 70% recovered, then 88% recovered, then 95% recovered. Uh, to answer your question, I'm extremely confident that we will be fully recovered next year and the trajectory continues in a positive manner.

00:07:58:18 - 00:08:31:10

Thank you. Um, the pandemic obviously saw a change in the way that many people work. Um, technology obviously playing a greater part in working from home video calls and so on. Um, as business travels have, has that returned to the same levels as pre pandemic? Uh, Jonathan Pollard for the applicant. Well, as you rightly mentioned earlier on business travel fortunately at Gatwick was not as big a segment of demand in totality. I think there's two lenses in terms of how we look at business travel now. I think, uh, it is well documented that business travel inter-company is probably at a lower level.

00:08:31:12 - 00:09:08:26

So therefore people that travel between within the existing company or with relationships that they held already are travelling less by air. However, what I would say is that what we're observing is with the technology that we now have, the number of interactions that you can hold on a weekly basis with, let's say, external parties is significantly greater than it was pre-COVID. The reason that's important is, if you think of it, of a sort of a need for a face to face that dictates then the need to travel by plane. Um, what I think we're observing is the number of face to face interactions between a singular company and an external business may be less than it were beforehand, because some of those can be undertaken online.

00:09:09:04 - 00:09:42:26

At the same time, businesses are able to talk with many more companies within the same period of time. So it actually generates a comparable level of need for face to face interaction. Um, and that's something that we're observing. And indeed I would say is what we reflect in terms of our own activity at Gatwick Airport and the extent of travel that we as a business, um, as Gatwick Airport employees undertake. Okay. Thank you. So in terms of the, um, you may not have the stats, obviously, but in terms of the recovery from Covid 19, is it, uh, is it is a similar level as to the leisure passengers that you're approaching back up to that 15%?

00:09:45:00 - 00:09:52:23

Jonathan Pollard for the applicant, certainly by the end of next year, we're expecting comparable, uh, volume of business traffic. Thank you.

00:09:56:10 - 00:09:59:20

Um, the data book mentions that, um.

00:10:01:05 - 00:10:22:20

Summer, 22 figures were back to 80% of what they were pre-pandemic, and that it would have been higher if not for ongoing travel restrictions and resourcing resourcing challenges. Um, could you elaborate on what resourcing challenges means that context? So paragraph 3.1.2 of the data book. Sorry.

00:10:42:22 - 00:10:46:25

Scotland. Can I ask Mr. Walker to question?

00:10:49:14 - 00:11:20:18

So yeah, in terms of the summer 22 recovery, um, in terms of some of those operational challenges we'll probably be aware of, say, um, some of the headlines around OCP across European airspace, the restarting of the aviation industry. Um, it was obviously quite lumpy in terms of various restrictions being being lifted. Um, certainly some of the resourcing levels that had impacts in terms of the operational performance of um carriers and airports in terms of being able to deliver 2019 levels of throughput. But, Mr. Walker, for the applicant.

00:11:21:24 - 00:11:58:14

Thank you, Mr. Pollard. Uh, Jonathan Pollard for the applicant. Yeah. I think the, um, the key challenge is related to timing. So the real recovery began in April, the start of the summer season. Uh, summer flying season. That was April 2022. Um, the nature of the activity and airport and airlines is,

uh, requires security clearance. So, as you can imagine, to then recruit the sum of people that was needed across the whole ecosystem. Not just pilots, but cabin crew, uh, ground handling staff, right across the, um, airport landscape, there were certain timescales that were unavoidable that prevented.

00:11:58:21 - 00:12:21:28

Um, I think the whole airport system getting the required number of people that it needed in time for the extent of significant increase in demand that presented itself. Um, fortunately, those challenges have fell away as we've gone further forward, but I think very much located to or related to the fact that it was the start of the recovery and there was a necessary time scale that needed to flow through to get the required number of people to run the system.

00:12:25:07 - 00:12:57:10

Okay. Thank you. That's helpful. Um. If I could just move on to my last few questions on this topic and then I'll, um, I'll obviously have to speak. Um, if we could look at recent changes in runway capacity. Um, I understand the airport can achieve 55 scheduled air transport movements an hour, um, on its, um, existing runway, up from 53 an hour in 2012. Could you just outline to me how that how that has been achieved?

00:13:00:15 - 00:13:04:04

A Scotland applicant asked Mr. Sinclair to pick up that question, please.

00:13:08:14 - 00:13:55:25

Sir. Thank you. Sir. Uh, Andy Sinclair, on behalf of the applicant. So, um, a brief description by way of context. So there are three fundamental things that will affect, um, or influence the capacity at the airport. There is the ground infrastructure that we're talking about today. There is the runway capacity and then there is the airspace capacity. If you if you look at the theoretical airspace capacity, uh, without taking into account, um, the need for a single runway or even a dual runway, the airport could accommodate, in, um, optimal circumstances with the right fleet mix, with the right weather conditions, uh, and the right split of departure routes, 60 departures in an hour.

00:13:55:27 - 00:14:29:21

And that's 60s between each departing aircraft when each departing aircraft launches into the London airspace. The air traffic controller needs to provide three nautical miles separation. And that's 60s achieves that. Uh, for arrivals, it's slightly different. So you provide increased separation again, roughly three miles, but the aircraft is slowing down. So it's about 75 seconds between each aircraft. And that gives you 48 arrivals in optimal conditions.

00:14:29:28 - 00:15:03:05

Um, with a really good fleet mix. That was if there was no single runway. So that gives you a total of 108 aircraft in, uh, utopian world, when you introduce things like ground infrastructure and the runway, there are there are other factors that need to be taken into account. Um, so the things that favor Gatwick Airport, um, and allow us to achieve what are quite incredible levels of aircraft throughput, capacity on the runway, start on the ground. And that is the optimization of the departure sequence.

00:15:03:11 - 00:15:40:20

And there are two things really that contribute to that. One is the infrastructure. So controllers are able to place aircraft at multiple entry points to the runway. And the air controller that manages the runway is able to select the best departure to optimize the departure sequence. And normally that's to reduce the amount of spacing between aircraft. And you can normally do that by um, uh, particularly with departure following departure aircraft, by splitting aircraft on different departure routes.

00:15:40:22 - 00:16:12:06

And that's how you would potentially achieve your 60s. But that's a combination, if you like, of, uh, really good infrastructure on the ground, um, highly trained air traffic controllers that can deliver an optimized sequence, um, and an air controller who manages the runway. Um, we also have terminal control at uh Swanwick, which is operated by Nats. They work in collaboration with the air traffic control tower to optimize that sequence.

00:16:12:08 - 00:16:51:15

So there are balances, um, of arriving and departing aircraft. And you can imagine there is an ebb and flow of periods of the day when there are lots of arrivals, and there are periods of the day when there are lots of departures. And there are also periods of the day when there's a really good balance of arrival and departure. So roughly a 5050 split. So when we talk about declaring 55 air traffic movements in a single hour, normally that would be around periods when there is a balance of arrivals and departures, because they're the optimum sequence.

00:16:51:23 - 00:17:27:25

And it's probably worth saying that although we we declare 55 air traffic movements in an hour, that is based on, um, aircraft pushing back from a stand, not to do with runway throughput. And you can imagine not everything runs quite to time. So although we talk about capacity declaration, which is what we share with the airlines, and we ask them to schedule to that, we have actual runway throughput capacity and that can in fact be above the 53, the 55 that we declare.

00:17:27:27 - 00:17:49:06

And that really just reflects the real life of of what happens at a runway. So, um, yes, we achieve it through optimised ground infrastructure, the air traffic controller, optimizing the departure sequence. Um, and then the departing into the airspace on standard instrument departure routes that are separated, if you like, on departure.

00:17:50:24 - 00:18:06:08

Okay. Thank you. And this useful explanation. Um, how how did the difference from. What's a 55 as you can do in certain times of the day, I believe now. How is it? How was that grown from 53 an hour in 2012?

00:18:08:12 - 00:18:44:19

Jonathan Pollard for the applicant. I think the key thing here, um, my colleague, Mr. Sinclair, has just set out the, uh, the operational capability that presents itself. The. To answer your question about how we've gone from 53 to 55, that was simply a capacity declaration decision. So Gatwick, recognising we had the ability to theoretically handle 55 movements with increasing pressure for slots, um, with the extent of demand that we have witnessed, we took the decision to release additional slots that facilitated going from what was the highest previous 53 movements, an hour to 55.

00:18:46:25 - 00:18:47:10

Thank you.

00:18:50:03 - 00:18:52:11

Just. Um.

00:18:53:01 - 00:19:12:07

I will come back to this later on, but just a quick reference again to the Easyjet, um, relevant representation, where they refer to the punctuality rating of the airport, um, which is a they state is a um, they in their words, Gatwick is in the lower half of airports consistently across Europe. Um, why is this a case in in general terms?

00:19:13:06 - 00:19:29:06

Scotland of the applicant. I'm sorry, can I just say that the relevant rep from Easyjet has a number of reasons. Detail points that we will bond to a deadline. One. Perhaps you can just ask, of course, Mr. Pollard, to deal with the broad theme at this stage and then we can provide more detail in due course.

00:19:29:27 - 00:20:06:21

Thank you. Jonathan Pollard for the applicant. Yeah, I think actually my response also addresses your question as well. So I think the central theme that's consistent in easyJet's relevant rep is the operational capability and delivery at Gatwick. I think it's worth reminding the panel that one of the central benefits of the scheme that we're putting forward is the resilience benefit that it presents, and I'm sure we'll talk more on this when we look at runway capacity in due course. But in very simple terms, at the moment we've got theoretically two runways. Not that clearly we can use it at the same time, but we have a backup runway that in the event that there is service disruption, can be used.

00:20:06:29 - 00:20:37:25

Um, the real reality, however, is that to switch over operations from one runway to another, um, certainly if unplanned, can take up to an hour. Um, and actually the capacity of the current northern runway is only 36 movements per hour. So the current state is that we have some contingency, but it's quite restricted. Um, and in the new world, um, the with with the northern runway operating at the capability that we believe it can do, you have two working runways that are operational at the same time.

00:20:37:27 - 00:21:07:05

You don't have the requirement for an hour, um, to switch over, and therefore you can recover service much quicker in the periods of disruption and protect the integrity of the operation. Um, that will be a key contributor to improved operational performance. Um, and I'm sure as part of our written representations will make clear and address more specifically how it addresses precisely easyJet's concerns that have been laid out. But I wanted to address it a more general level, this theme of operational delivery.

00:21:09:16 - 00:21:15:11

Okay. Thank you. Um, just a, uh, a final question for me on this agenda item. Um,

00:21:16:28 - 00:21:26:24

um, and I wondered if you could outline to me. Uh, and for the benefit, uh, what else? Present the role and extent of powers of the independent slot coordinator. Um, airport coordination limited.

00:21:33:07 - 00:22:05:03

Jonathan Pollard for the applicant. Um, so I think, uh, I mean, I can go into this to, to what level of detail that we find necessary, but to provide a fairly high level summary. Um, we are a level three coordinated airports. Um, there I think there are eight in the UK. Uh, the conditions that dictate if your level three coordinated are circumstances where demand far out, uh, outweighs capacity, uh, which it certainly does at Gatwick. As a result, we therefore employ a independent coordinator which is airport coordination limited ACL.

00:22:05:17 - 00:22:47:15

Um, uh, the way that the slot system works is that we, the airport will declare our capacity twice a year. So for the forthcoming summer season and similarly for the forthcoming winter season, that declaration is discussed with a joint, uh, Coordination committee. Um, the airport still retains the, uh, ultimate decision on what capacity is declared. Um, but equally, consultation is sought through the Coordination Committee before it is, um, it is released once that capacity declaration has been released, uh, then ACL in accordance with the worldwide um airport slot guidelines, will then allocate slot capacity to um interested parties that have filed for slots, uh, accordingly.

00:22:47:17 - 00:23:08:28

So there's a fairly clear criteria of assessment and evaluation that they use that will consider things like, uh, extent of competition, uh size of aircraft. Again, recognising this point around efficient use of infrastructure, um, uh, market competition, etc.. Um, and that will form the basis of their very independent assessment on who is allocated capacity.

00:23:12:25 - 00:23:47:05

I think the, the, the, the aspect that I would probably draw on beyond that is that, uh, once those slots have been allocated, um, you know, what is very evident at Gatwick in particular, and also Heathrow is and is solely related to both Heathrow and Gatwick is there is a secondary market for slot trading, uh, where the scarcity of slot capacity has meant that airlines are now, uh, paying multimillion sums between each other, uh, to acquire and to lease slots. Um, and that is undertaken completely separately from the ACL jurisdiction.

00:23:49:04 - 00:23:49:20

Thank you for that.

00:23:53:12 - 00:23:53:27

Okay.

00:23:59:18 - 00:24:08:29

If I open up this, uh, agenda item to, um, to the floor, if you like. So. Any questions or comments on a gender item of recent growth.

00:24:10:23 - 00:24:12:24



Mr. Bedford, I turn to you first.

00:24:14:18 - 00:24:43:17

Thank you, Sir Michael Bedford, for the joint local authorities. Sir, I think if I can say as a starting comment that obviously agenda item four is a relevant component that feeds into, uh, agenda item five on, uh, need and future demand. And obviously, uh, we are Mr..

00:24:43:19 - 00:24:57:15

Bedford. Sorry, sorry to interrupt. It's a general point for everybody using microphones. Could I ask that we make sure they are a little bit close. So we've got air conditioning above us as well. So I think if we just can all remember. Sorry. Mr..

00:24:57:21 - 00:25:37:00

I apologize. No fiddling with my glasses and my notes and the microphone. That's fine. Was secondary, but thank you, Mr. Bedford. I'll start again. So agenda item for, uh, looking over the the the recent history of growth is of primarily of interest to the councils because of the role it plays in agenda item five. When we get on to need and future demand. And, um, therefore we're interested in it because of the need to understand the realism of, uh, the baseline case.

00:25:37:08 - 00:26:14:13

And obviously, I don't want to trespass on agenda item five at this stage. Um, but it's perhaps helpful just to note, first of all. Uh, there has been dialogue. And between the applicant and the authorities, uh, using the services of York Aviation for now, some considerable time. Uh, and that has looked at, uh, recent past trends as well as the assessment of the future trends.

00:26:15:02 - 00:26:46:14

That dialogue has been, uh, productive in part, but it is not as yet reached a position whereby the authorities feel comfortable with the assessments which are being provided by the applicant. Uh, and much more of that turns on the methodologies and the judgments in agenda item five. But dealing specifically with agenda item four.

00:26:46:16 - 00:27:02:22

I think a point that we would particularly want to understand better is of the topics that you have outlined, uh, it's the effect of Covid 19 and the post-Covid recovery.

00:27:04:22 - 00:27:20:24

Where as we see the trends, Gatwick recovery has been slower. And less marked than at the other London airports.

00:27:22:13 - 00:27:56:08

And and we consider that that is telling us something about the existing constraints at Gatwick. And that is therefore telling us something about what judgments go into the future baseline, which is the obviously item five. So that's a key matter, which is understanding, uh, the um, recovery, uh, at Gatwick compared to, say, other London airports and the reasons for that.

00:27:56:15 - 00:28:13:18

I think I'll probably just bring in Miss Condon in case there's any specific comment she wants to make on any of the other bullet points under item four, in the light of what we've heard from the various representatives from the applicant. Thank you.

00:28:15:05 - 00:28:53:21

Louise Condon for the joint local authorities. I don't want to dwell on too much more because Mr. Bedford's made most of the points, but I think what we've been trying to understand is if the airport is full and has all of this excess demand for slots, which is currently part of the need case. What we're trying to understand. I've been trying to get data from the airport. To understand is, how is it possible to have a baseline case without the north runway at 67.6 million passengers per annum? I think that's one of the areas where we don't have a view as to what the right answer is.

00:28:53:23 - 00:29:06:26

Today, we're trying to get information from the applicant that enables us to make that judgment. But that's obviously very important to the local authorities. As I said earlier, in terms of being able to judge the benefits and the harms of the increment the north runway will provide.

00:29:09:20 - 00:29:30:09

Thank you for that. And you're quite right. Um, Mr. Bedford, in that the agenda items do certain extent bleed into each other. Um, and it's quite a difficulty. Difficult issue keeping them separate. I understand that, um, and your comments, Miss Congdon, about, um, the baseline case is obviously something we'll consider next agenda item as well. Um.

00:29:32:08 - 00:29:36:29

Mr. Linus or Mr. Parlato, if you wish to come back from.

00:29:37:01 - 00:30:11:29

Scott Linus for the applicant. Just to confirm, sir, Mr. Bedford is correct. There has been helpful discussion between the authorities and the applicant on this, and there will be more information submitted, a deadline, one, um, on the progress of those discussions. As for the point that have been made, I think the first one relating to the effect of Covid 19 and the relationship between Gatwick and other airports, allows Mr. Pollard to deal with that first and then the second point on the baseline case.

00:30:12:19 - 00:30:19:21

Mr. Walker, just to outline the broad influences on the baseline, how we get to that figure before we come back to that, a later agenda item.

00:30:21:07 - 00:30:54:04

Jonathan Pollard for the applicant. As you can probably imagine, we keep quite a close eye on our relative performance to all of the London airports. Um, the factually, this is very much the case that Gatwick optical recovery rate has been slower than Luton and Stansted in particular. Um, the core reason for this is the different nature of traffic type. Um, so Luton and Stansted are nearly all low cost short haul European traffic, uh, predominantly leisure supported. Uh similar characteristics are witnessed at Gatwick as well.

00:30:54:06 - 00:31:32:20

So that was in terms of when the recovery then began. It was those markets that recovered as quickly as possible. Uh, and actually if you, uh, extract all of the traffic types from the Gatwick recovery rates and just compare short haul at Gatwick with Luton and Stansted, our recovery rate is actually higher than Luton's, uh, and marginally beneath Stansted. Um, if you look at Easyjet is a good example. Again, the largest UK carrier uh, their two largest bases in the UK are at Gatwick and at Luton. And if you look at the capacity that is on sale for the rest of this year, there is considerably more in relative recovery terms at Gatwick than there is at Luton.

00:31:33:04 - 00:32:07:20

Um, so total recovery rate to some degree is masked by the difference in traffic types. Um, why the question would then be, well, why is long haul problematic? Um, and that's simply a slightly more delayed recovery rates. Um, as you can imagine, geographic territories around the world opened up at different points. Uh, China, I think, was well documented as being one of the latest to reopen. Um, and if you accept a fairly standard, uh, recovery rate, that then ensues when each market opens up. And clearly there are long haul markets that started the, uh, the go, if you like, later than short haul European traffic did.

00:32:07:29 - 00:32:22:11

Um, so that's what explains the relative observed difference in recovery rates. Um, but I would say has no, uh, sort of underlying bearing on the predicament of the future recovery. Uh, and to my earlier point, will be fully recovered next year.

00:32:24:15 - 00:32:42:09

And Scotland can appreciate that there is grave overlap between this baseline point that Mr. Bedford made and the next agenda item. But unless Mr. Walker wants to deal with it later. Just wondering if you could deal with this point about, well, if you are further, how are you getting to the baseline figure that we have reached?

00:32:44:05 - 00:33:18:16

Rapporteur for the applicant. I'll just take a minute to kind of introduce the baseline forecast outlook in terms of the future growth prospects under the current operating performance of Gatwick. It's probably worth considering, um, some of the drivers of the historical growth that Mr. Pollard touched on earlier. Um, so as I think he picked up on in the decade leading up to 2019, Gatwick, um, had relatively strong passenger growth performance. Um, it was about over 14 million in the decade from, I think, 2009 to 2019. In terms of the passenger, the passenger increase in terms of what's what's driven that.

00:33:19:00 - 00:33:50:15

It's been a range of factors, certainly. Um, the largest factor historically driving that growth has been through larger aircraft, larger aircraft gauge. And this has been a combination of a greater share of long haul with larger aircraft, but also substantial fleet replacements of some of Gatwick main carriers. We've seen, for example, in the 2009 to 2019 period, the average seats per movement increasing from approximately um 168 to 100 and 192 in 2019.

00:33:50:17 - 00:34:26:14

And after the 14 million growth I mentioned earlier, about 5.5 million is just through to the average gauge increases the remainder. Uh, that's from a combination of filling the the seats on offer at Gatwick and, uh, at greater occupancy rates. Um, what we might term the load factor that airlines are operating at, that's also increased in the period leading up to 2019. We've also seen the annual throughput increase for about 240,000 annual movements to about 280,000, some of this through the incremental capacity we had been released in the peak time, but also through greater utilisation of the off peak period.

00:34:26:16 - 00:34:58:06

And these are kind of the kind of fundamental building blocks of what supported the historical growth. And it's not surprising that, looking forward, we're expecting some of these trends to continue going forward. Um, and if you look at the assumptions behind the the average aircraft sizes, um, the speaking, the increase in load factor, these are slightly lower rates than Gatwick has been providing in the last decade leading up to to 2019. So significant growth that Gatwick can still achieve in the baseline in terms of passenger throughput, but it's much more limited in terms of movement growth.

00:34:58:22 - 00:35:05:09

Um, so yeah, it's really capturing the kind of, uh, the demand characteristics that we're expecting at Gatwick in the future.

00:35:06:22 - 00:35:08:12

Okay. Thank you for that. Um.

00:35:09:00 - 00:35:23:14

As I said, we will return to the baseline of the next agenda item, but actually useful background. Thank you. Um, I know we do have our hand up online, Mr. Chapman. If I just go to Mr. Han first because I know you wish to speak, and then, Mr. Chapman, I will come to you afterwards.

00:35:24:10 - 00:35:33:15

Sir. Thank you very much indeed. Estelle. The hon for Cagney, um, all points that I wish to raise have been covered, so thank you very much. But I'll give way to Mr. Chat to Doctor Chapman.

00:35:34:18 - 00:35:37:08

Thank you very much. Uh, Mr. Chapman.

00:35:39:09 - 00:36:15:03

All right. Good afternoon. Thanks for having me. Uh, to speak. Uh, I'm Alex Chapman. I'm a senior economist at the New Economics Foundation think tank. Um, we'll be putting a lot of additional points in our written representation. I, uh, relevant to the topic we've just been discussing, so I won't repeat those. I do just want to flag the areas where, um, we feel that there's inadequate information that's been provided to date, um, hopefully so that those gaps can be addressed, um, as timely as possible. And this possibly does overlap with some of the issues raised by the joint local authorities, who I believe are also seeking more information.

00:36:15:18 - 00:36:49:13

Um, the issue particularly wants to flag is that, well, I think we we sort of all can agree that Gatwick Airport is a primarily a leisure purposes airport and primarily an airport that sends, you know, UK residents overseas, um, only sort of, you know, ranging 10 to 15% of passengers are in the business purposes category. Uh, when we later come to the national Economic impact assessment, we'll see that actually 90% of the user benefits that are being claimed related to this scheme do relate to business passengers, not to the leisure market.

00:36:49:16 - 00:37:27:03

Some £135 billion of net present value from business passengers. Um, and given therefore, the reliance, uh, of the economic case on the business passenger segment, I feel that we don't have enough information in terms of the both historic trends of how business passengers have functioned at Gatwick Airport and what's likely into the future, particularly given the Covid pandemic. Um, and there's two particular, uh, areas and gaps that I see there. One is the question about the London airport system. So we have, um, some forecast data around what the applicant expects to happen to business passengers at Gatwick.

00:37:27:06 - 00:37:58:06

But what we don't necessarily know is how those passengers are relate to the wider system. So are they new passengers newly travelling within London or actually, are they passengers that have relocated from, say, Heathrow to Gatwick? Um, there's been some modest growth in business passenger numbers at Gatwick. Um, but a large proportion of that in historical terms has come from displacement from other airports. In fact, the peak for London um system airport business passenger traffic was in back in 2006 or 2007.

00:37:58:08 - 00:38:30:06

There hasn't been net growth above that level since. Um, which brings me to the next question about that historic trend and how that feeds into the forecasts. So after the last financial crisis, there was a structural shift in business air travel. There was a large decline, uh, a drop out of the market and a quite a large number of those passengers just never came back. Um, there's a lot of data to suggest that that works. Similarly is happening again after the Covid pandemic. Uh, we heard earlier from the airport, I think them saying that seeming to imply that business passenger numbers might be back by 2025, by next year.

00:38:31:02 - 00:39:05:27

Um, that doesn't align with the data that I've seen. I've seen Q3, um, 2023 data suggesting that business passenger numbers are way down still, uh, on pre-crisis levels. So for me, this this dynamic around how business passengers have, um, developed over the last decade or two and how they're likely to develop further needs further, far better justification. And we need better oversight of the data that is therefore feeding into the economic assessment and producing these huge amounts of, um, of ticket price savings, essentially to business passengers to the tune of 135 billion.

00:39:09:24 - 00:39:10:23

Thank you, Mr. Chapman.

00:39:13:00 - 00:39:15:29

Mr. Bedford, is there anything you want to add on that? And then before I revert to the applicant.

00:39:16:06 - 00:39:45:07

Thank you sir. So it wasn't on what Mr. Chapman was saying, but I think that Mr. Condon just wanted to add some additional remarks in relation to the explanation that was, um, given, um, by the applicants in relation to the relative performance or recovery performance of Gatwick versus Luton and Stansted, uh, as a post-Covid recovery rate. So this Conlon can comment on that.

00:39:45:21 - 00:40:28:12

Louise Condon for the joint local authorities. Um, just a couple of points of clarification that may help you in the panel. Um, Heathrow's recovery was 98% of 2019 levels. So that obviously is an airport that has a balanced mix of full service carriers, long haul, short haul and domestic. So I think that is material. And I think in relation to the comparisons with Luton, it's perhaps a little unfair because Luton had constraints in place last year to protect its 18 million cap, and that has only been released to the extent of one MPA in the autumn of this year, after the schedules for next this coming summer had already been, um, the limits had already been set.

00:40:28:14 - 00:41:01:20

So effectively you're comparing an airport that had scheduling limits in place with Gatwick, which ostensibly has a runway movement limitation. And I think that then goes to the core point as far as we're concerned, which is given that runway movement limitation in the baseline, what's a realistic expectation? Um, we're obviously having a dialogue with the applicant about that. Um, I think we've had some discussions and I've got some indications, I think, of some of the data that may be forthcoming at D1, because we had a working group meeting a couple of weeks ago.

00:41:01:29 - 00:41:07:28

Um, but suffice it to say, I don't think we're yet satisfied that we have clarity or confidence in the baseline case.

00:41:10:01 - 00:41:16:05

Thank you. Um, Mr. Linus, I appreciate this. There's a few points there from Mr. Chapman as well as, uh, Miss Congdon. Yes.

00:41:16:20 - 00:41:55:23

Scott Linus, the applicant. As far as Mr. Chapman's points are concerned, they appear to be, uh, related, at least in part, to the economic assessment work. I think it's better that we deal with those points. And then in response to relevant reports that are made at a deadline, one. Secondly, insofar as his reference made to broader figures about, um, the recovery of business passenger growth, that appears to be more general information as opposed to specific information that Ford is referring to in respect of Gatwick, insofar as there needs to be any further information given about how this work has been translated, and the economic assessment will take that on board and in due course points Mr.

00:41:55:25 - 00:42:22:06

Chapman has made through his relevant representations. Secondly, on the discussions relating to the route of recovery. Um, again. Right. This is a matter that's being discussed between the parties on progress has been, uh, has been made and you'll see in some of the information that's received at

deadline one, how those progression, how those discussions have progressed. So there is more to come on this. Thank you.

00:42:24:22 - 00:42:25:08

Thank you.

00:42:26:27 - 00:42:55:14

Is there anyone else in the room who'd like to raise any points on? Yes. If you'd like to introduce yourself. Please, sir. Um, Ed Windsor, I'm from plain wrong. A community of noise group. And just a short point. Um. Clarity, really? Um, the applicant said that it couldn't satisfy current demand, and yet it also said that it's only 88% of 2019. So can you explain why that is? That you can't satisfy demand when you're 12% down? Thank you.

00:42:57:00 - 00:43:37:08

Jonathan Pollard for the applicant. Um, I think you have to take a full year, which is the total recovery that you've just quoted, and then look specifically within that at the peak, uh, demand. Um, uh, there are obviously observed peaks within a year. Uh, and it is there that we are observing the extent of the, um, uh, demand far outweighing capacity. Um, you only have to look at the summer 20, uh, slot requests that were made at Gatwick Airport. Uh, if you looked at the total sum of demand. So if we were to allocate slots to every carrier that had asked for them, there were multiple hours across that summer period of summer, 20 where we would have had up to 80 movements per hour.

00:43:37:22 - 00:44:00:01

Um, so I think it's very important to distinguish between full year recovery, which of course has softer, uh, winter and shoulder, which is taking longer to recover but is recovering strongly. Winter, as we look at it now, is 46% stronger than last year. Um, but that's the key differential. So annual recovery rates. But then the key constraint is in the peak period.

00:44:02:06 - 00:44:09:28

Thank you, Mr. Ballard. Anyone else in the room wishes to make any points? Yes. If we could get a microphone to Miss Christie, please.

00:44:14:24 - 00:44:53:08

Thank you. I'm sorry. Can you hear me? Thank you. Anna Christie, chief executive as a Sussex Chamber representing business. Um, there were comments made about the operational challenges and the the extent of the recovery. I just want to, um. The airport is a business just like many other businesses. I just want to, um, give you an overview of what businesses have been going through. So the impact of Covid. Um, of course, everybody a lot of people made redundant they were furloughed, but Covid extended as well in parts of Asia where they had several lockdowns.

00:44:53:21 - 00:45:30:05

This um, there was also at the same time that we were dealing with Covid, there was Brexit. At that time, um, workers returned to Europe. There were 460,000 workers from across the UK that returned to Europe, 45,000 of those from Sussex and Hampshire. There was also an impact on accessing materials and goods in order for businesses to start recovering and operating fully, for example,

construction materials, there was a shortage of materials in order for businesses, or whether it was the train station development at the airport or whether it was other businesses locally.

00:45:30:07 - 00:46:05:07

In terms of um, building, there was also a shortage of microchips. For example, everybody was, um, working from home, um, not able to access the laptops or the computers that were needed. This gives you and now we have conflicts as well overseas and everything. This has impacted the ability for businesses to recover at the rate they would have liked because it's impacted, um, there's been impact of supplies of goods, materials, technology, microchips, construction materials, metals all over the world that have impacted that recovery.

00:46:05:09 - 00:46:33:26

So business recovery is slower than expected. It is recovering. People are returning to work. There are less people working from home. Um, probably those that are working from home are more in the services rather than those that are in manufacturing and producing goods. So it's just making sure that you're aware of the whole overall business impact. That recovery has been a lot slower in general, but it is picking up and this is where we're now starting to see that recovery. Thank you.

00:46:34:04 - 00:46:38:29

Thank you for that. Uh, is there anyone else in the room who'd like to make a point on this agenda item?

00:46:41:23 - 00:46:43:02

Anybody online.

00:46:46:26 - 00:46:54:04

Okay. Uh, I'm not seeing any hands. Um, anything you wish to reply to Mr. Linus before we move on?

00:46:55:12 - 00:46:57:16

Scott Linus. Applicant. No, sir. Thank you. Thank you.

00:46:58:01 - 00:47:11:10

Okay, so if we now move on, then to agenda item five. Um, which you probably won't be surprised to know, but I've got the most the most questions on this agenda item. Um, so need and future demand.

00:47:13:24 - 00:47:18:27

Unconscious is 12:30, so we'll we'll keep before we'll try and break around 1:00 for lunch.

00:47:20:16 - 00:47:43:27

So if we could start off, please, some questions on the baseline case. Um. As far. If I'm reading it correctly, I'm sure you correct me if I'm wrong, but this is predicted to diverge from the northern runway case, uh, around 2028. But then stay at a level that is around 30 million passengers per annum, lower than the NLP case from around 2032 onwards. Is that correct?

00:47:47:01 - 00:47:49:08



Scotland asked Mr. Pollard to deliver.

00:47:49:28 - 00:48:18:19

Jonathan Pollard for the applicant. Yes. That's correct, thank you. And you're predicting 67 MPA by 2047. Jonathan Pollard for the applicant. Yes, that's also correct. Thank you for that. Um, I know, and, uh, Mr. Walker touched on earlier, there's various reasons why you consider the baseline case to grow, um, year round slot utilization, capacity release in terms of slots, larger aircraft and higher seat yield. Um, so I'd like to ask some questions on these factors. Um,

00:48:20:06 - 00:48:45:00

firstly, on year round slot utilization, um, a section of your case is obviously based on the fact that Gatwick is already the busiest single airport, um, single runway airports are in the world. Um, you say experiencing delays and operational constraints on a day to day basis while suffering from a lack of resilience to cope with more abnormal events? Um, it's just bearing that statement in fact, in mind. Is the baseline case realistic?

00:48:48:12 - 00:49:07:06

Jonathan Pollard for the applicant. Um, yes. And I think, um, you know, Rob provided an introduction earlier on on the baseline case. But as expected, as we go through this agenda item, we're certainly happy to go into, um, as much depth as is required on the sort of four key buckets that drive the uplift observed that get you to 67 million passengers.

00:49:09:22 - 00:49:22:03

Okay. What? Um, if you'd like to kind of phrase what's squeezing more out the same asset, just result in more delays and operational constraints. Um, referring back, for instance, to the Easyjet relevant representation.

00:49:23:21 - 00:49:25:22

Uh, Scott Linus for the applicant. Um.

00:49:28:14 - 00:49:31:20

That's Mr. Clare, possibly with us.

00:49:33:29 - 00:49:34:14

Joanna.

00:49:39:00 - 00:49:40:12

If you could put your microphone on, please.

00:49:41:10 - 00:50:21:15

Sorry. Thank you, Miss Joanna Forbes, for the applicant and formerly the senior airport capacity manager for Gatwick Airport. But now in a business change manager role. So just to say that there are multiple projects currently in progress to address the current resilience issues as well to support with the baseline case. So we have the new rapid exit taxiway, which has started to be used just this month. So um, that whilst it doesn't increase our peak capability on the 55, we're looking to use it for

resilience across the day so we can improve some of those times of day where previously we couldn't reach the levels that we do in the 55 hours.

00:50:21:17 - 00:50:53:00

We also have a project looking at reduced departure separations and sequencing capability to optimise the sequencing better and looking at the workload in the tower so our air traffic controllers and how we can distribute workload among them better, and to um, also support with their ability to sequence those departure aircraft better to avoid what Mr. Clinton said earlier about those departures going down the same route consecutively.

00:50:53:02 - 00:51:14:00

So we're trying to separate those out better and that will improve our capacity. Um, and also there's the time based separation project. Also, we don't fully know the implications of that. Yes. We haven't considered that in the baseline case. But all these projects are looking at improving our resilience of our current capability.

00:51:15:09 - 00:51:33:19

Okay. Thank you. Um, and I apologize I didn't catch your name before, but, um, all that, um, one possible reading is I've heard about all the projects that you mentioned, but are they not to deal with the operational constraints at present? Uh, would they still be equally applicable to getting up to 67 million, for instance?

00:51:34:28 - 00:51:58:02

So whilst they are not looking to increase above the 55, so the resilience projects will support delivery of that 55, it will help us in the fact that we do not need to have the recovery periods after those 55 hours, so we it will support with increasing our busy day capability as well as resilience. So it will help with both.

00:52:03:06 - 00:52:37:04

And Jonathan Pollard for the applicant. I think he's just worthwhile as well. Uh, just talking about those four buckets that drive up to 67, because on this point around operational delivery, actually a significant majority of the uplift. I mean, there's, uh, we're talking about adding 20 million versus 2019 that gets you to, uh, 67. Well, significant buckets of that form around the peak period. So the peak will get. No. Well, there'll be a marginal increase in the busyness of the peak. Um, but 5 million of the 20 million upside is in off peak, peak spreaded, um, flights, as we would call them.

00:52:37:12 - 00:53:02:13

Uh, which, of course doesn't increase how busy the peak is because it falls around those. Uh, and then similarly, we're talking about growth in aircraft size and also occupancy of those aircraft. Again, that's not a movement related dynamic. Um, it's the easier way of putting it is only 2 million of the 20 million upside that gets you to 67 actually comes from putting further pressure, if you like, on the peak system.

00:53:05:24 - 00:53:13:12

Thank you. But the delays and operational constraints still occur, presumably around the peak period.

00:53:15:11 - 00:53:49:13

Jonathan Pollard for the applicant. I mean, I think you have to look at trajectory. Um, so the operational challenges that we've seen across this year, this summer, um, well documented that those in particular were related to some of the air traffic control challenges that we were having locally at Gatwick Airport. Conversely, if you look at 2023 and 2022, for the reasons that we've talked about, despite the best efforts of the system in totality, the level of resourcing was not at the level that it was in 2019, uh, where we were very capably operating as the single busiest, um, runway airports in the world.

00:53:49:26 - 00:54:03:13

Um, so I would probably point towards these being shorter term important things that we want to, uh, clearly see the ongoing trajectory of improvement continue. Um, but short term, post-Covid, um, issues rather than systemic weaknesses in the Gatwick system.

00:54:05:24 - 00:54:06:12

Thank you.

00:54:06:14 - 00:54:39:14

So you'll you're, um. You're confident that you could operate 67 million passengers a year off the single runway? Jonathan Pollard for the applicant. Absolutely. That's central to our baseline forecast. Okay. Thank you. Um. Is it realistic to expect year round slot utilization up to the levels required? I understand there'll always be peaks. There's always going to be more leisure demand in school holidays and so on. Um, and airlines, presumably especially low cost, will always want to fly first thing in the morning, for instance.

00:54:40:06 - 00:55:13:09

Jonathan Pollard for the applicant. So I think this is a really important topic. Um, so let's put into context first the extent of I'm going to, for the for the sake of this purpose is refer to it as peak spreading. Um, but that is um, the increase in movements around the peak. So when you look at what we've assumed within our case, um, to give it some context, if you looked at the six years that led up to 2019, so six years pre-COVID, what we look at when we define peak spreading is we create a ratio that shows how busy the busiest month is relative to the rest of the year.

00:55:13:11 - 00:55:47:15

So the ratio, uh, in 2013 was a figure of 1.22, and that reduced to a figure of 1.17. Uh, by 2019. The reason that's important is that's in effect, a 0.05 reduction across a period of six years. So what I want you to do is orientate yourself with six years, 0.05 reduction. What we're then saying in our case is that when we look forwards across the next 28 years, substantially long period than six years, is that we will see that ratio reduced from 1.17 to 1.07.

00:55:47:17 - 00:56:33:23

So that is a 0.1. So to compute the two. And I think it's really important when when you try and validate our assumption on future, you have to compute that with what we've observed on the historic. And I think we've been um, there is clearly a limitation to how much peak spreading you would see in totality. But I think the fact that we're assuming, um, a reduction of 0.1 across a 28 year period, having observed 0.05 reduction over six years prior to Covid, that feels reasonably prudent. So if we then talk

about the figure of 1.07, which is the, uh, 2047 anticipated seasonality that you'll see at the airport, um, if you looked at the airports Barcelona, Stansted and Dublin as good examples, significant low cost contribution.

00:56:34:00 - 00:57:16:24

They also have long haul networks, uh, Dublin and Barcelona, also at Stansted, as we know. Um, but if we look in summer 19, those three airports had a ratio of 1.11. Um, so again, for clarity, we are targeting seeing a 1.07 outcome in 2047. And we can look at airports that are already not too far away from that figure. Uh, or were in summer. Summer 19. Um, the reason that I think we have confidence then on so a fair question might be, well, what has helped the airport achieve that level of seasonality improvement that we saw in the 5 or 6 years that led up to Covid? We have substantially more fluidity in terms of how we can, uh, create commercial agreements with airlines at Gatwick.

00:57:17:03 - 00:57:39:26

Um, following the regulatory changes that presented themselves in 2014. And what that's meant is that with all of our carriers, we can have very seasonal, differentiated charging that allows those carriers to operate more intensive flying programmes in the what are determined slightly softer periods winter and shoulder. Um, but that has been a proven mechanism for increasing that seasonality.

00:57:41:12 - 00:58:15:07

Um, the, the other aspect I think that I point towards is the, uh, increased mix of long haul traffic. So long haul by definition, in particular, the markets that we've now got operating from Gatwick are more year round by definition. Um, and you'll see within the baseline case, we are proposing to get to 29, 27% of our passenger volume being long haul in 2047. Uh, it was 19% in 2019. So some of these drivers sort of substantiate the rationale. Um, but yes, it's it's a significant increase in peak spreading.

00:58:15:17 - 00:58:23:19

Um, but it's, uh, I would say computes very favourably with what we observed in a short period in the six years that led up to Covid 19.

00:58:26:28 - 00:59:02:27

Thank you. Um. That was useful. I guess the question would be, um, I understand your, uh, your response in terms of. Uh, your history up to 2019 and so on. Um, do you think that's still. Even though the race would be slower. That's still. Realistic. There must be. Is there a tipping point when, um, aircraft and passengers, for instance, um, or airlines would go to somewhere else because they're there times are the flights and so on that are available and more advantageous than flying from Gatwick in slots they might not have otherwise have chosen.

00:59:04:13 - 00:59:49:11

Jonathan Pollard for the applicant. I think for me, this comes down to the extent of the unconstrained demand for the London system in totality that by any measure, when you look across the next 25, 30 year period, is is forecast to significantly outweigh available capacity. And I think the economic principles that underpin the phenomenon, if you like a peak spreading, is that naturally peaks our peaks because they're the period that people the most amount of demand presents itself to fly. Um, but if your total sum of cumulative demand continues to increase, which is, well, forecast that it will do,

um, then I think we feel quite confident that there will be sufficient depth in the, the winter and shoulder periods to still support that ongoing well observed phenomenon of peak spreading that's taking place.

00:59:49:13 - 01:00:04:14

I think there is an ultimate tipping point, but I'd say at 1.07 with some quite clear comparator airports that are referenced within the documentation, um, is a number that is, it is realistic, particularly across the time frame within which we've set out, will achieve it.

01:00:06:29 - 01:00:07:16

Thank you.

01:00:10:00 - 01:00:17:24

Um, figure 9.2.1 in the forecast data book. Um. Okay.

01:00:20:06 - 01:00:36:05

That's on page 13 of the forecast data book. Um appears to show the base load case continuing to rise after 24 over seven 2047. Um. Just a question whether that was correct and likely.

01:00:41:27 - 01:01:05:22

Rapporteur on behalf of the applicant said beyond 2047, the rate that the peak spreading, that's slowing down, but other drivers are still continuing. So, for example, a further shift to some long haul traffic beyond that would expect, um, given the wider constraints across the London market. Um, also potential and sorry aircraft sizes is probably again going to be the main driver in the longer term for the kind of waterfall charts we will be presenting at deadline one.

01:01:06:26 - 01:01:07:24

Okay. Thank you.

01:01:10:05 - 01:01:21:18

Um, there's, um, there's a, there's a term I just want to check as well, um, that's used in the, uh, data book about identifying aircraft. Is that essentially mean putting more seats in the same aircraft? Yeah.

01:01:21:25 - 01:01:53:09

Um, Rob Walker for the applicant. So, yeah, the densify thing. We've got two things going on at Gatwick. The the average gauge has been increasing. Um, so for example, we've been seeing airlines switch to some of the more larger A320 series aircraft. So the A321, if we were to look at, say, the average seat count on, say, an average A320 at Gatwick, that has also been increasing over time as well. And that's the kind of wider industry trend in terms of the market shifting more towards Lccs. Again, the way we've seen full service carriers, the likes of BA Densify their fleet.

01:01:53:11 - 01:02:00:16

So Heathrow essentially trying to compete with the the LCS for the unit cost off rate offered by the high density seating.

01:02:03:01 - 01:02:16:29

Jonathan Pollard for the applicant. We've also seen on the long haul side, British Airways being a good example of exactly to your point, um, putting more seats into the same body of the aircraft. Um, so it's been consistent across both short haul and long haul. Thank you for that.

01:02:18:21 - 01:02:51:01

Um, there's been a fair bit of media coverage. I'm sure you're aware recently over issues with the Boeing 737 Max, um, issues prior to the pandemic also, and then more recent issues in Alaska is. Uh, problems with that uh, aircraft likely to have an effect on short to medium term forecasts in terms of moving to larger, more efficient aircraft. Jonathan Pollard for the applicant. Um, so I think there's there's two components. There's the more historic Boeing Max eight aircraft.

01:02:51:03 - 01:03:21:01

That was the one that had the various issues. Obviously, those have long been corrected. Uh, and the Max's that fly consistently throughout the world and indeed in the UK and at Gatwick. Um, continue to operate without, without issue. There was then the more recent, uh, um, issue that related to the seven three, seven Max nine variants. That aircraft is not operated at Gatwick airports. Uh, so we've had no local exposure to that, although I understand that that aircraft is now, I think, flying with all of those, uh, owners equally.

01:03:24:07 - 01:03:24:22

Mr. Walker.

01:03:25:05 - 01:03:58:01

Rob Walker for the applicant. And just to add to that, um, in terms of some of the the short term fleet trends, we've actually seen some of the airlines, um, improving their order book in terms of favour of the average gauge of aircraft. Um, so, for example, easyJet's recent confirmation of their short to medium term fleet outlook, that takes them to about 2030. Um, a much more significant shift towards the larger aircraft coming through than they have previously, sort of messaging. Uh, in terms of the outlook and obviously easyJet's are very important customer for Gatwick about, I think half the capacity in 2023.

01:03:59:14 - 01:04:32:05

Jonathan Pollard for the applicant. I think it's important whilst talking exactly at that point, we should underline that. If you look at easyJet's to Rob's point, more recent updated aircraft order. They've got 300 aircraft on order. 150 of those are the largest A320 family aircraft, the A321. It has 235 seats. Um, we have A319 aircraft operating with Easyjet at Gatwick. And on the assumption that those A319 are due to be retired, um, if then transition to an A321 aircraft as expected.

01:04:32:15 - 01:04:48:25

Um on each movement that is 51% increase in seats. Um, so we've seen an improving trajectory of short haul operators ordering significantly larger aircraft. Um, that certainly gives us real confidence in terms of our forecast, particularly in the short haul European market.

01:04:51:00 - 01:04:51:16

Thank you.

01:04:55:06 - 01:05:21:20

Um. It's a bit of a change in tack with this question, but the, uh, the funding statement, um, estimates that the northern runway project will cost around £2.2 billion, I believe. If the baseline produces some 67 million passengers per annum, which is only 13 million less than projected with the project. Um, taking reference from paragraph 4.39 of the amps, is the project cost efficient and sustainable?

01:05:26:04 - 01:05:32:24

As for Scott Linus, for the applicant, I think we may have to take that one away. So have a look at the figures. And without a deadline, what if we may?

01:05:34:18 - 01:05:35:03

Thank you.

01:05:37:27 - 01:05:57:29

Given the time. And I think this that was the end of my questions on the baseline. But I think it might be worth opening the question of the baseline up to the floor before we break for lunch. Then we can carry on with the rest of the agenda item after lunch. Um seems to be seemed to work in split terms, so. Uh, Mr. Bedford.

01:06:00:11 - 01:06:09:26

Thank you sir. If I start, then I'll bring in Miss Condon for comments. I'm sorry. Michael Bedford for the Joint authorities.

01:06:11:12 - 01:06:46:02

As I previously said, there has been a dialogue which has been undertaken over a period of time, which, uh, has been, um, fruitful in part, but there is still information that, um, the joint authorities have requested from the applicant, which is not yet been forthcoming. We understand that. I think some additional information, uh, was provided today, possibly at about 5 to 10.

01:06:46:17 - 01:07:32:18

So that's not something that clearly we have absorbed or considered. Um, I think the, the concern, if I put it in fairly high level terms. Is that there are a large number of variables that go into any, um, forecast of a future baseline. Because of the way that the aviation industry operates. And there isn't clearly, um, as it were, a consensus as there might be in other areas of um, transport modelling on how you, um, assess those variables.

01:07:33:09 - 01:08:09:29

And consequently, there is a need to ensure that where you've got those different factors, um, or as it were, operating together. That one, uh, isn't either double counting or always, as it were, taking the optimistic or the generous, uh, assumption. And one needs to, um, so far as possible root, uh, the assumptions in what could be said to be robust, what could be said to be conservative, and what can be benchmarked against experience elsewhere.

01:08:10:16 - 01:08:45:04

And I think our concern at the moment, uh, is that the applicant's assumptions, uh, were rely too much in the baseline scenario. On um matters which are presently constraints for the airport, airlines or at

the airport, uh, that were being resolved such that, um, it is, according to the applicant, possible to achieve the 67 million passengers per annum, um, without the new runway.

01:08:45:06 - 01:09:09:09

And at present, we don't have confidence that the various staging posts to those assumptions have been adequately validated or justified. So that's the the kind of the overarching concern. And then if I just bring in Miss Condon to comment specifically if she wishes to, on any of the particular points, uh, that she has heard from what has been said this morning.

01:09:11:12 - 01:09:44:01

Louise Condon for the joint local authorities. Yes. I mean, just to give you an idea of sort of our thought process and the sort of information we're trying to clarify. Um, and I appreciate materials being sent, and we will look at that and respond in due course. But, um, we've heard a lot about delays and we've heard, you know, part of the new cases around how much delay there is in the system at the airport. We've the Easyjet representation. We've also got the joint Airline Consultative Committee, um, representation as well, that says similar things.

01:09:44:18 - 01:09:52:12

Talking about delays currently, and I appreciate their projects going on that may alleviate some of those. They may not we don't know yet.

01:09:53:28 - 01:10:37:00

Given those levels of delay. I'm not sure how we square that with. Oh, don't worry, don't worry if delay is part of the reason for the north runway proposal, then we can't have solutions to that delay as being part of the baseline. There seems to be a contradiction there in what we're being told. So that's one point that we're trying to understand is one of the things we've been seeking to get information on, in particular, is around the capacity assumptions. Because of the way Gatwick have done their forecasts, their forecasts have not been, in the first instance, done in the normal way of doing a long term forecast through an econometric model.

01:10:37:02 - 01:11:12:09

They've been done based on the marketing team's view of the routes and services they could attract, if they had the capacity available, what the capacity it is in the baseline, what the capacity is, the north runway. So we don't at the moment have the confidence in the capacity with and without the north runway. We don't, therefore have confidence in the asserted levels of demand. And then we look at the top down benchmarking that's been done in relation to another point that was raised just now about levels of excess demand in the London system.

01:11:12:11 - 01:11:44:05

And we can't yet reconcile the real level of excess demand that would be there for Gatwick. How much that would be without a third runway at Heathrow, how much that would be without further developments elsewhere, be it at Luton or London City or any other airport. We can't reconcile all of those bits of the jigsaw to give us confidence that there is a capacity uplift, and that capacity uplift will genuinely lead to a particular throughput. So that's what we're trying to get from the applicant through this process.



01:11:44:11 - 01:12:25:21

Just one of the last remark. And again, I'm responding to things that were said rather than speaking coherently as a single sort of argument. There was a comment there about the new fleet orders giving confidence in the achievability of aircraft size growth. And I understand that point, and it's not a point that we're particularly challenging in terms. But of course, where it does take you is if the fleet transition is faster than was originally allowed for in the forecasts that underpin the pier originally, and those fleet forecasts have been carried forward to the application documentation, then of course, it does lead to the whole question that will come up next week about the noise envelope and the appropriateness of the fleet mix.

01:12:25:23 - 01:12:32:06

If we've got more confidence in fleet transition to new generation aircraft, then there may need to be some adjustment to those fleet mixes.

01:12:35:06 - 01:12:39:17

Thank you. Uh, Mr. Linus to come back on it here.

01:12:40:12 - 01:13:09:08

For the applicant. Um, as far as the last point is concerned on noise, I think we'll leave that to a later hearing. But as far as the three points of the matter concerned, uh, how do you, um, reconcile the delay with, uh, growth? How do you square those? Second point. How do you reconcile the various positions on excess demand? Um, look at Mr. Walker and Mr. Sinclair or Miss Forbes to deal with those points, please.

01:13:16:04 - 01:13:50:24

Proposal for the applicant. I think we'll touch on some of it this afternoon when we get on to, um, the northern runway case in terms of the wider London demand picture, but in terms of the substantiation of the kind of, um, being access demand in the system or excess demand for Gatwick in the 2030s. Um, just the sort of, you know, just reiterate, you know, Gatwick is the only sort of runway scheme coming online, um, before 2030 and the other scheme that is proposed to be very delayed after that, in terms of, um, the outlook for the London market will no doubt revisit some of the jet zero forecasting work after lunch.

01:13:51:01 - 01:14:27:14

Um, but the quantum of sort of demand increase being forecast across the London airports, um, very much supports the outlook for the northern runway in terms of Gatwick, uh, increasing its passenger volumes. Um, we will be providing a bit more certainty. Deadline one in terms of the top down forecasting we provided earlier. I'm also conscious that when we submitted this, we were working off the government's projections and jet zero 22. We've now refocused that on the latest outlook for the lower outlook for jet zero 23. Um, and but that still substantiates the, uh, the picture for Gatwick in terms of the justification of the demand outlook.

01:14:30:14 - 01:14:31:00

Thank you.

01:14:32:20 - 01:15:07:23

Andy Sinclair on behalf of the applicant. Um, just pick up a couple of points and they'll be a lot more detail in our submission at deadline one, which has a summary paper on the operation, along with a detailed appendix which goes into further detail. And I know that this content has already seen a draft of that document which contains that detail. Um, but just specifically around delay. You heard earlier from Mr. Pollard about some of the reasons for delay specific to Gatwick. Um, and we should be clear that, um, Gatwick operates in some of the busiest piece of airspace in the world.

01:15:07:25 - 01:15:44:26

And so there undoubtedly is some delay by virtue of that. But we are, um, arguably in a, in a living in a, in a time where there are, um, impacts on airspace, um, because of issues across the wider European network. So for example. Um, and we've already heard to an extent that Gatwick Airlines service lots of, um, flights to the south of Europe. And whilst it might not seem like a war in Ukraine would affect those flights, uh, the European network has existing constraints, which have been, I mean, severely exacerbated by the war in Ukraine.

01:15:44:28 - 01:16:10:28

So you can't overfly Ukraine, we can't overfly Russia. And in essence, that channels all of that traffic flying across Europe to the south of Europe, so starting to create bottlenecks. So, um, in essence, I understand what you're saying about delay, but there are wider factors at play. Certainly this year and last year that have, um, a severe impact on on those delay numbers.

01:16:13:03 - 01:16:25:25

Okay. Thank you. Um, you may have preempted my next question here, but, um, obviously, Mr. Bedford, um, referred to some information that he received this morning, I believe. Will that be submitted into the examination for deadline one?

01:16:32:16 - 01:17:05:28

John John Rhodes for the applicant. So there are, um, documents that have been prepared at the request of York Aviation over the last few months. Um, we did think it may be helpful to try and submit them for this, uh, issue specific hearing. Recognize there wasn't a specific deadline to enable us to do that, but they have been shared with the local authorities. So we would like to submit those documents at deadline one, in response to those documents we received for questions from York Aviation. And it's the response to those four questions that was provided this morning.

01:17:06:00 - 01:17:08:29

And those can also be be provided at deadline one.

01:17:10:21 - 01:17:11:20

Thank you. That be useful.

01:17:11:22 - 01:17:29:21

If I just say I'm not expert in these things at all, but it may be helpful to say that the questions of delay and whether it's exacerbated in the future baseline, for instance, is now fully modeled in those documents. So you'll see those documents reporting on delay metrics in the different scenarios. Hopefully helpful.

01:17:31:17 - 01:17:38:03

Thank you. That's useful and I look forward to receiving responses to that as well in due course.

01:17:39:23 - 01:17:45:11

Um, on the specific question of the baseline. Would anybody else like to raise any points?

01:17:48:12 - 01:17:49:09

Yes. Thank you.

01:17:50:06 - 01:18:26:20

Dan Osborne, CPA, Sussex. And can I ask a question about um. The cargo flights and the age that you might anticipate those aircraft to be. And what times of day is your peak expected in cargo traffic? Because if these are older aircraft and they're noisier, and should they be flying late or very early in the day, that could could maximize complaints about noise, etc.? So I'm just wondering whether the applicant can say anything about the nature of the cargo capacity and when the peaks, etc.

01:18:26:22 - 01:18:31:16

in that are expected. Businesses have said that's really important to them, the cargo side.

01:18:32:02 - 01:19:08:27

Thank you, Mr. Osborne. Jonathan Pollard for the applicant. So I think there's two distinct differences in terms of how cargo is transported. One is through dedicated freighters, the other is through Bel. Hold on passenger um services uh at Gatwick. At the moment we have no dedicated freighters operating. Um, to some degree that links back to the transport directive that was introduced, I think in 1989. Um, that is this has prioritized allocation of slot capacity to passenger carrying aircraft. Um, and our intention indeed our forecasts do not involve dedicated cargo freighters across the years ahead either.

01:19:09:07 - 01:19:28:00

Um, so that should mitigate any question around, uh, legitimate question around age of cargo freighter aircraft. We will continue to service belly hold cargo. Uh, and having the capability to provide belly hold is a key attractor for securing those passenger carrying, uh, long haul services. Thank you.

01:19:29:18 - 01:19:34:24

Uh, before we break for lunch, are there any other points in which to make on the baseline? Yes. Mr. North.

01:19:39:07 - 01:20:11:21

I'm. Yeah. It's about the, um. Uh. I'm not sure if there's a baseline demand, so I might be told off again. So apologies. Uh, apologies for that. Um, we've talked about, um, what's happening in the past and forecasting. So Bretton Woods initiative, where I've been talking to businesses and engaging with businesses who are trying to balance what the future, um, looks like, it's very much what your baseline demand and what you've been talking about. Business owners and operators in the region, um, are trying to pivot between Brexit, Covid and a new, more global approach that the UK government are forcing.

01:20:11:27 - 01:20:43:26

They are talking about the fact that they are currently facing an amount of unmet demand, where they're having to use either other aviation routes or send people to other airports to connect with their businesses. And one of the reasons that they are located here, particularly with the higher end, not just large multinationals, SMEs, is a connection through to London, uh, as a as a point, but also out to Oxford rail connections. And so it's kind of the fact that they're looking for this kind of growth in the business kind of growth, particularly low cost growth into North America, to provide a more direct route for businesses to grow.

01:20:43:28 - 01:20:50:16

So that's where the demand is coming from. And perhaps it's looking at forward rather than just necessarily modeling what's happened in the past.

01:20:51:24 - 01:20:58:24

Thank you, Mr. North. Um, any other comments? Anyone wish to raise on the baseline before we break?

01:21:01:18 - 01:21:02:18

Yes, Miss Christy.

01:21:08:15 - 01:21:48:09

Thank you. Um, Anna Christie, chief executive at the Sussex Chamber, just to add to the comments made by Mr. North. Um, also, the forecast data need to consider what's happening in the business, um, industry in terms of their growth plans, because this is also about attracting tourism, um, and improving the visitor attraction. So there's I mentioned before about the wine industry, this is where the local authorities are working with visit um, England. And um, this um, Sussex is actually it's reputation as a global wine destination will be enhanced to attract that higher spending.

01:21:48:22 - 01:22:23:21

Um, so it's looking at also making sure that current visitor attractions, um, that they've got plans to grow. So for example, visitor attractions like Goodwood where they have, um, over 200,000 people that visit the Festival of Speed or the Goodwood Revival and other attractions like, um, the, um, sorry about Tully's farm now, number one's Halloween, um, shock um festival um from Europe that's attracting higher tourism, higher visitors.

01:22:23:23 - 01:22:43:02

So it's looking at what businesses are doing, how they're trying to attract, um, that international market and building that into the the data as well. So that that's um, also to supplement what Mr. North was saying about there's a huge demand from manufacturing engineering companies as well. Thank you.

01:22:44:24 - 01:22:51:22

Thank you. Um, just one second. Mr. Lyon said anyone online wish to raise anything about the baseline before we break.

01:22:53:21 - 01:22:56:27

Seeing any hands? Yes. Mr. Lyness, Scotland applicant.

01:22:57:02 - 01:23:03:12

Thank you sir. Understand? Mr. Sinclair has a point he wants to add to his previous contribution.

01:23:05:01 - 01:23:31:06

Andy Sinclair for the applicant. Um, going back a point, actually, to the point about cargo flights in the night period, just to be clear that there are existing night restrictions at Gatwick. That doesn't just include the number of flights, but also the types of aircraft that can fly. So, for example, you could not fly a Boeing 747 into the airport. So just to be clear that this application does not change any of the existing night restrictions that are currently in place.

01:23:33:06 - 01:23:43:14

Okay. Thank you for that clarification. Okay. Thank you. So we'll now adjourn for lunch and we will resume at 2 p.m.. Thank you.