



**Horsham
District
Council**



GATWICK AIRPORT NORTHERN RUNWAY PROJECT
PLANNING INSPECTORATE'S REFERENCE: TR020005
LEGAL PARTNERSHIP AUTHORITIES
ISSUE SPECIFIC HEARING 9 | SOCIOECONOMICS
(INCLUDING HEALTH AND WELLBEING)
DEADLINE 8: WEDNESDAY 07 AUGUST 2024

Crawley Borough Council (GATW-AFP107)

Horsham District Council (20044739)

Mole Valley District Council (20044578)

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

ISSUE SPECIFIC HEARING 9 (ISH9) | AGENDA ITEM 5 – SOCIOECONOMICS

POST-HEARING SUBMISSION INCLUDING WRITTEN SUMMARY OF THE LEGAL PARTNERSHIP AUTHORITIES ORAL CASE

Note: 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).

Purpose of this Submission

The purpose of these post-hearing submissions is to provide a written summary of the Legal Partnership Authorities’ positions on the agenda Item specified below. This includes both a summary of the Legal Partnership Authorities oral representations on this agenda item and, in some cases, further comments on the oral representations made by the Applicant at the hearing. Whilst the structure of these submissions follows the order of the agenda items, they do not include all of the Legal Partnership Authorities’ concerns in relation to each Agenda Item as not all of these positions were rehearsed orally at ISH9 due to the need to keep oral representations succinct.

NOTE TO EXA:

Please note that this submission should be read in light of, and having regard to, the Legal Partnership Authorities’ Deadline 8 submission “**Update on Negotiations Regarding the Draft DCO Section 106 Agreement**” which reports the up-to-date position to the ExA that broad agreement has been reached between the Applicant and the Authorities on many of the Authorities’ outstanding concerns relating to the monitoring and mitigation of environmental impacts.

In the unlikely event there is conflict between the Authorities’ submission “Update on Negotiations Regarding the Draft DCO Section 106 Agreement” and another of the JLAs’ submissions, the ExA should have regard to the update on the section 106 negotiations. When considering the below submission, the ExA should also have in mind that the Authorities maintain their position in relation to the proposal for an Environmentally Managed Growth Framework (“EMGF”) ((see [\[REP4-050\]](#), [\[REP5-093\]](#) and [\[REP6-100\]](#)), or any similar measures relating to controlling growth within environmental limits.

No.	ExA's question / Agenda Item	Summary of Oral Submissions and Post-Hearing Note
5. Socioeconomics (including Health and Wellbeing)		
5.1	<p>Noting the responses to ExQ2 SE.2.12, the Applicant and Joint Local Authorities will be asked to provide comment on compliance with paragraph 4.5 of the Airports National Policy Statement.</p>	<p>The Authorities addressed paragraph 4.5 of the Airports National Policy Statement, in the context of paragraph 4.4, which points to the need for economic benefits and adverse impacts to be considered at national, regional, and local levels.</p> <p>The Authorities identified two primary issues:</p> <p>Adequacy of Assessment at the Local Level</p> <p>There is a disagreement between the Authorities and the Applicant regarding the adequacy of the local level assessment. The Applicant provided raw data at the district/borough level within the Environmental Statement but did not analyse or assess this data to determine its implications at the local authority level. The Authorities believe this omission is significant in assessing economic effects, both positive and negative. For example, in a borough such as Crawley, the provision of significant new higher wage employment opportunities at Gatwick Airport could impact the labour market availability for lower-wage jobs in important sectors, such as care. While such an effect might seem negligible within a larger study area, it could be substantial at the local authority level and there is no evidence from the Applicant's material that it has analysed that. The Authorities noted that there are reasons for being concerned about those issues because of local pressures, particularly on areas which are dependent on lower wage jobs to provide the economic services they do provide. The Authorities noted that this issue had been repeatedly raised without a positive response from the Applicant. Given the late stage of the Examination, it was noted by the Authorities that it would be impractical and unfair to introduce new information now, as it would not allow for meaningful consideration and response before the end of the Examination. The Authorities suggested that this must go to the weight that can be given to economic benefits because if there are aspects of the economic assessment which have not adequately taken into account negative impacts, that has to temper the weight that can be given to positive impacts.</p>

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		<p>The Authorities noted that they had received the ESBS Implementation Plan on the evening of 31 July 2024 and some further detail as to thematic plans. The Authorities emphasised their view that the ESBS Implementation Plan had to be seen as an outline plan and detailed plans needed to be provided for approval post consent. The Authorities confirmed that the omission in the assessment work to date in terms of local level impact assessment would be capable of being picked up through the further work that would follow to support an Implementation Plan and targeting which sectors of the local economies may need measures taken to ensure there are no adverse impacts, and what steps can be taken to encourage employment in particular areas. The Authorities clarified that they did not view this omission as a legal deficiency in the Environmental Statement such as to prevent it from being regarded as an Environmental Statement but as a shortcoming affecting the weight given to benefits. The Authorities proposed that this issue could be addressed post-consent through requirements or the section 106 agreement</p> <p>National Level Assessment: At the national level, the Authorities confirmed that they had consistently expressed concerns about the over-assessment of aviation benefits due to methodological errors in assessing Gatwick Airport's growth relative to displacement of passengers from other airports, with all growth using the NRP assumed to be incremental at the national level. The Applicant has not addressed these concerns, leading the Authorities to believe that the benefits have been overestimated. Paragraph 4.5 of the ANPS indicated that the Secretary of State would consider the manner in which benefits were secured and confidence in their delivery. The Authorities emphasised the need for strong mechanisms, whether through requirements or section 106 agreements, to ensure delivery of any benefits promised.</p> <p>In summary, the Authorities considered that the Applicant's assessment lacked adequate consideration of local impacts and overestimated national benefits, which would affect the weight given to the scheme's economic benefits. They stressed the importance of securing mechanisms post-consent to address these issues properly.</p> <p>Local level definition</p> <p>The Authorities stated that, in their view, paragraph 4.5 of the ANPS was intending to capture all effects at all scales, utilising a hierarchy of national, regional, and local levels. They acknowledged that the paragraph was not prescriptive regarding the granularity of the analysis and the meaning of "local". However, they emphasised that the starting point for "local" should encompass the local authority level, unless circumstances warranted</p>

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		<p>otherwise, which would need to be demonstrated rather than asserted. The Authorities highlighted that, while the Applicant had provided raw data at the local authority level, there had been no analysis or assessment regarding its implications at that level. Consequently, the Applicant could not claim that there was nothing meaningful in the data that might change the outcomes of assessments conducted at higher tiers. The Authorities contended that this represented a shortcoming in the Applicant's work. As the Applicant did not propose to change its position, this led to the consequences as to weight.</p> <p>Displacement issue</p> <p>The Authorities suggested that the fundamental difference between them and the Applicant related to the treatment of displacement from other airports. As consistently emphasised in the Authorities' submissions, this is primarily a forecasting issue as much as it was an economic assessment question. This difference has implications for some aspects of the economic assessment beyond displacement. It affects the calculation of benefits, such as competition benefits and airfare benefits. If a different view on displacement were to be taken, it would necessitate a different approach to some of the detailed calculations within the assessment.</p> <p>It was noted that the Authorities have been making this point since 2021 responses to the PEIR.</p> <p>Post Hearing Note:</p> <p>In responding, the JLAs stated that Heath and Care sector was an example where an assessment of local impacts were needed. The Applicant responded that this was this first time, the health and care sector had been specifically raised. The JLAs would like to draw the ExA's attention to the West Sussex LIR [REP1-068] paragraph 18.73 which raises this point.</p>

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5.2	<p>Noting their response to ExQ2 SE.2.12, the Joint Local Authorities will be asked to provide detail and justification on what, if any, additional controls are necessary in terms of addressing socio-economic effects.</p>	<p>The Authorities reminded the ExA that the content of the ESBS and Implementation Plan had been discussed, but there was a need for further work in this area.</p> <p>The housing fund was another agenda item where the Authorities and Applicant disagreed regarding the proposed approach. Additionally, the Authorities raised concerns about how the application addresses the visitor economy and tourism effects. Although this is not one of the Authorities major concerns, it had been the subject of engagement, and the Authorities had not yet reached the same position as the Applicant on this matter.</p> <ul style="list-style-type: none"> • Post-Hearing Note: The Authorities' concerns regarding the Applicant's approach to the visitor economy and tourism effects have been discussed as part of discussions regarding the Applicant's ESBS and Implementation Plan. <p>The Authorities concerns, as previously outlined in [West Sussex Local Impact Report [REP1-068]]paragraph 18.101 - , can be summarised as follows:</p> <ol style="list-style-type: none"> 1) Funding towards international marketing 2) Tourism fund to ensure local businesses and attractions can benefit from uplift in visitor number
5.3	<p>The Applicant and Joint Local Authorities will be asked to provide an update in terms of on-going discussions regarding the proposed Employment, Skills and Business Strategy.</p>	<p>The Authorities noted that there were several outstanding concerns and ongoing discussions relating to the ESBS. One issue, discussed briefly on day 2 of ISH 9, was the ESBS Implementation Plan. The plan references thematic plans, but only a specimen form with no content had previously been available. The Authorities received specimen content for thematic plans from the Applicant late on 31 July and, while the timing was not ideal, the content was considered by the Authorities to be a step in the right direction and was beginning to provide the necessary details.</p> <p>The Authorities confirmed that they were reviewing the information and hoped to make progress during the remainder of the Examination. They maintain that it is critical for post-consent documentation to be subject to approval by the local authorities, whether by requirement or section 106 agreement. This would ensure more detailed information, including measures, initiatives, fund scales, target areas, and distinctions between what is</p>

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		<p>within the ESBS fund and what is handled by the Applicant outside of it, is properly addressed. These matters, still under discussion, would need to be tied down in post-consent documentation.</p> <p>The Authorities welcomed the receipt of the thematic plans, which were broad and fairly comprehensive. However, they explained that, having only received them the previous day, there were some comments and refinements to be made, particularly regarding indicative outputs and questions around the funding.</p>
<p>5.4</p>	<p>The Applicant and Joint Local Authorities will be asked about the need for and practicalities of the provision of temporary housing options</p>	<p>Post-hearing Note: <u>As explained in the introduction to this submission, further discussions between the Applicant and the Authorities have taken place since the close of ISH9 and the following summary of the Authorities oral submissions should therefore be read in view of the Authorities submission "Update on Negotiations regarding the Section 106 Agreement".</u></p> <p>The Authorities confirmed that there has been no change in respect of the housing emergency declared by Crawley Borough Council and the authority is continuing to experience pressures on local authority accommodation demands. The Authorities confirmed that they would provide detailed figures in post-hearing submissions. The Authorities reminded the ExA that they had previously discussed the issue of temporary accommodation and highlighted the high number of out-of-borough placements that Crawley Borough Council was experiencing due to its statutory duties in relation to certain homeless persons. Crawley Borough Council has increasingly found that the only way to provide accommodation for these individuals was by placing them outside of the borough. That pressure has continued and, as of 23 July 2024, Crawley Borough Council had already placed 185 households out of the borough. If this trend continued, the number of out-of-borough placements in 2024 would exceed the level in 2023, indicating that the pressure is not only being maintained but is growing. The Authorities confirmed that they would provide further information on this matter at the close of examination using the closest possible data.</p> <p>The Authorities continue to request that the Applicant explores the possibility of providing temporary accommodation and that was one mechanism by way the Applicant could address the housing pressures. There has also been negotiation as part of the section 106 agreement as to a housing fund. The Authorities stated that they were not prescriptive about which measures or mechanisms the Applicant should use to address the issues. For</p>

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		<p>example, if the Applicant provided funding to enable the local authorities to deliver housing, particularly temporary housing, that would be one route. Alternatively, if the Applicant chose to make direct provision, that would also be acceptable. The Authorities clarified that they were not seeking to prescribe the mechanism to be used; instead, their goal was to achieve an outcome where the Applicant addressed the identified issue. They acknowledged an ongoing debate between the Authorities and the Applicant regarding whether an issue existed, and they did not reiterate their previous submissions on this point but referenced the points made in their earlier representations.</p> <p>The Authorities emphasised that they were not insisting on a requirement that the Applicant deliver solutions solely through direct means. They expressed their openness to indirect means as well, which could involve a fund through section 106 agreement or requirement. If matters were not resolved as part of the section 106 agreement the Authorities will propose a requirement at D8.</p> <p>The Authorities disagreed with the Applicant's assessment as to housing need pointing out that they had provided comments at Deadline 4 in [REP4-042] regarding the Applicant's statements at Deadline 3. See also the Authorities' comments in REP3-117 (in sections 2.2 and 2.3). The Authorities identified a mismatch between the Applicant's approach to the assessment of the scale of non-home-based workers and the proportions assumed for both the Luton project and the Lower Thames Crossing project, both situated in populous parts of the country. Although recognising the different scales and types of projects, the Authorities believe that the Applicant has underestimated the likelihood of non-home-based workers.</p> <p>The Authorities also pointed out the pressures placed on local authorities, exemplified by Crawley Borough Council's need to source temporary accommodation out of borough. This action was due to the scarcity of affordable accommodation, and subsequent increased need for temporary accommodation within the local market, and not by choice. They highlighted other instances indicating local pressures on the housing market. They committed to making clear in their post-hearing submissions the information they relied on.</p>

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		<p>The Authorities stressed that there was a real problem that the Applicant needed to address rather than avoid. They argued that this application was not dissimilar to other large-scale infrastructure projects in the southeast of England and emphasized the necessity for provisions to address temporary accommodation pressures and avoid worsening this situation.</p> <p>The Authorities reported that Crawley Borough Council had been approached by Clearsprings, the Home Office's appointed provider for asylum seeker accommodation. Clearsprings had sought assistance from Crawley Borough Council to meet their asylum dispersal quota within the private rented sector, which they were contracted to fulfil. Out of the 85 placements they needed, Clearsprings only succeeded in finding accommodation for 5. The quota has since been increased to over 300. Therefore, Crawley Borough Council's experience indicates that this situation has contributed to the additional housing pressures faced by the local area. The Authorities confirmed that they would seek to provide this information informally to the Applicant ahead of Deadline 8.</p> <p>Post-Hearing Note: The Authorities shared text summarising the Clearsprings request with the Applicant by emailed dated 6 August 2024, in advance of Deadline 8.</p>
5.5	<p>The Applicant and Joint Local Authorities will be asked to provide an update in respect of on-going discussions in relation to the need to present a worst-case scenario in terms of employment benefit.</p>	<p>The Authorities confirmed that there had not been any productive progress on this outstanding area of disagreement since the submission of Statements of Common Ground at Deadline 5.</p>

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5.6	<p>Noting the submission of the 'Explanatory Note on Catalytic Employment' into the Examination, the Joint Local Authorities will be asked to confirm whether this alleviates their concerns regarding the methodology used to assess catalytic employment benefits.</p>	<p>The Authorities confirmed that there have been discussions with the Applicant regarding its draft explanatory note [Rep 7-077] which concluded that the estimates used to inform the assessment of socio-economic impacts from the proposed development are robust and conservative, and the benefits have not been overstated.</p> <p>Initially, the Authorities had been concerned that the methodology for assessing total employment might overstate total employment figures and the catalytic employment, derived by netting off direct, indirect, and induced employment to get the catalytic element. However, upon further examination, assisted by the explanatory note and discussions, the Authorities concern has shifted, and they now consider that the methodology might actually understate employment, which would exacerbate housing and labour market issues in the local area.</p> <p>The Authorities do not consider the methodology to be robust because it uses a theoretical academic approach based on a 2010 paper from Italy. This approach, in the absence of real data, makes general assumptions about the number of air passengers in a given area, independent of whether an airport existed there, and assesses the relationship between this number and local employment. While this might be reasonable in theory, the problem lies in the availability of real data in the UK, which the Applicant has declined to use despite it being pointed out in 2022. The UK data, such as the CAA survey data, allows for a more accurate estimation of passenger numbers in any given area and their relationship with all airports serving any given area. This has been pointed out to the Applicant since 2022 but it has declined to update the analysis using real UK data.</p> <p>The Authorities consider that the methodology used by the applicant does not account for overlapping catchment areas of different airports in the UK. For example, the relationship between air passenger demand in South Yorkshire and Doncaster Airport (before it closed) showed that most passengers from South Yorkshire used Manchester Airport instead. This variability in the relationship between the volume of air passengers in an area and its local airport, which can range from 18% in Doncaster to 96% in Edinburgh, is not reflected in the methodology. The volume of air passenger to employment relationship may well be robust, but when you come to apply it to an individual airport, there are doubts about the robustness of the methodology overall in terms of how the benefits relate to growth at any individual airport.</p> <p>For West Sussex, the Applicant's area of analysis for Gatwick Airport and for which data was then extrapolated to the Six Counties, only about 72% of the passenger demand from West Sussex actually uses Gatwick Airport, with a substantial portion using Heathrow Airport, which is not projected to</p>

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		<p>grow under the Applicant's forecast. Therefore, applying the uplift in traffic at Gatwick to the total passenger volume in West Sussex is inaccurate. The Authorities suspect that the methodology, if properly applied with real UK data, might actually understate local employment rather than overstate it. Nonetheless, they fundamentally believe that the methodology, as currently applied, is not robust.</p> <p>The Authorities had always understood, based on previous discussions and their understanding from reading the Italian paper that the Applicant has relied upon, that the purpose of the exercise was to estimate the demand level arising in an area and correlate that to employment. It was not to estimate the theoretical level of traffic an individual airport within that area might handle. This understanding appears to differ from the message communicated today, which suggests that the methodology aims to predict the level of traffic given the characteristics of an area if there were an airport there. However, in the UK, we already know the actual level of traffic when there is an airport in an area, as we have the relevant data.</p> <p>The Authorities have consistently faced difficulty due to the Applicant not disclosing these traffic estimates for each individual area. If the Applicant were to disclose these estimates, the Authorities could compare them against the actual data they hold, potentially providing some confidence in the methodology's robustness. Despite suggesting this to the Applicant, the Applicant has declined to do so and, as it stands, the methodology remains opaque, and the Authorities do not understand how the demand estimates have been made and what they represent. This is important as the Applicant assumes that the proportionate uplift in Gatwick's passengers with the NRP applies consistently at the local level, which may not be correct to the extent that some local passengers would continue to use other airports or that the Airport's catchment area widens as it grows</p> <p>From the Authorities analysis of the methodology, its application elsewhere, and its treatment of issues such as endogeneity and displacement, they lack confidence in its robustness. While the methodology does consider factor displacement—taking into account the net effect of local employment by accounting for people moving from other local jobs to those associated with the airport — it remains unclear how the estimate of catalytic effects accounts for the displacement of traffic between airports. The Authorities believe this displacement of traffic between airports is a critical issue, similar to the national economic assessment.</p> <p>The Authorities have agreed to discuss the matter further with the Applicant.</p>

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5.7	<p>Noting the Joint Local Authorities' answer to ExQ2 HW.2.8, the Applicant will be asked to expand on how effects on vulnerable groups would be monitored and what engagement with such groups would occur during the lifetime of the Proposed Development</p>	<p>The Authorities confirmed that they wish to see the communications plan, through providing contact points and similar methods, enabling members of the public to raise their concerns about any impacts. They asserted that the plan should include a variety of publication routes, including those that accommodate non-English speakers and persons with any form of communication disabilities.</p>
5.8	<p>The ExA will ask the Applicant to provide further detail in respect of the proposed Hardship Fund. Questions will include, but will not be limited to, the level of funding and how this would be distributed</p>	<p>The Authorities noted that, as regards the hardship fund, they wished to see the terms by which some of the eligibility criteria were defined tightened. They also considered that there should be an increase in the quantum of the overall fund. They acknowledged that discussions were ongoing between the parties through the section 106 agreement but emphasised the need for a better package than that currently proposed. They stated that if there was a satisfactory outcome to the section 106 agreement discussions, then they had no concerns with the hardship fund being within the section 106 agreement. However, if there was not a satisfactory outcome, it ought to be a requirement.</p>

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5.9	<p>The ExA may also ask questions of the Joint Local Authorities, other relevant bodies, and the Applicant about matters arising from written and oral submissions relating to both socioeconomic and health and wellbeing matters</p>	<p>The Authorities commented that they were surprised by the Applicant's remarks as regards the housing fund, which seemed more relevant to yesterday's agenda and part of item 3.1, which dealt with the housing fund and the terminology of a proposed requirement.</p> <p>It was emphasised that the primary focus of their concerns related to housing pressures during the construction period. While there are also concerns about the operational period, they acknowledged the Applicant's position regarding the lack of evidential support for a housing fund to address operational housing pressures.</p> <p>The Authorities stated that they would review the response and ensure that they provide an update at Deadline 8. Post-hearing Note: The ExA is referred to the Legal Partnership Authorities Submission Deadline 8 submission "Response to Actions for the JLAs at Issue Specific Hearing 9".</p> <ul style="list-style-type: none"> <p>Post-hearing Note: In response to this item the Applicant made submissions relating to affordable housing requirements set out in Local Plans (30 –40%) versus the percentage of workers that will require affordable housing (14 –17%) as a result of the project. It was stated by the applicant that "Existing local plans require between 30 – 40 % of all housing is delivered as affordable". And that "JLAs had not provided any specific criticism of either the data or methodology".</p> <p>This is another example where the Applicant has failed to provide a finer grain analysis of the data and misses a critical point concerning affordable housing delivery. In response the JLAs would like to refer the ExA to WS LIR [REP1-068] paragraphs 18.76 - 18.80 and Legal Partnership Authorities Deadline 3 Submission – Responses to ExQ1 [REP3-135] (SE.1.15 Socio-Economic Effects), each of which provide further detail on the actual affordable housing delivery rates, when compared to local plan requirements. Indeed, the Applicants own evidence [APP-201] table 7.4.1 shows the actual level of affordable housing completions, falling some way behind local plan policy requirements, referred to by the Applicant in the ISH.</p>