



Gatwick Airport Northern Runway Project

Written Summary of Oral Submissions from Issue Specific
Hearing 3: Socio-economics

Book 10

VERSION: 1.0

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1 Introduction

- 1.1.1 This document contains Gatwick Airport Limited's (the "**Applicant**") summary of oral evidence and post hearing comments on submissions made at Issue Specific Hearing 3 ("ISH3") held on 5 March 2024. Where the comment is a post-hearing comment submitted by the Applicant, this is indicated. The Applicant has separately submitted at Deadline 1 (Doc Ref. 10.9.4) its response to the Examining Authority's ("**ExA**") action points arising from ISH3, which were published on 8 March 2024 [\[EV8-005\]](#).
- 1.1.2 This document uses the relevant headings for each item in the agenda published for ISH3 by the ExA on 30 January 2024 [\[EV2-001\]](#).
- 1.1.3 The Applicant, which is promoting the Gatwick Airport Northern Runway Project (the "**Project**") was represented at ISH3 by Scott Lyness KC, who introduced the following persons to the ExA:
1. Tim Norwood, Director of Corporate Affairs, Planning and Sustainability, Gatwick Airport Limited;
 2. Alison Addy, Head of External Engagement and Policy, Gatwick Airport Limited
 3. John Rhodes OBE, Senior Director, Quod;
 4. Andrew Hunt, Senior Director, Quod;
 5. Ciaran Gunne-Jones, Senior Director, Head of Economics, Lichfields;
 6. Bethan Haynes, Associate Director, Lichfields; and
 7. Ryngan Pyper, Director, Health and Social Impacts, RPS.

2 Agenda Items 1 and 2: Welcome, introductions and arrangements for the Hearing; Purpose of the Hearing

- 2.1.1 The Applicant did not make any submissions under these agenda items.

3 Agenda Item 3: Socio-Economic Assessment

- 3.1. The ExA questioned the age of the baseline data used to inform a number of assessments, whether more up to date data was available, and if so, would this have any implications for the results of the assessments undertaken?
- 3.1.1 The Applicant explained that the approach in the assessment uses the latest data available at the point of preparation, which was late 2019 / early 2020 at the time of the Preliminary Environmental Information Report (PEIR) and then updated where new information became available during the intervening period prior to the submission of the Environmental Statement (ES) in mid-2023. Data around this time was being influenced by changes to the economy and labour market being caused by the Covid-19 pandemic, so the approach taken in the ES was to retain the pre-Covid baseline data to provide a benchmark of when the economy was operating in 'normal' conditions. This blended approach of pre- and post-Covid data provides an indication of the long term baseline conditions in the assessment areas, appropriate for a project with an opening year of 2029, but also some measure of recent economic changes.
- 3.1.2 The Applicant summarised that it considered the age of the baseline data and the range of sources that have been used is a robust and proportionate starting point. Further it is also a pragmatic approach, given the inevitable volatility of data points that were arising around the period being considered. The very nature of socioeconomic data is such that it will always change to a degree. More recent data points will have been subject to other influences, such as the UK's withdrawal from the European Union, the Ukraine war, period of high inflation etc. For these reasons, the Applicant did not consider that later data points would have a material effect on the assessment.
- 3.2. The ExA asked: Several local authorities have raised concerns that the assessment of socio economic effects has been undertaken at different geographical levels, but that the assessment of impacts at a local authority level has not been fully undertaken, and therefore the assessment has failed to identify specific local authority effects. Do you consider that effects at a local authority level have been adequately assessed?
- 3.2.1 The Applicant explained that the approach taken was to define a series of assessment areas that relate to the nature of the different potential effects being considered within the socio-economic assessment. The Applicant did not consider that defining and assessing these effects at the individual local authority level is the most appropriate basis for assessment purposes for three reasons:

1. The need for different assessment areas across a number of spatial scales to reflect the different type and range of sub-topics included within the socio-economic assessment, which ranges from employment, labour market, population and housing, to business and resident disruption.
2. The approach has regard to national planning practice guidance where this is relevant, for example the use of the Northern West Sussex Functional Economic Market Area in the case of planning for the economy, or housing market areas in the case of preparing housing need assessments.
3. The reality that – in dynamic, highly-interrelated and inter-connected local economies such as those that exist around Gatwick, as well government support for labour market flexibility more generally – project impacts will not be confined to individual local authority boundaries.

3.2.2 On this basis, the assessment included five different assessment areas of increasing scale: the project site boundary, the local study area, the Northern West Sussex Functional Economic Market Area, the labour market area and the Six Authorities Area. This is considered to be an appropriate and proportionate set of assessment areas that assesses significance at the most relevant and meaningful study area level relative to the type of impact that is being assessed. The Applicant considered it neither necessary nor appropriate to base assessments on local authority areas in circumstances where impacts do not respect local government administrative boundaries.

3.2.3 However, the Applicant also confirmed that data which sets out impacts within specific local authority boundaries, where this is possible, is set out in the **ES Appendix 17.6.1 Socio-Economic Data Tables [APP-197]** in order for local authorities to contextualise the potential impacts of the Project within their specific administrative boundaries

3.3. The Gatwick Community Fund is proposed to be merged with the Gatwick Foundation fund, secured through the new s106 Agreement. Please provide an update on the following matters:

What is the financial value, and will the funding be linked to annual passenger numbers distribution?

3.3.1 The Applicant confirmed that it was still proposed to link the financial value of the fund to passenger numbers, to scale the level of funding in step with airport growth through the NRP. This link to passenger throughput was established in the most recent s106 Agreement (Obligation 7.1 in **Annex A** to the **Applicant's**

response to PD-007 [AS-115] in increments up to 50mppa. It is proposed that the new s106 Agreement will carry this obligation forward and extend the incremental increases in funding to 80 mppa and above.

What is the method of distribution of funds, given the two existing approaches are being merged?

- 3.3.2 The Applicant explained that the Community Foundations will be responsible for bringing forward applications from the local community and will undertake appropriate reviews and due diligence. The making of grants will be governed by an Awards Panel of decision makers in relation to each foundation. The Awards Panels will include representatives of GAL; the three Community Foundations; and County Council representatives from each area. Each Awards Panel will meet three times a year to facilitate more regular access to funding for local communities. The Community Foundations will distribute the funds on behalf of GAL, and also be responsible for monitoring and reporting on delivery and impact.

What discussions have taken place with relevant local authorities?

- 3.3.3 The Applicant has discussed the proposed approach to the Gatwick Community Fund described with the local authorities and drafting on the mechanisms for establishing and delivering the London Gatwick Community Fund was shared with the local authorities as part of the draft DCO section 106 Agreement. The Applicant has recently received comments on this drafting back from the local authorities and is updating the draft agreement and having further discussions with the local authorities on those comments.
- 3.3.4 The current Gatwick Airport Community Trust has also been briefed on the proposal; several trustees are representatives of local authorities.

What would happen to these funds if the new s106 should be delayed?

- 3.3.5 The Applicant explained that their intention is to enter into a new section 106 Agreement with the local authorities on the basis of the 2022 s106 Agreement. This would continue the provision of the Community Trust as is currently available. Any new s106 Agreement will be subject to negotiation and would cease to have effect from a specific date (yet to be determined) or the date that the authorised development is commenced as defined in the DCO. This is prescribed in the draft DCO s106 Agreement. The intention is that there is no gap between the two, and no shortfall in any funding.
- 3.3.6 The Applicant suggested that it prepare a table of controls under the existing s106 Agreement, and how they are being translated to the draft s106 Agreement.

This was accepted by the ExA, who directed by its **Action Points Arising from ISH3 [EV8-005]** that such a summary be provided by Deadline 2.

3.4. Responses to matters raised by Interested Parties

- 3.4.1 Response to Joint Local Authorities ("JLAs"): In response to the JLAs criticisms of the baseline data, the Applicant suggested that these matters of detail were best addressed as part of the LIR process, where hopefully there will be more detail as why the data provided is considered to be unreliable.
- 3.4.2 With respect to Interested Parties' concerns about the scale of the assessment, the Applicant highlighted that it had provided information within the application material, which breaks down material to local authority areas, including data sets, aspects of the population, housing assessment and other material in annex for to the local impact. **Local Economic Impact Assessment [APP-200]**. As recognised in national policy, impacts do not recognise administrative boundaries. It has been a well-established feature of policy, particularly in housing, but more generally that one looks at the market area and it does not necessarily correlate with administrative boundaries.
- 3.4.3 In response to the Interested Parties' comments on the Community Fund, the Applicant noted that it is proposing to carry forward an approach already agreed by the JLAs, and therefore did not understand there to be an in-principle objection to the approach of the fund being used to deal with intangible and residual effects. The Applicant further noted that the Community Fund is not the entirety of the noise mitigation proposed, it is just to provide relief for the intangible and residual effects, and it is not intended to effectively amount to the Applicant's entire proposal as to mitigation of the effects of the Project on the wider community. The Applicant also disputed any allegation that the funding is inadequate. In any event, the details of the Community Fund are still part of the ongoing discussion as part of the s106 Agreement, and it is considered that those discussions are the most appropriate forum to address any of these concerns.
- 3.4.4 In response to Dr Chapman's comments about price bases for the local and national economic impact reports, The Applicant noted that in relation to the local report, the latest full year of price data was used (2022), and the **National Economic Impact [APP-251]** report reflected the Department for Transport's Transport Analysis Guidance which uses a price base of 2010. This is the same guidance and process as would be used for any road or rail scheme, as it allows the Department for Transport to compare across different types of schemes on the same price basis This was the reason for the difference between the two assessments.

- 3.4.5 Regarding Interested Parties' comments on the Community Fund consultation process, the Applicant explained that the current proposition is for the grant making panels to be comprised of representatives of GAL, the Community Foundations and the relevant County Councils. The role of the County Council representative and the Community Foundation representatives will be to represent the voice of the local community as far as the wider consultation is concerned. The Applicant therefore considers that there is no reason to depart from the approach taken. The local community therefore has the chance to respond to the mechanisms proposed. The Applicant further explained that it does extensively promote both the Gatwick Foundation Fund and the Gatwick Airport Community Trust. There is currently a campaign, both last year and this year to try and increase the level of local media coverage, and also efforts to engage with the local parishes. However, the comments made were noted, to be fed back to those processes.
- 3.4.6 Finally, in response to comments from Interested Parties regarding the noise fines, the Applicant confirmed that fines linked to Departure Noise Limits would be paid into the London Community Fund under the DCO section 106 Agreement.

4 **Agenda Item 4: Proposed Employment, Skills and Business Strategy (ESBS)**

- 4.1. The ExA asked the Applicant to respond to relevant representation criticisms of the ESBS in lacking certainty of local benefits, and clear costings or resourcing considerations.
- 4.1.1 The Applicant explained that there has been considerable movement since the application was submitted, and the time when relevant reps were being prepared. Further, the ESBS is a strategy document designed to operate over a long period – until nine years after the start of dual runway operations. It therefore needs to set out an overall framework, to be given effect to through more detailed implementation plans. A draft structure of the implementation plans has been shared with the local authorities, for which feedback has been received. These implementation plans will set out 5 key things.
1. the activities that will be delivered in the relevant time period;
 2. the partners and stakeholders GAL will work with and how;
 3. governance, monitoring and reporting arrangements;
 4. a resourcing strategy for all themes in the ESBS; and

5. milestones, targets, outcomes and projected impacts.

4.1.2 The ExA enquired as to when the draft implementation plan might be submitted for their consideration.

4.1.3 **[Post Hearing note:** The Applicant will provide the Draft implementation plan at Deadline 3, in line with the ExA's actions arising from ISH3 (Action Point 2).]

4.2. The ExA queried why the ESBS and associated control documents could not be secured as a requirement under the DCO?

4.2.1 The Applicant explained that it considered the ESBS details were best dealt with as a s106 obligation rather than DCO requirements because a financial contribution is proposed (the ESBS Fund) and in connection with the contribution there are detailed implementation mechanisms, all of which are better set out in the fuller text of an obligation. The Applicant understands that there is no disagreement with the local authorities on this approach at this stage.

4.2.2 In response to the ExA's query as to whether the matters could be split, with DCO requirements dealing with non-monetary aspects of the Strategy, and the s106 agreement handling the financial matters, the Applicant noted it would be cautious of splitting mechanisms as a matter of practicality and implementation, as it is better to have the overall controls (which will include a resourcing strategy for all themes in the ESBS – i.e. how the money will be spent) implemented and enforced through the same document. The Applicant considered there to be no reason why the enforcement of the obligations relating to the ESBS could not be appropriately enforced by the JLAs in the normal, way rather than through a requirement of the DCO.

4.2.3 **[Post Hearing note:** The Applicant further notes that the ESBS is also to be carried into effect through implementation plans which are to be updated and reviewed in connection with the use of the ESBS Fund. These matters are considered to be best addressed through a single set of obligations in the same control document.]

4.3. Responses to matters raised by Interested Parties

4.3.1 In response to comments by parties on the ESBS, the Applicant explained that the intention was to make the strategy robust and resilient, capable of lasting over the long term. The Applicant noted that the ESBS will not only be delivered by Gatwick, but as a collective endeavour from a wide range of partners, and is therefore motivated to continue engaging with local authorities and other partners to ensure the implementation plan is fit for purpose and ideally funding existing activities, rather than just establishing new ones. On the matter of timing, the

Applicant explained that Gatwick had already employed two project officers to start to develop the detailed work, in particular around construction and around the supply chain.

- 4.3.2 Regarding comments about the behaviour of construction workers, the Applicant explained that these issues do not sit under the ESBS. Rather, their conduct will be managed through the Construction Workers Code of Conduct. The Applicant also noted that it did not expect construction workers to have a significant impact on the housing market, as non-home construction workers for similar projects typically sit around 7% regionally, and 5% nationally. The 20% used for the Applicant's assessment was therefore extremely conservative.
- 4.3.3 The ExA enquired about where the Construction Workers Code of Conduct was secured, which the Applicant said they would come back to them to confirm.
- 4.3.4 **[Post-Hearing note:** The Applicant's has provided further information in relation to this matter in its separate responses to the ExA's action points arising from ISH3 (Doc Ref. 10.9.4) in response to Action Point 3.]

5 Agenda Item 5: Labour Supply and Housing

- 5.1. The ExA sought the Applicant's comments on the housing emergency recently announced by Crawley Borough Council, and what implications this has for the development
- 5.1.1 The Applicant noted it had only just been made aware of this very recently It requested that it be taken away and addressed in due course, as part of the response to the Local Impacts Report at Deadline 3.
- 5.2. The ExA asked the Applicant to comment regarding various concerns raised in respect of the availability of labour supply and housing (to include temporary accommodation and affordable housing), with particular regard to Reigate and Banstead Borough Council
- 5.2.1 The Applicant summarised the conclusions of the socio-economic assessment that it is not estimating any housing impacts despite the assessments being done on a very conservative basis. This is true of both the construction and operational phases. Significant construction phase impacts on private rented housing are unlikely because of the low number of workers and the relatively short periods that they will be on the project will lead them to choose other options.

- 5.2.2 In line with the overall conservative approach, the Population and Housing study was done out of an abundance of caution and in response to local authority concerns around some of these issues.
- 5.2.3 The benefits of the project are significant, with just over 3000 direct jobs on airport, 2,700 in the supply chain and 3,400 in the wider economy, from additional spending by newly employed workers, and another 6,500 in business that rely on the airport such as professional services firms.
- 5.2.4 These are spread over a wide area rather than concentrated in one place, with the exception of those direct onsite ones. These are significant benefits, but need to be seen in the context of a very large and flexible labour market.
- 5.2.5 There were 1.1m economically active people in the Labour Market Area (which is the area from which Gatwick currently draws the majority of its operational workforce) of which 110,000 are in the Local Study Area (Table 2.1.4 of the ES Appendix 17.6.1 - the Socio-Economic Data Tables).
- 5.2.6 As is set out in Table 17.9.10 of the **ES Chapter 17 Socio-Economics [APP-042]** there are 5,600 unemployed people in the Local Study Area and over 100,000 in the wider Labour Market Area.
- 5.2.7 In that context, the 3,000 direct jobs are a significant benefit but are unlikely to lead to significant new housing demands. To address the earlier point about baseline data, the Applicant noted that economic activity rates may well fluctuate, but these would have to change an enormous amount for the 100,000 people seeking work to disappear.
- 5.2.8 The Applicant further noted that, in fact, long term experience shows that when the number of jobs goes up, the number of economically active people goes up because they have more choice of jobs and so are more likely to find one with pay and hours that suit them. There are significant on- and off-flows from unemployment and inactivity so this is not a static number of workers that is not responsive to jobs when they come forward. It is a matter of Government policy to support flexible labour markets
- 5.2.9 The ESBS is also a mechanism by which the Applicant and its partners can support people who are not currently working into employment.
- 5.2.10 The Applicant stated it is therefore satisfied that in existing conditions, there is a significant amount of labour available.
- 5.2.11 Nevertheless, in response to the local authorities, the Applicant commented it has taken a longer term view to look at how labour markets, jobs and housing are

expected to grow. That assessment is itself very conservative for example there is no assumption there that economic activity will increase or that commuting patterns will change in response to more jobs being created in any particular areas. Both of which can reasonably be expected to happen.

- 5.2.12 The Applicant summarised the conclusions reached in the **ES Appendix 17.9.3 Assessment of Population and Housing Effects [APP-201]**, that during the operational phase of the Project there are unlikely to be any significant population or housing effects. The Applicant set out that this conclusion was reached by comparing the amount of labour supply which is expected to be generated based on current housing trajectories with the amount of labour supply that would be needed to support the Project. In relation to the assumed housing trajectories which underpin the housing assessment, the Applicant confirmed that these were based on the latest position published by each Council at the time the assessment was prepared, and that at no point during the consultation process did any Council provide or suggest an alternative housing trajectory would be more appropriate.
- 5.2.13 The Applicant confirmed that a comparison of the labour supply (based on current housing trajectories) and labour demands (associated with the Project) suggested there would be a surplus of labour supply of 95,000 in the study area by 2047, of which 30,000 were in the North West Sussex Functional Economic Market Area (which is also the North West Sussex Housing Market Area), as shown in Table SR2 of the Assessment of Population and Housing Effects. The Applicant reiterated that, for the reasons set out in the Assessment of Population and Housing Effects, and the reasons outlined verbally at the Hearing, this was likely to be a worst-case scenario, and also highlighted that this surplus is over ten times the total number of operational jobs the Project is anticipated to generate.
- 5.2.14 Specifically with regard to Reigate and Banstead Borough Council, the Applicant considered that by assessing the affordable housing requirements of the Project (found within section 7 of the Assessment of Population and Housing Effects), the issue of affordable housing for the purposes of this of this application have been sufficiently addressed. The Applicant confirmed that the affordable housing assessment included in the Assessment of Population and Housing Effects had been added to the analysis in response to comments raised by several local authorities during the consultation process. The Applicant summarised the assessment of affordable housing which is set out in section 7 of the Assessment of Population and Housing Effects and confirmed that the potential tenure demands associated with the Project were unlikely to have any impact on affordable housing demands beyond what was already being planned for.

- 5.2.15 The Applicant then summarised the conclusions in respect of the potential temporary housing requirements during the construction phase, again noting that this specific analysis was added to the assessment of population and housing effects following comments raised by the Councils during the consultation process. In response to specific queries raised by the JLAs regarding the availability of private rented housing in Crawley, the Applicant also reiterated that Crawley Borough was not a housing market area in and of itself, and that it formed part of the North West Sussex Housing Market Area, for which figures are shown in Table 6.1.1 (and throughout section 6) of the Assessment of Population and Housing Effects. The Applicant also highlighted the various other sources of accommodation which could house temporary construction workers, which are set out in section 6 of the Assessment of Population and Housing Effects, and that in the context of the peak non-home-based construction workforce in Crawley the available housing supply to meet this was relatively large.
- 5.2.16 In response to specific queries from the JLAs as to whether the private rental sector data informing the Applicant's assessment was from the 2011 census, the Applicant confirmed that this was the case, as this was the data available at the time the assessment was carried out. The Applicant's view was that given the scale of the construction workers expected, the conclusions of the assessment would not change by re-running the assessment with new data now available. Specifically, paragraph 6.2.7 of the of the Population and Housing Report highlights that the overall stock of housing will have obviously increased over the last ten years in these areas. Therefore, between 2011 and 2021, even if the proportion in the private rented sector had remained the same, then the absolute number of properties in the private rented sector would have increased.
- 5.2.17 The ExA asked the Applicant to take this issue of the implications of the 2011 census data away for consideration, which the Applicant acknowledged. The Applicant considered its assessment to be robust and proportionate, and would seek some justification as to why the JLAs might think otherwise and why the more recent data is material.
- 5.2.18 **[Post-Hearing note:** The Applicant will provide its further consideration referred to in 5.2.17 at Deadline 2, in line with the ExA's action points arising from ISH3 (Action Point 5).]
- 5.2.19 **[Post-hearing note:** The Applicant has been unable to identify any studies in the public domain which show private rented quarterly data for vacancies in Crawley and are not aware of any national datasets. However, the Applicant will consider and respond to any submissions on this point made by the JLAs in their written representations or local impact reports (as applicable).]

5.3. Responses to matters raised by Interested Parties.

- 5.3.1 In response to comments regarding the recent Future Skills Sussex report, the Applicant noted that it had not reviewed this report yet, but would do so. In addition, the issues that report appears to raise are what the ESBS funding is there to respond to. One of the key ways to do so is to get local people onto the construction of the Project through allocation of contracts to local firms. Firms with a ready labour force is a key consideration in the contract tender process.
- 5.3.2 In response to comments about impacts on the local housing markets, the Applicant noted that people do not typically migrate for low paid jobs, who might also be eligible for affordable housing. In reality, the focus will be on recruiting local people, some of whom may already be in affordable housing, and will therefore have minimal impact on affordable housing supply.
- 5.3.3 In response to Councillor Lockwood's comments regarding the Tandridge Local Plan which had recently been found unsound and therefore the delivery of housing was not guaranteed, the Applicant confirmed that the assessment did not take into account any assumed housing supply in emerging local plans (except Crawley), and was based on current housing trajectories, as confirmed in para 4.3.2. and footnote 23 of the Assessment of Population and Housing Effects, and therefore was not reliant on housing coming forward in the, now withdrawn, Tandridge Local Plan. Therefore, withdrawal of this plan would not impact the assessment conclusions.

6 Agenda Item 6: Health Equality Impact Assessment

- 6.1. ExA proposed to deal with this topic in writing.
- 6.1.1 The Applicant briefly noted that it was of the opinion that it has prepared a robust health equality assessment, but did not consider it necessary to prepare an equalities impact assessment, which is a different exercise that does not fall to the Applicant to carry out. The Applicant suggested however that it would prepare a signposting document to indicate where equalities information relating to protected characteristics has been set out in the existing application material.
- 6.1.2 **[Post-hearing note:** The Applicant's has provided its response to this request in response) in response to Action Point 6 of the ExA's list of Actions.]

7 Agenda Item 7: Vulnerable Group Populations

- 7.1. The ExA asked the Applicant to signpost where data relating to feedback from individual vulnerable groups could be found in the application materials.
- 7.1.1 The Applicant agreed to provide additional signposting; however, explained that the vulnerable groups were inherently covered within the consultation responses at paragraph 4.6.45 of the **Consultation Report [APP-218]**, which followed prior consideration of how vulnerable groups could be well accessed through the main consultation process. The responses that came back are set out at **Annexes A [APP-219]** and **D [AP-222]** of the Consultation Report. Particular health issues were not raised in these responses.
- 7.1.2 The ExA accepted this and asked that this signposting also include matters raised by Surrey County Council regarding the cumulative impacts of the construction and operational phases on the physical and mental well-being of vulnerable group populations had been considered (for example, Horley Central and South).
- 7.1.3 **[Post-hearing note:** The Applicant will provide this signposting in response to Action Point 7 of the ExA's list of Actions at Deadline 2.]