Gatwick Airport Northern Runway Project

Statement of Common Ground between Gatwick Airport Limited and Joint Local Authorities – Forecasting and Need – Clean Version

Book 10

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Table of Contents

1 Introduction

1.1.1 This Statement of Common Ground (SoCG) has been prepared in support of the examination phase for the proposed Gatwick Northern Runway Project (NRP). The Application was made by Gatwick Airport Limited (the Applicant) to the Secretary of State for the Department for Transport (the Secretary of State) pursuant to Section 37 of the Planning Act 2008 (PA 2008).

1.1.2 The Application comprises alterations to the existing northern runway which, together with the lifting of the current restrictions on its use, would enable dual runway operations. It also includes the development of a range of infrastructure and facilities which, with the alterations to the northern runway, would enable an increase in the airport's passenger throughput capacity. This includes substantial upgrade works to certain surface access routes which lead to the airport. A full description of the Proposed Development is included in ES Chapter 5: Project Description (Doc Ref. 5.1).

1.1.3 SoCGs are an established means in the planning process of allowing all parties to identify and focus on specific issues that may need to be considered during the Examination. The purpose and possible content of SoCG is detailed in the Department for Communities and Local Government's guidance entitled 'Planning Act 2008: examination of applications for development consent' (2015), stating:

"A statement of common ground is a written statement prepared jointly by the applicant and another party or parties, setting out any matters on which they agree. As well as identifying matters which are not in real dispute, it is also useful if a statement identifies those areas where agreement has not been reached. The statement should include references to show where those matters are dealt with in the written representations or other documentary evidence."

1.1.4 The SoCGs between the Applicant and the local authorities comprises several documents, to which this document is one. The Statement of Commonality provides details of the structure and status of the SoCG between all the relevant Interested Parties, including the local authorities. Naturally, the level of detail across the suite of SoCG varies to reflect the nature and complexity of the matter, as well as the position between the parties.

1.1.5 This document solely relates to matters between the Applicant and the Joint Local Authorities on matters pertaining to the Forecasting and Need topic. For the avoidance of doubt, the Joint Local Authorities includes; Crawley Borough Council, East Sussex County Council, Horsham District Council, Kent County Council, Mid Sussex District Council, Mole Valley District Council, Reigate and Banstead Borough Council, Surrey County Council, Tandridge District Council and West Sussex County Council.

1.1.6 A summary of the meetings and correspondence that has taken place between the parties is detailed in **Appendix 1** of the respective individual SoCG documents.

1.1.7 The engagement between the parties across the breadth of matters is ongoing. Therefore, the SoCG is an evolving document and the detailed wording within it is still being discussed between the parties. Future iterations will be submitted at examination deadlines until it is finalised. Both parties reserve the right to supplement the matters identified as discussions progress, to ensure it is comprehensive and up to date.

1.1.8 This SoCG has been produced to confirm to the Examining Authority (ExA) where agreement has been reached between the parties, and where agreement has not (yet) been reached, and is presented in a tabular form. This SoCG does not seek to replicate information that is available elsewhere, either within the Application and/or Examination documents, referring out to them where appropriate. The terminology used within the SoCG to reflect the status between the parties is either:

- "Agreed" to indicate where a matter has been resolved to the satisfaction of the parties.
- "Not Agreed" to indicate a final position where parties cannot agree.
- "Under discussion" to indicate where matters are subject of on-going discussion with the aim to either resolve or refine the extent of disagreement between the parties.

1.2. Forecasting and Need

1.2.1 **Table 1.1** sets out the position of both parties in relation to matters.

Table 1.1 Statement of Common Ground Matters

Reference	Matter	Gatwick Airport Limited Position	Stakeholder Position	Signposting	Status
Existing trends					
1.1.1	Existing business model	Gatwick is the only airport serving a full range of business models and markets today. Gatwick successfully serves the regional, LCC, Charter and full-service segments across domestic, short haul and long haul markets. Heathrow serves the more mature full-service carrier market, whilst Luton and Stansted are both dominated by LCC traffic. A split of each airport's carrier mix is provided in Table 5 of the Needs Case Technical Appendix for 2019. Whilst Stansted may eventually be able to serve a wider range of business models there are reasons it does not do so at scale today. Terminal / airfield challenges include limited wide body stand capabilities and land side facilities including lounges. Growth at Stansted is expected to be dominated by its current largest carrier, i.e. Ryanair flying short haul routes.	Gatwick is not the only airport able to competitively serve a full range of business models and markets. Although Stansted is currently predominantly used by low cost carriers, there is no physical reason why it cannot in future accommodate a broader range of airline business models. It is not agreed that it has limited wide body stands, other than some constraints on the number of stands available for cargo aircraft and any shortage of airline lounges in the terminal could easily be rectified as part of the Airport's recently consented terminal development works. In the alternative, although Heathrow Airport operates with higher airport charge levels, low cost carriers, in particularly easyJet, have expressed an interest in using that airport if more capacity is provided. The Applicant's position in relation to the capability of other airports to diversify and to increase their capacity to handle growth is not accepted.	Table 5 of **Needs Case Technical Appendix** [REP1-052]	Not Agreed
1.1.2	Excess demand	There is significant evidence of excess demand for capacity at Gatwick from airlines today and prior to the Covid pandemic. Slot applications from airlines routinely significantly exceed available capacity. The evidence from ACL is compelling and provided in the Needs Case Technical Appendix [REP1-052] in the Annex (ACL Letter) or 1.7.4. Secondary slot trading also demonstrates that airlines are prepared to pay a premium to access Gatwick rather than deploying capacity at other airports (Historical slot trades). There is demand for Gatwick which exceeds its current and future baseline capacity. Latest ACL data shows demand continuing to exceed capacity in every 'core' hour of the day for Summer 2024, continuing trends seen in 2019 and earlier. GAL has demonstrated in REP5-081 and in response to EXQ CS 2.17 that airlines continue to be attracted to Gatwick at other times despite the scarcity of slots at peak times. Year	There is recent evidence that slot demand at Gatwick in some hours of the day exceeds declared capacity. However, it is also evident that the excess demand is related to particular times of day or in the year as airlines have not shown a willingness to take up slots at different times of the day when their preferred time of operation is not available [REP4-052, paragraph 20]. It is noted that, although demand exceeds the supply of slots at Gatwick at some times of the day and that airlines have been willing to pay a premium to acquire slots at their preferred times, this excess demand has not converted itself to Gatwick experiencing more growth in recent years than other airports. The other main London airports have exhibited faster growth than Gatwick and unlike Gatwick, are now exceeding pre-pandemic passenger levels. This suggests strongly that growth at Gatwick is heavily dependent on the release of more peak hour capacity. More recent evidence is that demand is reducing in winter, with demand down 6% for the coming winter compared to last winter according to Airport Coordination Ltd. This is likely a reflection of faster growth in leisure rather than business travel which is		Not Agreed

		round, month round and day round capacity is being incrementally taken up. In the last 12-18 months Gatwick has added significant levels of long-haul connectivity including Air India, Air China, China Eastern, Air Mauritius, Saudia, Air Peace (Nigeria), Ethiopian, China Southern, AZAL (Azerbaijan) and Singapore Airlines. More capacity would have been added if greater slot availability existed. It is noted that none of the above carriers considered capacity at other London airports as a viable alternative to Gatwick's scarce capacity (e.g. Stansted, Luton).	projected to continue. Hence, there seems less likelihood of demand for out of season slots being taken up by airlines undermining the Applicant's peak spreading assumptions.		
1.1.3	Resilience	Gatwick's reliance on its main runway lacks resilience and, given the throughput and demand at the airport, risks causing delays to departing and arriving aircraft.	The JLAs recognise that having a second runway available for use by departing aircraft at peak times would improve the resilience of the Gatwick operation in terms of minimising and mitigating the levels of delay experienced by aircraft at the high levels of single runway usage experienced pre-pandemic, currently and in the future baseline.		Agreed
1.1.4	Resilience	The NRP would add necessary resilience to Gatwick's operations.	It is agreed that the NRP would improve the resilience of the Gatwick operation so long as the number of aircraft movements scheduled to use it remains within its reasonable capacity limits as modelled by the Applicant [REP1-054].		Agreed
1.1.5	Gatwick's ability to provide growth before other London airports	Gatwick's Northern Runway is the only scheme able to deliver significant new runway capacity in the current decade. As set out in Table 8 of the Needs Case Technical Appendix, the Northern Runway at Gatwick offers the only prospect of a significant step up in capacity in the short to medium term. Gatwick is the only airport able to deliver a sizeable addition of airport capacity before the mid to late 2030s. Only Stansted has spare capacity (to grow to 43 mppa), although unlocking this capacity will require terminal and airfield redevelopments to take place. Today it offers limited long haul connectivity compared to Gatwick. Stansted and Gatwick also have relatively limited overlap in catchments. Growth in Gatwick and Heathrow's catchments will favour Gatwick over Stansted, similarly growth in Stansted's core catchment will continue to favour Stansted.	It is accepted that the NRP proposal is the only current proposal for a large **new** increase in airport capacity before 2030. However, Stansted Airport also has spare capacity already consented to grow from c. 29 mppa to 43 mppa and it has approved plans in place to provide the infrastructure to support that throughput, including growth in long haul services. The rate at which the additional capacity that the NRP would provide will be filled will depend on the scale of the market available to Gatwick and competition from other airports. As set out in Section 7 of REP3-123, it appears more likely that, at the point when the NRP could become operational, there will be spare airport capacity across the London airport system so Gatwick will need to compete to attract demand and this will impact on the rate at which the new capacity will be taken up. For the reasons explained, the JLAs consider that the rate at which the throughout at Gatwick will grow is likely to be slower than claimed by the Applicant and more in line with the Applicant's top down forecasts presented in REP1-052.	Table 8 of **Needs Case Technical Appendix** [REP1-052]	Not Agreed

		When the NR becomes operational the other London airports will also be severely constrained, LHR and LTN will be operating at or very close to their terminal capacities (c86m for LHR and 19m or 22m for LTN depending on approval process). Other airports may have some spare terminal capacity (e.g., STN/LCY) but will not be able to serve future growth needs well (e.g. lack of peak hour capacity, long haul capabilities, or their capacity being poorly situated in relation to the geographical catchment needs) It is considered sub optimal for airports for to be operating continuously at their maximum operational or planning capacities. Consequences of constrained airports/airport systems include delays, limited competition, and other considerations. Compared to Gatwick's original forecasts pre-Covid, the latest top-down forecasts capturing the impacts of Covid and lower long term growth outlook suggests a slower growth profile for the NRP. However, whilst the top-down allocation modelling is helpful it does not necessarily reflect how airlines will respond to a one-off opportunity to increase capacity in the world's largest O&D market that is constrained and where airlines have already been paying millions of pounds per slot pair.	It is not agreed that there is limited overlap between the catchment areas of Gatwick and Stansted. Based on CAA Passenger Survey Data for 2019, there was substantial overlap between the catchment area for the two airports in London, with 37% of Gatwick's passengers having surface origins or destinations within London compared to 46% for Stansted. There was also substantial overlap in terms of the specific districts from which the two airports attracted passengers. For example, 4 of the top 10 districts overall from which Gatwick drew passengers were also in the top 10 districts from which Stansted drew passengers and for the top 20 districts, accounting for 40% of Gatwick's traffic, the overlap was 10 out of 20 shared. This indicates a substantial degree of competition between the airports for traffic. It is not accepted that the top down modelling does not represent the most realistic profile of demand at Gatwick with the NRP over the medium to long term, taking into account appropriate assumptions for capacity at the other airports and the scale of the underlying market.		
1.1.6	Gatwick's ability to provide growth before other London airports	When the Northern runway opens it will provide airlines with a strong opportunity to increase their capacity and meet unmet demand and reallocate capacity/aircraft deployment across the London market. No other significant growth in capacity is planned or possible at other London and south-east airports before the mid-2030s at the earliest. A strong market response is expected reflecting the introduction of capacity at a slot constrained airport where airlines have historically paid millions of pounds to access. Gatwick's growth will arise through organic market growth as well as airlines favouring Gatwick over other airports (e.g. redeploying capacity from Luton or Southend etc. to Gatwick).	The Applicant has provided no evidence to support the notion that airlines would relocate capacity from other airports when additional capacity is provided with the NRP. If services are already established at the other airports, there is no economic reason why airlines would relocate. Whilst there might be some initial boost from airlines seeking peak period slots released by the NRP in the first year, the fact that these slots would be taken up early is likely to slow growth in the following years if the peak slots have already been allocated, particularly in circumstances where there is still spare capacity in the system overall, the pattern of growth overall would be expected to conform to the top down modelling..		Not Agreed

1.1.7	Market trends – low cost carriers	Emerging from Covid, the LCC market segment has continued to gain share, accounting for more than 60% of short haul demand in 2022. Reflecting fleet orders and growth plans, LCCs will continue to take share and drive the growth of the short haul market in London and across the wider European market.	Agreed. It is also important to note that leisure markets are recovering more quickly from the effects of the pandemic, which is impacting on the seasonality of operations at all UK airports.	Section 3.6 of **Needs Case Technical Appendix** [REP1-052]	Agreed
Bottom-Up Forecasts					
1.1.8	Bottom-up forecasts - baseline	Bottom-up forecasts are a useful means of forecasting demand in certain circumstances. In the case of forecasting the future baseline a granular bottom-up approach is appropriate for a capacity constrained airport such as Gatwick. Gatwick's future baseline throughput can be supported by using the following considerations: • The known and reasonably forecast pipeline of airline demand • Peak capacity/utilisation • Annual runway utilisation • Aircraft size • Load factor	It is not agreed that a bottom up approach to preparing long term demand forecasts is appropriate for any airport as it relies on short term judgements about which airlines may operate services in future. For long term planning purposes, it is necessary to consider the overall scale of the market for an airport, related to the scale of its catchment area, and how it will compete with other airports for a share of that market. The overall scale of the market should be assessed by reference to the key drivers of air passenger demand, including sensitivity testing such an assessment by reference to economic variables including those influencing the cost of air travel. A bottom up approach is more normally applied only to short term forecasts for up to 5 years or, by exception 10 years.	Section 4.2 of **Needs Case Technical Appendix** [REP1-052]	Not Agreed
1.1.9	Bottom-up and top-down Forecasts - NRP	The NRP forecasts involve a combination of top-down and bottom-up approach. Whilst the top-down approach is useful for providing aggregate levels of demand (e.g. London to Middle East), it is supported by bottom-up knowledge from Gatwick's commercial team to identify which airlines are considered most likely to increase their capacity at the airport (e.g. Emirates vs Etihad). This provides greater levels of confidence regarding busy day schedules, for example the expected future fleet types as well as preferred times of operation by specific carriers. This detail is not captured by top-down modelling. Considering the nature of demand (in/out-bound, catchment, etc), availability of capacity, and the networks offered by airlines (across the airports), is key to determining the future potential for Gatwick's demand.	Whilst the NRP forecasts as set out in Annex 6 to the Forecast Databook [APP-075] do set out some assumptions as to the likely frequencies of service required in individual markets it is not clear how these have been derived other than by subjective judgement. Nor is it clear how Gatwick's share of any growth has been determined. Until REP1-052, the only top down assessment of the medium to long term potential for growth at Gatwick was presented in terms of benchmarking the overall level of passenger demand assumed against projections of the overall scale of the London market. For the reasons pointed out in REP3-123, the basis of these assessments was not correct as the London market available to Gatwick, i.e. excluding Heathrow specific transfer demand, was overstated and no account taken of any potential for growth elsewhere. It is accepted that, once the scale of the overall market available to any airport has been established through robust modelling, a bottom up approach necessarily has to be adopted to consider the specific services that might deliver that forecast and their profile of demand over the day and over the year for capacity planning purposes.		Not Agreed

1.1.10	Baseline scenario assumptions – Peak capacity	In the baseline scenario, Gatwick is assumed to continue operating at 55 movements per hour, although the number of hours in a given day that it handles this traffic is forecast to increase modestly without increasing the operating window of the day. To illustrate this, in 2019 the 'busy day' had 3 hours scheduled at 55 ATMs per hour which is forecast to increase to 6 hours in a day (note: 5 hours declared at 55 in 2019, but only 3 hours were operated and scheduled at 55). In the baseline, the number of slots available on a busy day in the future design day years (2032, 2038, 2047) will be comparable to today (Sum'24, ACL). Gatwick has released modest levels of busy day capacity since the busy day forecasts were prepared (+12 additional daily slots were released e.g. Sum'24 vs Sum'19). This incremental capacity will support the growth of the busy day to the levels forecast under the baseline case.	It is noted that the Applicant intends to increase the number of hours operating at 55 movements in the Baseline Case [REP1-054] but the overall total number of slots available over the day is not expected to increase above those already declared in summer 2024 [REP4-049].	Section 5.2 of **Needs Case Technical Appendix** [REP1-052]	Agreed
1.1.11	Seasonality– Annual runway throughput	GAL's forecasts make assumptions regarding Gatwick's future levels of seasonality. It was forecast that further peak spreading would be achieved and that by 2032 the busy month would be 11% busier than average. Longer term assumptions were taken for the future years until 2047. Analysis of major carriers at Gatwick Airport identified: • New entrants are operating with consistent year-round schedules. • Incumbents are now operating in 2023/24 with much reduced levels of seasonality. Virtually all new capacity provided by airlines post-Covid is operating with consistent year round schedules. As the aviation market returns to pre-Covid levels of activity, Gatwick is expected to see further declines in the historical levels of seasonality. The forecasts for reduced seasonality are conservative and achievable. Gatwick has provided extensive documentation regarding historical levels of de-peaking. For example, in the 2014-19 period Gatwick annual movements grew +26k, from 255k to 281k of which:	The Applicant's assumptions are noted but not agreed as set out in REP4-049 and subsequent representations.	Section 5.2 of **Needs Case Technical Appendix** [REP1-052]	Not Agreed

		- 4k (15%) were attributable to growth in slot capacity - The remaining 22k (85%) in growth was attributable to airlines filling in quieter hours, quieter days and/or quieter months. Clearly, peak spreading does not rely on the release of new capacity as the JLAs maintain.			
1.1.12	Aircraft sizes	In GAL's forecasts the growth in aircraft size was captured by a bottom-up airline analysis examining current and future fleet transition trends. This analysis captured airline fleet orders from 2019 as well as making assumptions around the transition to future aircraft types as their current fleets age. In the FY19-FY30 period the average aircraft size is assumed to increase by 9% or 17 seats to reach 210. Beyond FY30 further growth is assumed with the average seat count reaching 229 in FY49. For context, the growth achieved in the forecasts is at a rate less than half that of the historical trends at the airport (0.6% vs 1.4%). GAL has revisited some of the fleet assumptions for the main airlines to compare the latest growth aspirations against those assumed in the forecasts. This analysis is set out in Section 5.2 of the Needs Case Technical Appendix. In summary whilst Covid has impacted the delivery dates for receipt of new aircraft, airlines continue to focus on ordering aircraft that have improved economics resulting from higher density configuration (more seats). All the major short haul operators at Gatwick are likely to experience growth in average aircraft size at, or above the rates assumed in the original forecasts prepared in 2019. The forecast increase in aircraft size is realistic and appropriate.	The increase in the average numbers of passengers per aircraft is broadly agreed except that, in the Baseline Case, the more limited scope for new services would be expected to limit the overall increase in average aircraft size. The JLAs note that the Applicant has now accepted (at ISH8) that its revised fleet mix assumptions, as set out in REP4-004 should be treated as a reasonable worst case for noise assessment purposes. This approach is agreed.	Section 5.2 of **Needs Case Technical Appendix** [REP1-052]	Under discussion
1.1.13	Aircraft sizes	At capacity constrained airports such as Gatwick, airlines are more likely to up-gauge aircraft at a faster rate reflecting the scarcity of capacity, Constrained airports also likely to support higher year-round load factors.	It is not necessarily the case that airlines are more likely to up-gauge aircraft at a capacity constrained airport as this will depend on the aircraft available within their fleets. There is currently no evidence that load factors at Gatwick exceed network averages for individual carriers.		Not Agreed
1.1.14	Seat occupancy/load factor	Gatwick's load factors are on track to return to pre Covid levels with the latest year to date (Jan-Aug) period already reporting 85% seat occupancy. In the core scenarios, the growth in load factors was assumed to continue, by 2030 load factors were forecast to be around 90% before growing a further	As set out in REP4-049, the extent of further growth in load factor assumed is considered to be high and a more modest further growth in load factors is considered more reasonable.	Section 5.2 of **Needs Case Technical Appendix** [REP1-052]	Not Agreed

		percentage point to 91% by 2040. Over the 2019-49 period a growth of 6.5% points in load factor growth was assumed. To put this into context, this is a comparable level of growth across a 30 year period, to that of what was achieved across only 9 years, up to and including 2019. These assumptions are realistic and appropriate. Overall, the average number of passengers per aircraft is broadly agreed with the JLAs.			
1.1.15	Airline/market mix assumptions	Whilst future assumptions around specific markets/airlines in the long term can be speculative, the short-medium term has focused on current/known opportunities identified by Gatwick's commercial team, supported by market led forecasts, considering the demand outlook to specific destinations/regions. Longer term assumptions focus on the market growth potential whilst recognising the interchangeability between airlines within categories This market growth was provided by high level top-down forecasts by region providing insight on which global regions are likely to provide long term growth prospects. Under the DCO forecasts, the top-down forecasting demonstrated the potential for Gatwick to grow its traffic in a range of market segments. The top-down forecasts provide guidance on the potential growth in long haul demand, the bottom-up schedules consider the demand and the times it is likely to operate at Gatwick given market preferences and operational considerations for the potential target airlines. The assumed mix of growth is set out in Table 35 of the Needs Case Technical Appendix [REP1-052]. Here the long-haul carriers have been summarised for the baseline scenario in table 16, and for the NRP in table 18. Further detail has also been provided in our Response to the Examining Authority's Written Questions [PINS Reference Number: TR020005], this details how historic airline targets have now been converted into actual demand giving confidence in Gatwick's target airlines. Beyond the 2030s out to 2047 relatively modest mix changes were forecast within the annual projections. For example, a modest number of incremental long-haul services were assumed to commence operations, typically at the expense of short haul slots. In the baseline case, long haul movements	It is noted that the detailed analysis set out in Annex 6 to the Forecast Databook [APP-075] only addresses the period to 2032 in detail and was based on out of date projections of the overall scale of the market, which has been revised downwards following the publication of Jet Zero - One year on and lower demand forecasts from the Department for Transport. The assessments underpinning the route by route analysis also failed to take into account the extent to which Gatwick competes with other airports to attract the passenger demand arising across London as a whole and, in particular, the impact over the longer term of capacity being added at any of the other London airports, including Heathrow. Hence, even over the period to 2032, these short term route by route projections would need to be revised downwards. No information has been provided by the Applicant on how these short term projections have been extrapolated forwards to 2047.	Section 5.2 and Table 35 of **Needs Case Technical Appendix** [REP1-052]	Not Agreed

		increase from 47k to 58k (2032-47) reflecting one incremental daily long-haul service being added each year so +15 in 15 years. Further switch to long haul is supported by the top-down modelling. In the baseline by 2047 several million long haul passengers are forecast to be spilling from the London airports as all capacity options will have been exhausted.			
1.1.16	Core Gatwick scenario assumptions	For the core Gatwick scenarios (Base and Northern Runway), it is appropriate that only consented capacities at other airports have been assumed. The sensitivities set out in the Appendices to the Forecast Data Book [APP-075] and in Section 7 of the Needs Case Technical Appendix [REP1-052] consider the implications for Gatwick of potential capacity being added at Luton, London City and through a new runway at Heathrow. Further sensitivity assessment is not required because: - Such sensitivity is not required through the tests and guidance relating to cumulative EIA assessment; and - As, the Secretary of State has made clear in his decision at Manston, it cannot be assumed that other airport capacity will be promoted, consented, financed, constructed and operated.	Not agreed. At the very least detailed sensitivity analysis should have been undertaken and a range of potential outcomes considered through the full assessment process. Notwithstanding the Manston decision, there is still a requirement to ensure that the effects of any development have been assessed by reference to reasonable demand forecasts. Whereas at the time of the Manston decision, there were no other major airports developments being formally promoted, this is no longer the case.	Section 6.3 of **Needs Case Technical Appendix** [REP1-052]	Not Agreed
1.1.17	Assessment years	Passenger, ATM, and related forecasts were prepared by Gatwick out to 2047 with secondary forecasts prepared for the assessment years (financial years) of FY29, FY32, FY38 and FY47. The assessment years are appropriate.	The choice of assessment year is noted.	Section 4.5 of **Needs Case Technical Appendix** [REP1-052]	Agreed
1.1.18	Post-Covid recovery	In the 10 years leading up to 2019 Gatwick grew from 32 million to 46.6 million passengers, adding more than 14 million passengers in this period. Currently the airport is continuing to recover from Covid with 40.9 million passengers handled in 2023, representing nearly 90% of 2019's volumes, the DCO forecasts assume traffic is fully recovered by FY25/26. GAL's latest internal plan is forecasting recovery to c95% of 2019 demand in 2024 and over 100% recovery by 2025 which is in line with GAL's DCO recovery trajectory. It is noted that Gatwick's recovery trajectory is behind some other airports although it should be noted that 1) Several of Gatwick's major airlines were slower to recover from Covid	The timescale over which the Applicant expects traffic at the airport to recover from the effects of the Covid-19 pandemic is noted. The JLAs also note that recovery at Gatwick is slower than at most of the other major airports in the UK, including Heathrow, Stansted and Manchester. It is considered that this is reflective of the limited capacity available at peak periods in the Baseline Case to enable new services to commence to replace those lost during the pandemic.	Section 4.5 of **Needs Case Technical Appendix** [REP1-052]	Not Agreed

		than others (e.g. easyJet vs Ryanair (for Stansted) and 2) Some of Gatwick's markets (e.g. China) were slower to recover when compared to short haul European traffic.			
1.1.19	Baseline forecast	Under the Baseline forecast, LGW is forecast to reach 57.0 million passengers in FY28 before growing at modest levels to reach 59.4 million in FY32, 62.4 million in FY38 and 67.2 million in FY47. Over the 2019-47 period, this equates to 20.6 million passengers being added. This forecast reflects realistic assumptions of both airfield capacity and airline / passenger demand. Future growth in the baseline will be achieved from further peak spreading and average passenger loadings (Aircraft size and load factor) GAL's response to REP4-049 is set out in REP5-081. Given that 22k annual ATMs were added through peak spreading (excluding slot release) in the 2014-19 period, it is considered implausible that this just does not happen to any extent in the future.	Not agreed - see REP4-049 (paragraphs 6-14) and subsequent representations, including the response to D6-091 submitted at D7.	Section 4.5 of **Needs Case Technical Appendix** [REP1-052]	Not Agreed
1.1.20	NRP forecast - 2032	The Northern Runway Project is assumed to deliver new runway capacity from FY29, with this capacity being released over the FY29-32 period. The NRP forecast shows that Gatwick could reach 72.3 million passengers by FY32, which is approximately 13 million above the base case. The forecast is based on realistic estimates of both airfield capacity and airline / passenger demand. Beyond FY32, like the baseline case, the forecast growth rates are limited by runway capacity with demand reaching 75.6m in FY38 and 80.2m in FY47. Over the 2019-47 period Gatwick would add 33.6 million passengers representing growth of 72% or a CAGR of 2.0%. These forecasts are credible and appropriate. Whilst the rate of 'filling' of the new NRP capacity may not be agreed, it is agreed that under the NRP assumptions for other capacity developments (i.e. no R3) that LGW's NRP will be full by the 2040s.	The rate of growth from the opening of the NRP is not agreed. Whilst the hourly and daily capacity deliverable with the NRP is agreed, it is now evident that this capacity would not support 80.2 mppa based on a reasonable seasonal profile of demand such that a reasonable upper bound for the throughput deliverable with the NRP would be 75-76 mppa (paragraph 23 of Appendix III to REP6-099. However, given the greater seasonality, this would not necessarily mean that the environmental implications, in particular noise, would be less as there are likely to be the same number of flights during the summer peak but materially fewer in winter, outside of the 92 day period used for noise assessment purposes.	Section 4.5 of **Needs Case Technical Appendix** [REP1-052]	Not Agreed

Top-Down Forecasts					
1.1.21	Top-down forecasts for validation	A top-down approach for forecasting is appropriate to provide support for the bottom-up approach and to validate the levels of excess demand across the London airports as well as informing growth assumptions for specific market segments.	The JLAs consider the top down forecasts to be preferred to the bottom up forecasts and that the central scenario for assessment should take into account the potential for capacity expansion at other airports over the longer term, including Heathrow.	Section 4.2 of **Needs Case Technical Appendix** [REP1-052]	Not Agreed
1.1.22	Jet Zero March 2023	The Jet Zero March 2023 forecasts have been appropriately adopted for scenario testing and sensitivity analysis for the top-down forecasts. Whilst they imply a slower rate of fill than Gatwick's original bottom up forecasts there is potential to out perform the top down approach. Either way, without LHR R3 Gatwick will fill its NR capacity in the late 2030s at the latest. Similar levels of annual throughput were assumed by the JLAs high case for LGW in 2038 and 2047. In 2038 75.6 million passengers were assumed by the applicant and the JLAs and in 2047 80.2 million passengers was also agreed. The longer term projections from JZ through the late 2030s and 2040s (<1% growth) are considered conservative when compared to previous DfT modelling outputs and GAL's long term view. Gatwick is expecting strong long term growth prospects on key markets such as China, India, etc.	The JLAs consider that the use of the updated Jet Zero forecasts should be adopted for the core case not just for sensitivity testing. It should be noted that the JLAs' assumptions referred to were derived from the Applicant's own top down forecasts. Whilst the ability to achieve 80.2 mppa was assumed as an upper bound in the sensitivity testing of the Baseline (REP4-049), this was on the assumption that there might be some scope to increase the number of movements on a busy day over the longer term than originally assessed by the Applicant. In REP5-081, the Applicant demonstrated that this would not be possible without increasing delay above acceptable levels. Hence, it is considered that a reasonable upper bound for the passenger throughput attainable with the NRP would be 75-76 mppa.	Section 6.3 of **Needs Case Technical Appendix** [REP1-052]	Not Agreed
1.1.23	Jet Zero March 2023	Adopting a long-term growth rate for wider UK demand of approximately 1.3% is considered appropriate for current long term forecasting needs whilst recognising the inherent uncertainty involved in this exercise. Multiple alternative scenarios could be tested but the use of the latest DfT growth projections is robust although we believe in the long term there is potential to exceed the JZ growth projections of <1% growth per annum. The analysis contained in REP5-081 demonstrates that further sensitivity testing would be unlikely to significantly affect the reported effects of the development.	The use of the growth rate at the UK level is appropriate as a central case but further sensitivity analysis is required to consider, inter alia, the implications of faster or slower economic growth and higher or lower costs of carbon.	Section 6.3 of **Needs Case Technical Appendix** [REP1-052]	Not Agreed
1.1.24	High-level top-down forecast results	Without LHR R3 expansion, the high-level top-down forecast established, with or without the NRP, that there is and will continue to be a shortage of capacity in the London system, relative to demand. Compared to other airports, Gatwick is able to meet the need earliest and when compared to other expansion options (e.g.	The JLAs' analysis of the overall scale of the market and the potential for increases in capacity at other airports serving the London area [REP3-123] shows that the extent to which there would be excess capacity with the NRP development is dependent on the assumptions about capacity development at other airports. This highlights the sensitivity of the demand	Section 4.2 of **Needs Case Technical Appendix** [REP1-052]	Not Agreed

		Luton, LCY) that Gatwick provides the strongest ability to meet a wide range of demand segments.	projections at Gatwick to the assumptions made about the other airports.		
1.1.25	Updated top-down forecasts	Under the baseline scenario, even with the latest reduced demand outlook (JZ'23), the latest top-down forecasts validate the previous bottom-up / top-down approach prepared for Gatwick. They show that when assuming Gatwick's bottom -up capacity, that a top-down allocation approach will result in all the capacity being used.	It is unclear precisely what capacity has been assumed each year in the top down forecasts for the Baseline Case. If the assumed maximum throughput has been set at a level that is not attainable [REP4-049] then the top down forecasts will similarly be overstated.	Section 6.4 of **Needs Case Technical Appendix** [REP1-052]	Not Agreed
1.1.26	Updated top-down forecasts	Under Gatwick's NRP scenario, even with the latest reduced demand outlook, the latest top-down forecasts provide a comparable long-term profile of constrained demand at Gatwick. Gatwick has the potential to outperform the top-down forecasts and rapidly fill its incremental capacity arising from the NR through a combination of organic market growth, spill from other airports, airlines re-deploying capacity to LGW from other airports.	As noted in REP3-123, it is significant that the top down forecasts prepared by the Applicant show a slower build up of demand to use the NRP. The JLAs consider the difference between these top down projections and the original forecasts used for assessment to be material and that the forecasts are sufficiently different that the assessment of effects used for setting controls should be adjusted accordingly.	Section 6.4 of **Needs Case Technical Appendix** [REP1-052]	Not Agreed
1.1.27	Updated top-down forecasts	In either modelling approach (high level and detailed top-down forecasts), under the core assumptions (no LHR R3), the NR capacity would be taken up, and the expanded airport would be at or close to capacity by 2038. These levels of annual throughput have been considered by the JLAs and the applicant as part of the recent sensitivity work. Even if capacity at Luton and London City were to be consented and developed, Gatwick's traffic would not be significantly impacted and Gatwick would continue operating at or close to is maximum capacity	The extent to which the capacity of the NRP would be taken up by 2038 is dependent on the assumptions made about the extent to which additional capacity will be delivered at the other airports serving London over that time period. The Applicant's forecasts are based on the assumption that no additional capacity is consented over that period and the JLAs do not consider this to be a reasonable assumption and consider that further sensitivity analysis of different scenarios is required to ensure that the assessment of benefits and harms is robust.	Section 6.6 of **Needs Case Technical Appendix** [REP1-052]	Not Agreed
1.1.28	NRP capacity	Gatwick DCO scheme for the NR does not have the facilities or capabilities to handle additional throughput during the peak periods beyond that assumed in 2047. The runway, stands and terminals are effectively maxed out. Increased runway throughput in peak periods would significantly increase delays and aircraft parking capacity would not be available.	This information, coupled with the delay information presented in REP5-081, confirms that the effective throughput of the NRP would be limited below that assessed by the Applicant once reasonable assumptions as to the seasonal pattern of demand are taken into account.		Not Agreed
Sensitivity testing					
1.1.29	Sensitivity testing – LHR R3	Whilst sensitivity testing shows that the combination of the latest demand forecasts alongside a top-down allocation approach imply that Gatwick and other London airport traffic	The JLAs note that the Applicant considers that Gatwick will be able to outperform the results of its sensitivity test with a third runway at Heathrow. The JLAs are unclear the basis of this	Section 7.1 of **Needs Case Technical Appendix** [REP1-052]	Not Agreed

		will be impacted by LHR R3, Gatwick will have the opportunity to outperform these implied impacts. It is important to consider other factors such as airline business models, airport charges and management strategies which are not readily covered in such models. The sensitivity modelling for the NR scenario is presented in Section 7 Sensitivities of **Needs Case Technical Appendix** [REP1-052]. This provides an appropriate worst case sensitivity reflecting the potential impacts of LHR R3 London Gatwick is located in the heart of the most prosperous, densely populated and best-connected region of the UK, with more than 17m people living within 90 minutes of the airport. Reflecting the significant propensity to fly amongst London Gatwick's core catchment, over 40 million air passenger journeys currently start or end within the locality. Unlike other London airports, there are fast and convenient rail services departing every 3-4 minutes, arriving at London Victoria and London Bridge in under 30 minutes. London Gatwick also benefits from the Thameslink service, providing high frequency, rapid connections towards Brighton, then northwards beyond London to locations such as St Albans, Bedford, Peterborough and Cambridge, as well as the Great Western services, running out towards Reading and the West country. Over many years, the nature of the airport offer has been deliberately adapted so that it caters well for all passenger types, markets and needs. As a result, Gatwick has one of the broadest spectrums of passenger demand observed at any airport globally, ranging from extensive long haul services to, for example, the Far East with full service premium cabin offers, to ultra low-cost services operating to 'visiting friends and relative' markets in Central and Eastern Europe. This makes LGW very competitive and attractive to a large variety of airlines, more so than any other London airport. .	confidence as the ability to outperform the market is not clear from the airport's current or pre-pandemic performance. Given the policy support in the Airports National Policy Statement for a third runway at Heathrow, the JLAs consider that the Applicant should have placed greater weight on this scenario in its environmental assessment and in the setting of appropriate controls on growth.		
1.1.30	Sensitivity testing – LTN DCO and LCY	When the other schemes open (LTN DCO and LCY), under the NRP scenario, relatively limited impact is likely to be experienced by Gatwick as the airport is already operating at or very close to its capacity limits when the other schemes are introduced. Gatwick will continue to draw demand from its strong catchment (Greater London, South East England) which has limited overlap with Luton and LCY. Gatwick serves	The JLAs note the Applicant's position regarding the impact of capacity growth at these other airports. However, the extent to which Gatwick would already by full by the time that any substantive additional capacity is available does depend on the underlying rate of growth in the market, which appears likely to be slower than assumed by the Applicant in its forecasts used for assessment (Jet Zero - One year on). Hence, there could be	Section 7.1 of **Needs Case Technical Appendix** [REP1-052]	Not Agreed

		markets that LTN and LCY do not feature in today, for example long haul traffic cannot be served by these airports due to their limited runway capabilities.	greater competitive impact than assumed by the Applicant. It is accepted that London City Airport cannot accept direct long haul services but Luton Airport's runway could serve some long haul markets subject to the development of appropriate apron and terminal facilities. There is also scope for long haul services to develop at Stansted.		

2 Signatures

2.1.1 The above SoCG is agreed between the following:

Duly authorised for and on behalf of Gatwick Airport Limited, The Applicant	Name	Jonathan Deegan
	Job Title	Planning & Environment Lead
	Date	21/08/2024
	Signature	[redacted]
Duly authorised for and on behalf of the Joint Local Authorities	Name	Clem Smith
	Job Title	Head of Economic Development and Planning
	Date	21/08/24
	Signature	[redacted]