** Briefing paper**

**London APPG: meeting on airport capacity in London and south east England:**

**11 October 2016**

**Focus:** The issue of airport capacity and the impacts of expansion on London

**Invited representatives:** Stewart Wingate – Chief Executive, Gatwick Airport; Emma Gilthorpe – Strategy Director, Heathrow Airport; and Captain William ‘Jock’ Lowe – Heathrow Hub will attend and answer questions

**When:** Tuesday 11 October, from 14.20 – 16.00 (Parliamentarians attending will be in private session from 14.00 – 14.20)

**Where:** Committee Room 9, House of Commons

The session will give London’s Parliamentarians an opportunity to hear first-hand from the three promoters of new airport capacity shortlisted by the Airports Commission. The APPG meeting will provide an opportunity for parliamentarians to better understand the impacts of each of the proposed schemes and challenge the scheme promoters on the benefits and detractions of each scheme. The meeting will be held in Select Committee style with Parliamentarians having the opportunity to ask questions on a number of topics – see below.

The APPG want to focus on the following topics at the meeting.

* London’s aviation needs in a post-Brexit world
* Is a hub airport the right solution?

Additionally we seek to focus on a series of issues around the impacts of airport expansion on London.

* Economic impacts, employment and skills opportunities
* Environmental impacts – noise and air quality
* Transport links
* Costs and timescales for delivery

The session is an opportunity for a discussion / conversation and will not conclude with any vote. Parliamentarians will not be asked to give any opinion on airport expansion unless they desire to individually do so.

**Background:** The government established the Airports Commission in 2012, chaired by Sir Howard Davies. It undertook a call for evidence and a series of consultations on its emerging thinking, and published its interim report in December 2013. This shortlisted three schemes – two at Heathrow, one at Gatwick. The Airports Commission’s final report, published in July 2015, set out its recommendation to government that a new northwest runway at Heathrow Airport had the strongest case.

The Economic Affairs (Airports) Sub-Committee chaired by the Prime Minister will make a decision on airport capacity. The decision is expected in October 2016.

**The three short-listed schemes are:**

* A new full length runway to the south and parallel to the existing runway at Gatwick Airport, promoted by Gatwick Airport Limited – “Gatwick second runway”.
* A new full length runway to the northwest of the current northern runway at Heathrow Airport, promoted by Heathrow Airport Limited – “Heathrow northwest runway”.
* An extension of the existing northern runway to the west at Heathrow Airport, promoted by Heathrow Hub Limited – “Heathrow Hub”.

The Airports Commission considered that each of the three shortlisted schemes was a credible option for expansion, and capable of enhancing the UK’s capacity and connectivity. Each would also have environmental impacts which would have to be carefully managed.

The briefing uses information available in the public domain, principally from the Airports Commission and individual scheme promoters websites, plus media analysis of the proposals.

**London’s aviation needs in a post-Brexit world**

* The UK will seek to build new relationships and trade with countries beyond the EU even more than has previously been the case.
* Growth in the frequency of flights as well as destinations will be important.

**Is a hub airport the right solution?**

* The Airports Commission concluded that a ‘hub and spoke’ model was likely to continue as the dominant model of aviation in Britain. This is the concept that airlines route their traffic through one or more ‘hub’ airports, with feeder traffic from other airports in the network (the ‘spokes’).
* European hubs at London Heathrow, Paris Charles De Gaulle and Frankfurt have come under increasing pressure from Middle Eastern hubs and carriers.
* Critics of the hub airport model’s dominance in the UK point to the development of ‘point to point’ routes where passengers fly directly to their destination, rather than travelling via a hub. The counter-argument is that this puts routes at risk, due to loss of pooling of demand from around the UK and Europe. Others believe two hub airports are what the UK needs.
* The Airports Commission was of the view that new, more fuel-efficient aircraft would enable more previously unprofitable routes to be served, but as they were being purchased by legacy airlines (not low cost carriers) this would reinforce the hub model. Likewise it considered that low-cost carriers starting to offer long-haul services could increase frequency on popular routes, but were unlikely to add new routes.
* Demand for landing slots in London and the south east is likely to continue.
* Capacity constraints at both Heathrow and Gatwick make it harder for airlines to operate profitably, especially long-haul carriers which require high demand.
* Constrained capacity also creates a lack of resilience, with the airports struggling to recover from disruption caused, for example, by bad weather or technological breakdowns. Capacity constraints act as barriers to entry for new airlines and cause a decline in domestic connectivity.
* The UK will need to continue to compete with Europe’s other hubs to improve its offer to growth markets around the world, particularly in South East Asia, South America and the Middle East.

**Summary information about the impacts of the three shortlisted schemes**

|  | **Heathrow north-west runway proposed by Heathrow Airport** | **Heathrow extended runway proposed by Heathrow Hub** | **Gatwick second runway proposed by Gatwick Airport** |
| --- | --- | --- | --- |
| Surface access / transport links and capacity | Rail links – Piccadilly line, Heathrow Connect, Heathrow Express services; Crossrail.  Planned – Southern Rail Access as part of the proposals; Western Rail Link to Reading; connections to High Speed 2 at Old Oak Common.  Road links – M25, M4, M40, though measures to address congestion needed.  Encourage mode shift and greater use of public transport amongst employees. | Rail links – Piccadilly line, Heathrow Connect, Heathrow Express services; Crossrail.  Planned – Southern Rail Access as part of the proposals; Western Rail Link to Reading; connections to High Speed 2 at Old Oak Common.  Road links – M25, M4, M40, though measures to address congestion needed.  Plan an integrated road and rail interchange with direct road access from M25 and M4 and rail access from west. | Rail links – Southern, Thameslink, Gatwick Express services and Brighton Main Line.  Road links – M23 with dedicated road junction. |
| Environmen-tal impacts | 16,000-37,000 more people affected by daytime noise up to the 57 decibel contour.  Establish a noise envelope; higher compensation and noise insulation; night flights ban 23:30-06:00. Heathrow has offered to introduce a ban 23:00-05:30 and a published timetable of respite hours.  Properties exposed to increased NO2 – 47,063.  New capacity should not be released until air quality will not delay compliance with EU limits; specific areas of focus for scheme proponents. Heathrow has offered to create a scrutiny role for the Environment Agency.  Loss of 783 homes; compensation package offered by Heathrow.  Impact on flood risk; indirect impact on protected bird habitats. | 16,000-37,000 more people affected by daytime noise up to the 57 decibel contour.  Offered to limit or eliminate arrivals between 04:30 and 06:00; noise compensation package; shift in noise footprint 2.5 miles west, reducing noise for some existing communities. Runway alternation less possible and landings and take-off concentrated on two paths.  Properties exposed to increased NO2 – 38,656.  Most challenging to achieve compliance with EU Air Quality Directive.  Loss of 242 homes; compensation mentioned but not in detail.  Impact on flood risk; indirect impact on protected bird habitats. | 3,600 more people affected by daytime noise up to the 57 decibel contour.  Noise compensation and insulation package.  Properties exposed to increased NO2 – 20,985.  Currently compliant with air quality limits and can continue to do so with expansion.  Loss of 167 homes; compensation package offered by Gatwick.    Impact on flood risk; loss of ancient woodland. |
| Employment, skills and the local economy | Relatively high unemployment in West London; Heathrow Opportunity Area; ‘Western Wedge’ corridor; links to areas of London where housing expected to come forward; proximity to Thames Valley economy; apprenticeships and training offers for local people. | | Most local authorities around Gatwick have low unemployment, except Crawley and Mole Valley; part of Wandle Valley; supports Croydon’s economic development; apprenticeships fund; £1.73bn contribution to the local economy. |
| Wider economic impacts | Number of daily destinations (carbon traded scenario) – 156 by 2050, of which 75 long-haul.  Passengers at airport by 2050 (carbon traded scenario) – 138 million.  Significant air freight role – Heathrow handled 1.5m tonnes in 2015, Gatwick handled 73,000 tonnes; links to High Speed 2 support regional growth.  Statistics gained via an FOI request estimate gain to the UK economy of £5.3bn. | Number of daily destinations (carbon traded scenario) – 152 by 2050, of which 75 long-haul.  Passengers at airport by 2050 (carbon traded scenario) – 131 million.  Significant air freight role – Heathrow handled 1.5m tonnes in 2015, Gatwick handled 73,000 tonnes; links to High Speed 2 support regional growth.  Statistics gained via an FOI request estimate gain to the UK economy of £5.3bn. | Number of daily destinations (carbon traded scenario) – 134 by 2050, of which 21 long-haul.  Passengers at airport by 2050 (carbon traded scenario) – 82 million.  Second hub airport would improve competition; Gatwick added 20 new long haul routes in 2016, meaning it now serves more than 50 long-haul destinations. Disputes Airports Commission analysis as already reached 40 million annual passengers, which Commission said it would reach in 2025.    Statistics gained via an FOI request estimate gain to the UK economy of £9.1bn.  New growth clusters, spreading growth to a wider area. |
| Timescales for delivery and costs | Risks associated with delivery relate to scale of investment required. Scheme requires alteration to M25.  Road and rail links serving Heathrow forecast to be extremely congested by 2030 at peak times, but it has multiple links serving it.  Most expensive option at £15.6bn. There is disagreement about the level of public subsidy needed for transport improvement works around Heathrow if expansion happens.  Northwest runway could be delivered by 2025, if planning consent received by 2019. | Scheme requires alteration to M25.  More congested airfield leads to lower resilience and less space for development.  Road and rail links serving Heathrow forecast to be extremely congested by 2030 at peak times, but it has multiple links serving it.  Cheaper than Heathrow northwest runway option at £9.7bn.  Extended runway could be delivered by 2023, with full plan completed by 2026. | Risks associated with delivery relate to demand.  Road and rail links forecast to be less congested but reliant on a single road and rail infrastructure.  Gatwick is significantly cheaper to build and entirely privately financed. Cost estimated to be £7.8 billion.  A second runway could be delivered by 2025. |

**Suggested questions on the economic case, economic impact and skills opportunities, delivery and resilience**

*[To each of the three scheme promoters]*

* Please briefly outline the economic case for your scheme and why it serves the local economy, London’s economy and the UK’s economy best?
* How does your scheme support local employment? Can you give us an idea of the job creation both during construction and in terms of ongoing employment once the expansion is complete? How will you drive an improvement in skills in your local economy?
* How does your scheme best serve London’s aviation needs as we leave the European Union?
* How confident are you that you can deliver your scheme on time and on budget? How are you going to ensure that the costs are borne by the private sector and not the public purse?
* How does your scheme demonstrate that expansion will lead to better operational resilience, for example from bad weather, and recover more quickly, preventing delays?

**Suggested question on noise**

*[To each of the three scheme promoters]*

* Noise is a major concern for residents living beneath flight paths. How are you going to compensate these residents, as well as reducing their exposure to noise? And how are you as an airport going to support and incentivise the development of quieter aircraft?

**Suggested questions on air quality**

* *[To Heathrow Airport, promoters of the northwest runway]*

Poor air quality in London is a major issue of concern. The Airports Commission indicates that Heathrow should not be allowed to expand until it can be sure that this will not delay compliance with EU limits. Regardless of leaving the European Union, when will this be achievable and how will you ensure this is possible?

* *[To Heathrow Hub, promoters of an extended northern runway]*

Poor air quality in London is a major issue of concern. The Airports Commission indicates that your scheme is even more challenging to achieve EU compliance under. Regardless of leaving the European Union, how are you going to mitigate against this and ensure compliance?

* *[To Gatwick Airport]*

Whilst the Gatwick scheme performs considerably better than Heathrow in terms of worsening air quality, there is still a worsening, and so how are you going to mitigate against this?

**Suggested questions on transport links**

* *[To the two Heathrow scheme promoters]*

Whilst better connected, the Airports Commission states that particularly the road links around Heathrow will be badly congested during peak times. How are you going to mitigate against this? And in terms of rail links, how are you going to ensure that there is sufficient public transport capacity to avoid delays and overcrowding?

* *[To Gatwick Airport]*

Gatwick relies heavily on the Thameslink rail line and the M23 for access to the airport. How can you reassure us that these links are adequately resilient?