



Gatwick Airport Northern Runway Project

Appendix E: Response to York Aviation's Deadline 4 Submission

Book 10

VERSION: 1.0

DATE: JUNE 2024

Application Document Ref: 10.38

PINS Reference Number: TR020005

Table of Contents

1	Introduction	1
2	Policy	2
3	Demand Forecasts	5
4	Capacity for Growth	11

1 Introduction

- 1.1.1 This document covers matters related to the case for the scheme and the principle of development, including policy and need. The JLAs have made extensive submissions on questions of policy and need. Gatwick Airport Limited's (GAL's) principal position is that:
- the NRP benefits in principle from clear, unqualified policy support;
 - the operational need for the NRP is now explicitly accepted by the JLAs; and
 - the JLAs also accept that the forecast demand exceeds the capacity of the current airport.
- 1.1.2 GAL does not intend to repeat its case and will wait to see whether the Examining Authority (ExA) wishes to ask further questions on the subject.
- 1.1.3 However, the submission from York Aviation at Deadline 4 [\[REP4-052\]](#) contains a number of partial versions of policy or inaccurate accounts of GAL's case and it is necessary to respond briefly to those matters here under the following headings:
- policy is clear and directly supportive;
 - GAL has a realistic and appropriate view of the traffic it will attract;
 - Gatwick Airport has the capacity to support growth in the future baseline and the NRP.
- 1.1.4 This document does not respond to matters relating to sensitivities or economic impacts, which are addressed separately where relevant.

2 Policy

York's case

12. ***Although the MBU policy can be construed as providing implicit support for airports to make best use of their runways, past decisions, including that for Manston cited by GAL in response to ExQ1 CS 1.20 [REP3-084], require that the demand likely to use any airport and the benefits arising from that demand are properly assessed.***

- 2.1.1 The JLAs should accept that MBU provides **explicit** support for all airports, apart from Heathrow to make best use of their existing runways. The policy support is not conditioned or time limited or dependent on further analysis of the type of growth – none of those conditions are found in MBU. In making its case again, York Aviation has also failed to recognise that Inspectors and the Secretary of State have confirmed the unconditional nature of the policy principle. At Deadline 3 GAL submitted its **Response to Written Representations: Appendix A Policy Response [REP3-073]**, which included the following:

“1.3.9 Subsequent Planning Inspector and Secretary of State decisions assist in understanding this point.

“17. ...There is no requirement flowing from national aviation policy for individual planning applications for development at MBU airports, such as Stansted, to demonstrate need for their proposed development or for associated additional flights and passenger movements.” (Stansted decision letter May 2021 paragraph 17)

“37 ...He also agrees that the MBU policy, which is relevant to this Application, does not require making best use developments to demonstrate a need for their proposals to intensify use of an existing runway or for any associated Air Traffic Movements (“ATMs”). ...The Secretary of State considers that the benefits expected from a proposed development would materialise if there is a need for that development.” (Manston decision letter August 2022 paragraph 37)

- 2.1.2 York Aviation has not acknowledged or responded to the principles confirmed in these decisions.
- 2.1.3 Neither has it acknowledged or responded to the Secretary of State's confirmation at Manston that:

“The MBU policy does not limit the number of MBU airport developments that might be granted and does not include a cap on any associated increase in ATMs as a result of intensifying use at MBU developments.” (emphasis added) (Manston decision letter paragraph 47) (which GAL has referenced several times, including in its **Response to Actions at ISH1** [REP1-062] at paragraph 3.3.4.)

- 2.1.4 If it is being suggested that the impacts and benefits of development need to be assessed (for example to ensure that proper mitigation is put in place), GAL would not demur. However, it would be helpful to acknowledge the explicit policy support from which the principle of NRP benefits.

York's case

4. *The Case for the Scheme comprises a policy argument and the demand forecasts underpinning the case for the NRP, as well as the broader economic justification for expansion. A key issue is, therefore, the application of paragraph 1.42 of the Airports National Policy Statement (ANPS) where it states that “the Government accepts that it may well be possible for existing airports to demonstrate sufficient need for their proposals, additional to (or different from) the need which is met by the provision of a Northwest Runway at Heathrow”, linked to the in principle policy support for airports other than Heathrow to make best use of their existing runways.*
- 2.1.5 It is not known what York Aviation seeks to imply by citing a partial extract from paragraph 1.42 of the ANPS (without recognising the whole of that paragraph or the unequivocal support for MBU in paragraph 1.39 of the ANPS, in MBU or in decisions of the Secretary of State) or by asserting that this is a “key issue”, particularly if York genuinely does recognise the *“in principle policy support for airports other than Heathrow making best use of their existing runways.”* As set out above and confirmed by the Secretary of State, that policy support is not conditioned.
- 2.1.6 GAL has addressed York's interest in these issues elsewhere and does not repeat its case here (please see **The Applicant's Response to Written Representations** [REP3-073] at paragraph 1.2.7, or **Appendix C: Response to Heathrow Airport Limited Written Representation** [REP3-075] at Section 3 or GAL's **Response to Deadline 2 Submissions** [REP3-106] Table 10 from page 32. Apart from simply reasserting its reliance on part of a paragraph in the

ANPS, however, York has not engaged with or responded to those analyses and applications of policy.

3 Demand Forecasts

York's case

9. *In this case, such assessments necessarily have to be specific to the demand that Gatwick can realistically attract having regard to that element of overall passenger demand that is specific to Heathrow and could only realistically be met at Heathrow. We were not suggesting in REP1-068 that Gatwick should base its forecasts on an already constrained assessment of the market, as GAL seeks to suggest at paragraph 1.4.6 of REP3-080, rather that, when benchmarking against the total system forecasts, it should be cognisant of the demand that it could not reasonably hope to attract, i.e. the transfer element of demand at Heathrow and other elements of demand that are specific to other airports, in part because of the relative remoteness of parts of their catchment areas north of London to Gatwick.*
- 3.1.1 There appear to be implications here that GAL has not understood the size of the market in the south east or perhaps that it has wrongly assumed that it can attract transfer passengers from Heathrow.
- 3.1.2 GAL responded to York on the size of the market (using the Government's up to date forecasts of aviation demand) in its **Appendix B - Response to the West Sussex Authorities Appendix F Needs Case** [\[REP3-080\]](#). That response also dealt with the relevance of transfer traffic. GAL's case has never relied upon attracting transfer traffic from Heathrow.
- 3.1.3 GAL's approach, of course, is to be directly cognisant of traffic which it can reasonably expect to attract. That is the basis of an evidenced, bottom-up approach to forecasting in which GAL identifies airlines and markets with which it is already engaged and where it can be confident that further growth is achievable. That approach is explained in many places now, including the **Needs Case Technical Appendix** [\[REP1-052\]](#) in Section 5 and, for instance in **The Applicant's Response to the Local Impact Reports** [\[REP3-079\]](#) in Section 6.

York's case

8. *In REP3-075, GAL focuses solely on transfer passengers and, in so doing, ignores the extent to which erosion of point to point demand at*

Heathrow would, of itself, undermine the hub role as flights are made viable by a combination of point to point and transfer demand at a hub.

- 3.1.4 This refers to GAL's **Response to the Heathrow Airport Limited Written Representation** [REP3-075]. GAL does not understand how it can fairly be asserted that GAL focuses there solely on transfer passengers.
- 3.1.5 It is also simply illogical to assert that GAL could attract services from Heathrow which are made viable by a combination of point to point and transfer demand. By definition, such services will stay at Heathrow.

York's case

11. ***Furthermore, point to point long haul demand would be an important component of Heathrow fulfilling its hub role so in the circumstances of supply of airport capacity exceeding demand (Figure 51 of REP1-052), this would have one of two consequences; either growth at Gatwick to the full extent claimed would be contrary to policy in undermining Heathrow's hub role or, more likely, airlines would choose to meet that point to point demand at Heathrow, so reducing the forecasts of demand for Gatwick with the NRP.***
- 3.1.6 It is notable that York Aviation was content to forecast and advocate for long haul point to point traffic at an expanded Luton Airport (where the forecast growth in ATMs was larger than GAL forecast at Gatwick) but now suggests that it is somehow inappropriate at Gatwick.
- 3.1.7 To assert that growing traffic at Gatwick by making best use of its existing runways could be 'contrary to policy' represents a failure to accept MBU policy and the way in which it has been applied by the Secretary of State.
- 3.1.8 To recognise that a third runway at Heathrow would be likely to take some growth from Gatwick, however, is recognised as part of GAL's case. In the **Forecast Data Book** [APP-075] at Annex 4 and in the **Needs Case Technical Appendix** [REP1-052] at Section 7, GAL forecasts the impact of a third runway on demand at Gatwick. At paragraph 7.1.10 of that Technical Appendix, GAL recognises that sensitivity tests which assume Heathrow R3 and other airport developments do come forward would result in some short term over capacity in the London market. However, the potential to have sufficient capacity, with genuine choice and competition between airports in the south east should not be regarded as a disadvantage.

- 3.1.9 Whether it is appropriate, however, to assume that other airport development will come forward is considered further below.
- 3.1.10 It is evidenced and not seriously disputed that the south east suffers a shortage of aviation capacity. Demand substantially exceeds capacity, particularly at Heathrow and Gatwick and is forecast to grow. Heathrow has been “full” for over a decade; it has a very active slot market and demand supports significantly higher airport charges than other airports.
- 3.1.11 York provides **no** evidence to support its assertion that Heathrow is in any way threatened by the NRP.
- 3.1.12 Neither do York address the question of what is meant to happen, for instance to the long haul demand that would be attracted to the NRP but which cannot physically be accommodated at Heathrow. In its **Needs Case Technical Appendix** [[REP1-052](#)] (at Figure 7) GAL demonstrates that it is only Gatwick which has been able to attract any significant market share of long haul traffic when Heathrow is ‘full’. Is the UK to forego that demand and, if so, how can that be said to be desirable or consistent with government policy?

York’s case

10. *At paragraph 3.1.4 of REP3-075, GAL states that it is unaware of how Heathrow and others consider that the demand which it forecasts could be handled by the NRP differs from that which could be handled by a third runway at Heathrow. The extent of this overlap is clearly evident from GAL’s own sensitivity testing as set out in REP1-052. At paragraph 7.1.10, it is clearly stated that “firstly the opening of LHR R3 has a significant impact on long haul volumes”. Figure 52 shows that, with a third runway at Heathrow, Gatwick would be handling around 10 million fewer passengers from its opening than in GAL’s planning case. However, paragraph 7.1.10 points out that this reflects a greater loss of long haul passengers being replaced by more short haul flights. Hence, crossover in terms of long haul point demand is at least 10 mppa and is more likely to be of the order of 15 mppa.*
- 3.1.13 GAL does not dispute this at all; indeed, York is quoting from GAL’s documents to make a point which GAL directly recognises. In circumstances where Heathrow cannot currently grow its traffic, a proportion of Gatwick’s growth is likely to be traffic which might otherwise go to Heathrow (if it had capacity). GAL

also recognises that a significant proportion of such long haul traffic would be likely to switch to Heathrow in the event that a third runway was built.¹ In itself, that recognition (emphasised by York) also confirms that the NRP cannot be a threat to Heathrow's third runway or its role as the hub airport.

- 3.1.14 Meeting demand that cannot currently be satisfied elsewhere is a clear benefit of the NRP rather than a criticism. The fact that the NRP can be open in 2029 suggests that it may uniquely be able to serve a role in meeting critical demand that would otherwise be lost to the UK, for at least a 10 year period. GAL's **Response to the Heathrow Airport Limited Written Representation [REP3-075]** explains the importance of that (see for instance Section 3 of that Response).
- 3.1.15 In policy terms, substantial benefit rather than harm arises given the importance that the ANPS and other up to date aviation policy attaches to meeting demand and enhancing the UK's connectivity. These matters (remarkably) have not been accepted by the JLAs, but the policy position is brought together in the Applicant's **Response to Written Representations: Appendix A: Policy Response [REP3-073]** (at Section2).
- 3.1.16 The Secretary of State may express a view on that in the decision in this case but, consistently with his decision at Manston Airport, it would be inappropriate to rely on an assumption that the need will be met at Heathrow or elsewhere. In that context, the conclusions in that case included:

"97. On the matter of capacity being made available at airports elsewhere, the Secretary of State accepts that there is potential for all existing airports to expand in future to increase capacity. However, the Secretary of State is of the view that in considering whether there is a demand for the capacity the Development aims to provide, he is not able to attach weight to applications that have yet to come forward. This is because there is no certainty that capacity from such applications will be delivered. For example, aspiration plans setting out future growth may be modified or changed, or they may not come forward at all. Where planning permission is required, both the ANPS and the MBU policies are clear that they do not prejudice the decision of the relevant planning authority responsible for decision-making on any planning applications. Such applications are subject to the relevant planning process and may not ultimately be granted consent by the decision-maker."

¹ See, for instance, the Needs Case Technical Appendix [REP1-052] at 7.1.10.

- 3.1.17 This principle applies just as much to the third runway at Heathrow, despite its policy status in the ANPS. At Manston, the Secretary of State noted that the ExA relied in part on the prospect of need being met by the third runway at Heathrow (paragraph 95) but concluded:

*“99. The Secretary of State received representations from a number of Interested Parties on the uncertainties in the delivery of the Heathrow Northwest runway during the redetermination process. As set out above, this is also acknowledged by the Independent Assessor who concluded that the uncertainty about the future expansion at Heathrow now than at the time of the examination of the Application strengthens the need for this Development (IAA, page 48). **The Secretary of State is aware that an application for the Heathrow Northwest Runway project has yet to be submitted to the Planning Inspectorate, and a timetable for the submission of an application has yet to be confirmed.**”*

*“102. The Secretary of State notes that the Examining Authority [ER 5.6.45] and the Independent Assessor (IAA section 5.3) consider that there is spare capacity at other airports [ER 5.6.45]. **It appears that in concluding this, the Examining Authority and the Independent Assessor are relying in part on aspirational growth plans and the potential for growth at other airports. Such capacity is not required to be taken into account by policy, and it is not in the Secretary of State’s view otherwise obviously material to the Secretary of State’s decision on this Application for the reasons set out above, principally the lack of any certainty that such potential capacity will ever come forward. To the extent that possible capacity is legally material, the Secretary of State gives no significant weight to it for the same reasons.**”*

*“125. The Independent Assessor highlights that the uncertainty around the delivery of the Heathrow Northwest Runway project strengthens the need for this Development (IAA, page 48). The Secretary of State notes that the Independent Assessor asserts that the uncertainty in respect of the Heathrow Northwest Runway project must be considered alongside existing capacity and in light of other airport expansion plans (IAA, page 48). However, as set out above, **the Secretary of State cannot give weight to capacity that might come forward through growth aspirations, planning applications that might come forward in future, and capacity that could in principle be released through general permitted development.** The Secretary of State therefore places substantial weight on the capacity that this Development will deliver in the South East of England.”*

- 3.1.18 Against this background, it would be appropriate to attach weight to the capacity offered by the NRP and to acknowledge that government policy continues to recognise that *“The aviation sector in the UK is largely privatised and operates in*

*a competitive international market, and, as set out in paragraph 8 of the executive summary, **Government continues to welcome significant levels of private investment in airport infrastructure.***” (Manston decision paragraph 48). The importance of private sector investment was reaffirmed at paragraph 97 of the Manston decision – in a passage which warned against relying on assumptions of investment by others:

*“97..the aviation sector in the UK is largely privatised and operates in a competitive international market, and the decision to invest in airport expansion is therefore a commercial decision to be taken by the airport operator. This means that **while increase in demand for air freight services could potentially be met by expansion at other airports, those airport operators may not decide to invest in changes to their infrastructure to meet that demand. It is therefore not possible to say with any certainty whether indicative capacity set out in growth plans will result in actual future capacity.**”*

- 3.1.19 It must follow from the above that it would not be right or consistent to assume that outstanding demand will be met by a new North West runway at Heathrow – or at any other airport where capacity is not consented and investment committed. It also follows that York’s case recorded below cannot be right:

York’s case

- 13. *it is arguable that the case with a third runway developed should form the central case for assessment purposes.***

- 3.1.20 That could only be ‘arguable’ if one wanted to completely disagree with the Secretary of State (and make a central assumption that a proposal which is not even the subject of any form of pre-application process will be brought forward, applied for, consented and constructed). GAL would rightly have been criticised for making such an assumption – and accused of understating its impacts.

4 Capacity for Growth

York's case

18 *Whilst GAL does not accept the view of the JLAs (paragraph 4.1.5 of REP3-079), it presents no evidence as to why the view expressed is wrong or how Gatwick can achieve any material growth in aircraft movements with only the single runway.*

4.1.1 GAL does not understand how it can be suggested that it has produced “no evidence” about its ability to add more hours at 55mph in the peak season or to add more flights off peak.

4.1.2 Capacity and demand for growth in the baseline is evidenced and explained by GAL in a number of documents and has been brought together in **Appendix A: Response to York Aviation – Forecasts** [\[REP4-022\]](#) and **Appendix B: Response to York Aviation – Capacity and Operations** [\[REP4-023\]](#).

York's case

18. *It provides no cogent explanation as to why recovery at Gatwick is lagging that of other major UK airports.*

4.1.3 The concern expressed by York about Gatwick's recovery from the impacts of Covid is responded to in detail at **Appendix A: Note on the Principle of Development** [\[REP3-079\]](#) from paragraph 4.1.5.

York's case

19. *We note that GAL is already declaring more movements over a 17 hour day in summer 2024 (882 over 17 hours) than were modelled for the purpose of the Baseline Case (869), as set out on page 3 of Appendix 7 to the Forecast Data Book Appendix 4.3.1 to the ES [APP-075]. Hence, it there would appear to be some inconsistency in the GAL's position and, if the intention is to declare further capacity, the implications of this have not been modelled.*

- 4.1.4 The capacity declared for summer 2024 is explained in GAL's Deadline 4 **Appendix A: Response to York Aviation – Forecasts** [\[REP4-022\]](#) at paragraphs 2.2.1-5. There is no inconsistency, indeed the declaration of more hours at 55 mph is directly consistent with GAL's case that this is achievable, and at odds with York's case that asserts that it is not achievable.
- 4.1.5 It is also not accurate to say that it has not been modelled. The summer 2024 declaration involves no change in the maximum hourly throughput of 55 mph; consecutive hours at that rate have been modelled and reported in the **Capacity and Operations Summary Paper Appendix: Airfield Capacity Study** [\[REP1-054\]](#) (see paras. 5.1.3- 5.2.2). The modelling there supports GAL's case that:
- observations about delay need to be kept in perspective – operational delay should not be exaggerated and current conditions are not impacting on the demand for airlines to operate at busy hours or other hours of the day
 - recent resilience improvements have reduced delay and further improvements are planned;
 - modelling has been undertaken using both current practices and using GAL's planned improvements;
 - it shows that service level will be comparable in the future baseline with the improvements being seen now; but
 - that service levels would significantly improve with the NRP infrastructure and concept of operations.
- 4.1.6 Despite requiring the modelling to be undertaken, York has not yet commented on or accepted that it demonstrates acceptable airport operations in the future baseline and enhanced performance and resilience with the NRP.