



Horsham
District
Council



GATWICK AIRPORT NORTHERN RUNWAY PROJECT

Planning Inspectorate's Reference: TR020005

Legal Partnership Authorities

Comments on The Applicant's Response To The ExA's Written Questions (ExQ1)

Response to [\[REP3-103\]](#) | Socioeconomic Effects

DEADLINE 4: 15 May 2024

Crawley Borough Council (GATW-AFP107)

Horsham District Council (20044739)

Mid Sussex District Council (20044737)

West Sussex County Council (20044715)

Reigate and Banstead Borough Council (20044474)

Surrey County Council (20044665)

East Sussex County Council (20044514)

Tandridge District Council (GATW-S57419)

Legal Partnership Authorities' Comments on the Applicant's Responses To The ExA's Written Questions (ExQ1)

Response to [\[REP3-103\]](#) | Socioeconomic Effects

The Legal Partnership Authorities are comprised of the following host and neighbouring Authorities who are jointly represented by Michael Bedford KC and Sharpe Pritchard LLP for the purposes of the Examination:

- Crawley Borough Council
- Horsham District Council
- Mid Sussex District Council
- West Sussex County Council
- Reigate and Banstead Borough Council
- Surrey County Council
- East Sussex County Council; and
- Tandridge District Council.

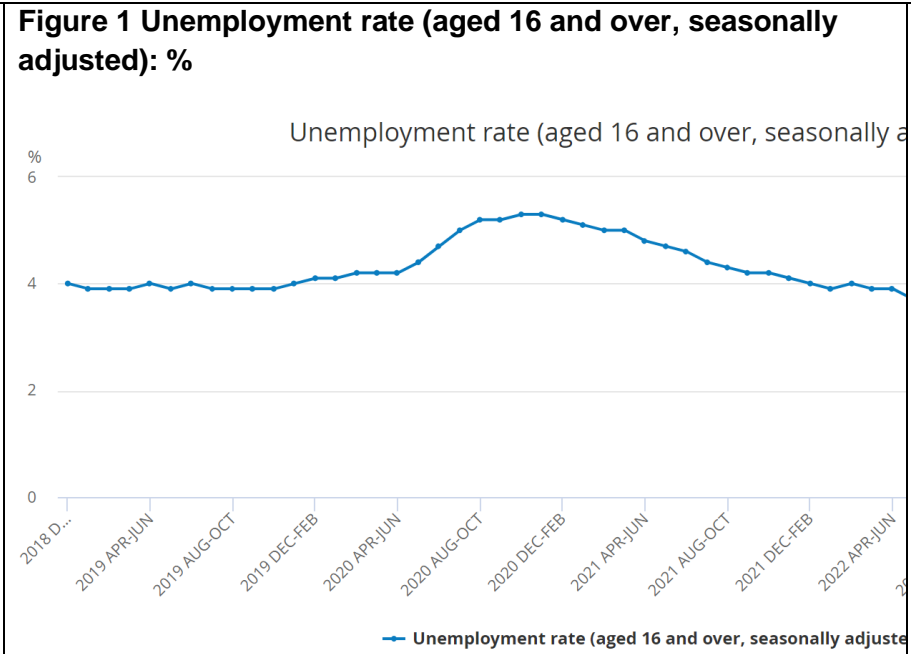
In these submissions, the Legal Partnership Authorities may be referred to as the “*Legal Partnership Authorities*”, the “*Authorities*”, the “*Joint Local Authorities*” (“*JLAs*”) or the “*Councils*”. Please note that Mole Valley District Council are also part of the Legal Partnership Authorities for some parts of the Examination (namely, those aspects relating to legal agreements entered into between the Applicant and any of the Legal Partnership Authorities).

Introduction

1. The Legal Partnership Authorities have now had the opportunity to review the Applicant's responses to ExQ1 in conjunction with their specialist consultants and legal advisors.
2. The Applicant provided their response to ExQ1 in the form of 19 separate written submissions to the examination together with annexes. For the ExA's ease of review, the Legal Partnership Authorities set out their comments on the Applicants responses in the final column of the table below.
3. Where the Legal Partnership Authorities have decided not to comment on one of the Applicant's responses, this question has been deleted from the table below.
4. For the avoidance of doubt, where the Legal Partnership Authorities have decided not to comment on one of the Applicant's responses this should not be taken to indicate that the Legal Partnership Authorities agree with the response.
5. At deadline 4, the Legal Partnership Authorities have submitted a paper authored by their specialist aviation consultants at York Aviation LLP entitled “Response to Additional Documents Submitted at Deadline 3 – Case for the Scheme and Related Matters” (the “**York Aviation Deadline 4 Paper**”).
6. **The York Aviation Deadline 4 Paper addresses issues relating to the case for the scheme thematically and includes further commentary on the Applicant's responses to the ExQ1 questions relating to this topic.**

ExQ1	Question to:	Question and Applicant's Response	Legal Partnership Authorities' Response
SOCIO-ECONOMIC EFFECTS			
SE.1.1	The Applicant	<p>Local Enterprise Partnership</p> <p>Paragraph 2.1.7 of the Planning Statement [APP-245] references the Coast to Capital Local Enterprise Partnership (LEP).</p> <p>What role if any does the LEP now play within its area?</p> <hr/> <p>In March 2023, the Government announced the planned withdrawal of core funding for Local Enterprise Partnerships (LEPs) from April 2024 and transfer of their functions, including business representation and strategic economic planning, and the delivery of government programmes where directed, to local authorities. The Coast to Capital LEP transition is still in progress with West Sussex County Council taking on these key functions, including requirements to work with Surrey County Council and Brighton and Hove City Council to complete the transition process. To support transition, West Sussex County Council has established the West Sussex Interim Economy Board, with membership including the Applicant. The Applicant also continues to engage with Surrey County Council through their LEP transition arrangements.</p> <p>Coast to Capital continues to operate through this transition period, and currently provides economic development consultancy services within the region. The Applicant will continue to engage with the Chair and Chief Executive of Coast to Capital in the coming months as changes are made to their organisation. Once</p>	<p>The Coast to Capital LEP no longer exists as originally founded. Government has transferred former LEP functions to upper tier local authorities. The LEP does not have a formal strategic economic development function and does not receive Government funding. Coast to Capital continues to exist as a private company.</p> <p>In future dialogue should be with WSCC and the new West Sussex economy board, as WSCC is now the accountable body to Government for the strategic economic function previously undertaken by the LEP. An Interim West Sussex Economy Board is advising on the strategic economic function on an interim basis, while the new board is established. The Careers Hub function transferred from the LEP to WSCC in September 2023, and the Growth Hub function transferred from the LEP to WSCC in May 2024.</p>

		<p>Coast to Capital’s new purpose and objectives have been confirmed, GAL will explore opportunities to collaborate where appropriate to promote long-term sustainable economic growth in the region.</p>	
<p>SE.1.2</p>	<p>The Applicant</p>	<p>Socio-economic Assessment</p> <p>Can the Applicant provide further justification or evidence to demonstrate that the socio-economic conditions in 2024/2025 are similar to conditions in 2019, as assumed in the assessment reported in ES Chapter 17 [APP-042]?</p> <hr/> <p>Detail on the approach taken to the use of 2019 pre-Covid data is set out in ES Chapter 17 Socio-Economic [APP-042] (see paragraph 17.5.2), and further explanation on the basis for this approach was provided at Deadline 1 within the The Applicant’s Written Summary of Oral Submissions from Issue Specific Hearing 3: Socio-Economics [REP1-058].</p> <p>In general, it can be expected that socio-economic conditions in 2024/25 will be more comparable to the situation in 2019 prior to the pandemic as the performance of the economy and labour market recovers to a pre-Covid position. For example, as the two graphs from the Office for National Statistics (ONS) below illustrate (Figure 1 and Figure 2), both gross domestic product and unemployment levels are now back to 2019 levels. They also reinforce how abnormal conditions were within much of the 2020-2021 period, and why drawing conclusions based exclusively on economic data from this period would not represent a robust basis for assessing future conditions.</p>	<p>The Applicant states that the socio-economic conditions in 2024/25 will be more comparable to the situation pre-Covid and cites ONS data to show that unemployment levels are back to 2019 levels. However, presenting figures at the national level is a very simplistic approach and does not robustly represent the current situation in the local authority areas. For example, Crawley’s unemployment rate remains significantly higher than 2019 levels (and the highest in West Sussex):</p> <p>March 2024 - 4.0% March 2020 – 2.8%</p> <p>Analysis at a local authority level is critical given this is where impacts will largely occur. The Applicant should review and compare socio-economic conditions in 2019 and 2024/25 at the local authority level.</p>



		<p>Figure 2 Gross domestic product index: CVM: Seasonally adjusted</p> <p>Index, base year = 100</p> <table border="1"> <caption>Estimated data for Figure 2: GDP Index (CVM: Seasonally adjusted)</caption> <thead> <tr> <th>Quarter</th> <th>Index Value</th> </tr> </thead> <tbody> <tr><td>2018 Q4</td><td>100</td></tr> <tr><td>2019 Q1</td><td>100</td></tr> <tr><td>2019 Q2</td><td>100</td></tr> <tr><td>2019 Q3</td><td>100</td></tr> <tr><td>2019 Q4</td><td>100</td></tr> <tr><td>2020 Q1</td><td>98</td></tr> <tr><td>2020 Q2</td><td>78</td></tr> <tr><td>2020 Q3</td><td>90</td></tr> <tr><td>2020 Q4</td><td>92</td></tr> <tr><td>2021 Q1</td><td>90</td></tr> <tr><td>2021 Q2</td><td>98</td></tr> <tr><td>2021 Q3</td><td>100</td></tr> <tr><td>2021 Q4</td><td>100</td></tr> </tbody> </table>	Quarter	Index Value	2018 Q4	100	2019 Q1	100	2019 Q2	100	2019 Q3	100	2019 Q4	100	2020 Q1	98	2020 Q2	78	2020 Q3	90	2020 Q4	92	2021 Q1	90	2021 Q2	98	2021 Q3	100	2021 Q4	100	
Quarter	Index Value																														
2018 Q4	100																														
2019 Q1	100																														
2019 Q2	100																														
2019 Q3	100																														
2019 Q4	100																														
2020 Q1	98																														
2020 Q2	78																														
2020 Q3	90																														
2020 Q4	92																														
2021 Q1	90																														
2021 Q2	98																														
2021 Q3	100																														
2021 Q4	100																														
<p>SE.1.4</p>	<p>The Applicant</p>	<p>Employment, Skills and Business Strategy - Reviews</p> <p>Paragraph 1.1.8 of the Employment, Skills and Business Strategy (ESBS) [APP-198] states that review and recalibration intervals would be built into the programme, and these may be every five years.</p> <p>Please confirm how and when the review period would be determined and what would trigger a review?</p>	<p>The Applicant has suggested that they will review the ESBS Implementation Plan every 5 years (with the exception being if there were another pandemic which would mean revisiting the Plan within 5 years). The Local Authorities believe that the Plan needs to be reviewed on a more frequent basis to meet and adapt to local need when required. The Applicant has acknowledged this point in their response. The Local Authorities request that the Applicant revisits the timescales for review.</p> <p>The Authorities note that the Applicant has not confirmed what is meant by a “recalibration interval” or how this is triggered.</p>																												

		<p>It is also noted that paragraph 5.2.2 of the ESBS [APP-198] states that if major changes in prevailing economic circumstances occur, this would result in a review outside of the timeframe. Please confirm what determines a ‘major change’?</p> <p>What is a ‘recalibration’ interval? How is this triggered?</p> <p>Reviews and recalibrations/updates will be done through the ESBS Implementation Plan (Doc Ref. 10.11). The current draft of the DCO S106 Agreement requires the Applicant to review the ESBS Implementation plan every five years (paragraph 2.3 of Schedule 5) or at any other time that the Applicant considers there has been a major change in prevailing economic circumstances.. Major changes would be things like another pandemic that severely restricted activity at Gatwick airport or the abolition of a key delivery partner.</p> <p>The review of the ESBS Implementation Plan is to ensure that activities reflect contemporary needs and opportunities and can effectively contribute to the policies, priorities and ambitions of key stakeholders. The Applicant must then provide a report of the review with recommendations for amendments to the ESBS Steering Group.</p>	
SE.1.5	The Applicant	<p>Employment, Skills and Business Strategy - Mitigation</p> <p>The ESBS [APP-198] refers to ‘mitigation’ in paragraphs 1.1.7, 2.1.3 and 5.1.2. Paragraph 5.3.32 of the ESBS also states that <i>“It is expected that the ESBS Framework would avoid adverse construction labour supply effects arising from the Project”</i>.</p>	<p>The Local Authorities believe that there are adverse impacts on skills and businesses in the local areas in proximity to the Scheme. This has been raised with the Applicant on several occasions, including via:</p> <ol style="list-style-type: none"> 1. Topic Working Group meetings. Notably the Applicant has failed to acknowledge this in their responses.

		<p>The ExA is mindful of the discussions held during ISH3: Socio-economics (including Health and Wellbeing) [EV8-001 to EV-8-002] and the content of the Applicant’s Written Summary of Oral Submissions for ISH3 [REP1-058]. However, please can the Applicant confirm:</p> <ul style="list-style-type: none"> a) Whether the ESBS is providing a form of mitigation? b) If so, should the ESBS, and the subsequent Implementation Plan, be secured by a Requirement in the dDCO? 	<ul style="list-style-type: none"> 2. Through the PADDs, Relevant Representations and Written Representations. 3. Through the Local Impact Reports 4. At The ISH3 Hearing <p>The Applicant appears to now be removing reference to ‘mitigation’ in relation to the ESBS and is referring to this as an ‘enhancement’. The Applicant appears to have changed their mind with what they consider to be mitigation.</p>
		<ul style="list-style-type: none"> a) There are no significant adverse impacts on skills or business identified in ES Chapter 17: Socio-Economic [APP-042]. As such there are no impacts that require mitigation. Section 17.8 of the ES Chapter lists the ESBS as enhancement activity and paragraph 17.13.5 reads: <p style="margin-left: 40px;"><i>“moderate beneficial significant labour market effects have been identified during the operation of the Project from 2032 to 2047 at the LSA and FEMA levels. These effects would be subject to further enhancement measures as part of the ESBS. No significant adverse effects have been identified in terms of socio-economic effects.”</i></p> <p>Paragraph 1.1.7 should read “activities” rather than “mitigations”. Paragraph 2.1.3 should read “contributions” rather than “mitigation”. Paragraph 5.3.32 should say that the ESBS will “enhance construction labour supply effects”.</p> b) In the context of the above response, it is appropriate for the 	

		ESBS to remain secured as a s106 obligation rather than a DCO Requirement.	
SE.1.6	The Applicant	<p>Employment, Skills and Business Strategy – Securing Mechanism</p> <p>Both East Sussex County Council [REP1-071] and KCC [REP1-080] request that the ESBS Implementation Plan is secured through a Requirement rather than a s106 agreement. The reasoning for this is because the application of the ESBS is likely to stretch further than the geographical area over which a s106 agreement would cover. In addition, it noted that not all authorities who may be affected by the Implementation Plan would be signatories to the s106 agreement.</p> <p>The Applicant is asked to consider and address this request.</p>	The Legal Partnership Authorities would comment that both Surrey County Council and Mid Sussex District Council should also be added to the list of authorities to be included in the ESBS steering Group.
		<p>The s106 Agreement binds the freehold land owned by the Applicant within the Order Limits. This means that any future owner of the land will also have to comply with the s106 Agreement. It does not mean that the application of the obligations must all be limited to the bound land. There is no geographical limit on where the obligations within s106 Agreement may apply. The Community Fund is another example of obligations that will have an impact beyond the land bound by the s106 Agreement. The Applicant has agreed with the JLAs that only where an obligation is due to a specific authority, should that authority be a party to the DCO s106 Agreement to reduce the number of parties and the number of ancillary documents required. Therefore, ESCC and KCC are not required to be party to the DCO s106 Agreement.</p>	

		<p>In response to the request by ESCC and KCC, the Applicant is content to include those bodies on the ESBS Steering Group which will approve the ESBS Implementation Plan in. This will be included in the next version of the draft DCO s106 Agreement to be submitted at Deadline 5.</p>	
<p>SE.1.12</p>	<p>The Applicant</p>	<p>Supply Chain and Medium Sized Enterprises</p> <p>How would GAL ensure that small to medium sized enterprises (SMEs) are included in contract supply chains?</p> <p>The ESBS describes the Applicant's approach to supporting SMEs and promoting their success in tendering whilst maintaining quality and supply/service continuity. The following actions could be taken in implementing the principles of the ESBS:</p> <ul style="list-style-type: none"> • Continuation of pilot enabling subscription to business database (e.g. MnAI) to allow the Applicant's procurement teams the opportunity to source diverse and SME suppliers. • Development of full procurement portal on the Applicant's website, building on the current supplier registration form to include how to supply to the Applicant, tender opportunities with the Applicant and its on campus partners. • Supply Chain development activity, delivered in partnership with local business associations, to build capacity in SMEs to be fit to supply to larger more complex 	<p>The Applicant's response is very generic and it remains unclear how they intend to engage and prioritise local businesses. It refers to procurement opportunities, a portal and supply chain activities, but there is a notable absence in terms of supporting and prioritising <u>local</u> businesses.</p> <p>There is an opportunity for the Applicant to prioritise local suppliers through their procurement practices. This would meet both local economy and sustainability requirements/ expectations. Further detail is needed to show how the Applicant intends to support and prioritise local businesses.</p>

		<p>organisations.</p> <ul style="list-style-type: none"> • Work with internal procurement teams to develop SME / local procurement champions to ensure that creating opportunities for SMEs is built into procurement processes and policies. 	
SE.1.13	The Applicant	<p>Property Values</p> <p>Row 3.8 of the Updated Local Authorities Issues Tracker [AS-060] considers the issue of the impact on land values and states that GAL is commissioning a study that will investigate the potential impacts on residential property values to inform the ES assessment. Table 17.4.2 of the ES [APP-042] confirms that it is recognised that the Proposed Development could give rise to effects on property prices but that the provisions of The Land Compensation Act 1973 would apply and provide for payment of compensation to fully cover any such loss in value.</p> <p>Despite this, a significant number of submissions into the Examination have raised concern over the potential for a negative effect on property values. Is the Applicant proposing to submit the residential property value study into the Examination? If not, why not?</p> <hr/> <p>Notwithstanding the proposed mitigation secured through the Noise Insulation Scheme, the Applicant recognises that there may be effects on a small number of properties where compensation under</p>	<p>The Local Authorities note that this is a long-standing request from PINS, but the Applicant has not provided the further information. The Applicant has acknowledged there will be adverse impacts on property prices, but based on the Applicant's response, it remains unclear as to the extent of the impact. The Authorities wish to seek further clarity on this.</p>

		<p>the terms of Part 1 of the Land Compensation Act 1973 could become applicable.</p> <p>As such, the Applicant commissioned external advice to make an initial assessment of the possible range of properties where this might apply in order to ensure that the reported estimates for property acquisition and compensation include an appropriate allowance for this (please see the Applicant's response to CA.1.22 where the overall amount for the Property Cost Estimate has been referenced and includes the allowance for potential Part 1 claims). The Applicant does not consider it necessary or appropriate to share the detail of this information as part of the examination as it is commercially confidential and the assessment of compensation is not a material planning consideration.</p> <p>It should also be noted that there is an inevitable level of uncertainty regarding the potential level of compensation that may attach to this impact, and the above response should also be seen in that context. The question of whether property prices more generally in the vicinity of an airport are affected (either adversely or positively) by changes in capacity at that airport over time is acknowledged as being extremely difficult to disaggregate reliably from other influencing factors. This was recognised in the Planning Inspectorate's Scoping Opinion for Heathrow's North West Runway DCO (p43 Section 4.6 Issue 66) where a study of these effects was scoped out:-</p> <p><i>The Applicant states that it is not possible to estimate "empirically" the quantitative effect of this Proposed Development on the wider property market because of the scale of the development and uncertainties due to the length of construction and operational periods. The Applicant however accepts that there will be effects on property and compensation will be made available to eligible</i></p>	
--	--	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--

		<p><i>parties. The ES should clearly explain how the compensation payments will mitigate the likelihood of significant effects.</i></p> <p>It should be noted that a similar study was also not scoped into the Luton Airport DCO more recently.</p>	
<p>SE.1.16</p>	<p>The Applicant</p>	<p>Airport-Related Employment Land Study</p> <p>Reference to an Airport-Related Employment Land Study (ARELS) is made at paragraph 18.81 of the Joint West Sussex LIR [REP1-068]. Can the Applicant confirm:</p> <p>a) Whether the ARELS forms part of the submitted application? If not, is this study going to be submitted into the Examination? If not, why not. Whether any off -airport employment land will arise as a result of the Proposed Development. If so, please provide further details.</p> <p>The ARELS is not part of the DCO Application and was not intended to be submitted.</p> <p>The study was done at the request of the local authorities to help them understand how much wider growth they may need to plan for. It includes land uses (offices, hotels and warehousing) with different levels of functional relationship to Gatwick Airport at different spatial scales.</p> <p>The basic method was to seek to identify existing activity and establish a relationship between demand for that activity (or floorspace allocated to it) and activity at the airport (either</p>	<p>The Local Authorities note the Applicant’s response, but question why the Applicant does not consider it necessary to include the ARELS as part of the DCO application. Through Environmental Statement Appendix 17.9.2 Local Economic Impact Assessment [APP-200], the Applicant has set out at Table 1.1 that as of 2047 up to 12,800 jobs are anticipated as a result of the project. Only 3,100 of these are shown as ‘on airport’, with the ‘off airport’ categories of indirect, induced, and catalytic accounting for 9,700 jobs. As referred to in the West Sussex LIR [REP1-068] at Paragraph 18.81, this is likely to result in an increased need for employment land, with demand (as the Applicant has acknowledged in its answer) likely to be directed closest to the airport. There will be employment land supply implications arising from the level of off-airport job growth identified by the Applicant, that will need to be planned for. As such, the Local Authorities consider there to be clear justification for the ARELS being submitted as part of the DCO.</p>

		<p>passengers or ATMs). The strength of that relationship varies for different activities and in different places and also changes over time (eg demand for on-airport office space has been declining relative to ATMs).</p> <p>Lichfields then scaled up the level of floorspace in line with the estimates of airport activity over time.</p> <p>The conclusions of the study are not spatially specific, i.e. it does not identify a specific need for certain space in certain locations, other than on-airport. The results were presented to the Local Authorities at a Topic Working Group.</p> <p>The DCO Application includes provision of space for those uses which are directly related to the Project and need to be on-airport (offices and hotels – no additional space for freight is necessary) and their provision has been considered in the Environmental Assessment.</p> <p>As the Airport grows, there is likely to be an increase in demand to be close to the airport from some businesses – whether suppliers to airport activity or businesses that use its flights. Some of this demand may be accommodated in existing employment locations and some may be in new space – that is a matter for the local authorities to address in the Local Plans.</p>	
--	--	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--