

Delivery of New Runway Capacity

The Mayor of London's response

August 2014

1. Overview

- 1.1. In July 2014, the Airports Commission issued a Discussion Paper on delivery of new runway capacity (DP07). This response addresses the issues raised, drawing on expertise received to date as well as discussions with a variety of stakeholders – including some of those communities most affected by aviation.
- 1.2. There is an urgent need for additional runway capacity if the UK is to remain globally competitive. Yet the UK's record to date in addressing the issue has been lamentable. Whichever option is taken forward, new runway capacity will need to be delivered expeditiously and in such a way that allows the UK to compete not only to 2030, but to 2050 and beyond.
- 1.3. However, as DP07 acknowledges, the issue is not just about delivering runway capacity. An increase in capacity brings with it the need – and indeed the opportunity – to deliver the homes, jobs and road and rail links that can help maximise the wider social, economic and environmental benefits. There is also a need to ensure that adequate safeguards, mitigations and compensatory measures are secured. This is essential if local communities are to be protected and, moreover, are able to share in the wider social and economic benefits that will arise. This aspect must not be forgotten in the ongoing assessment of the runway capacity options.
- 1.4. It is within this context, that this paper has sought to respond to the issues raised in DP07, and is structured accordingly. A cross reference to the Commission's specific questions is set out in Appendix A.

Summary of key points

Consenting routes

- 1.5. In terms of determining the most appropriate consenting route, both the Development Control Order (DCO) and Hybrid Bill processes have advantages and disadvantages. Both are suitably flexible but are also subject to notable levels of risk which could impact timescales for all the options. Which route is chosen will depend on a variety of factors.

- I.6. Whilst there will be a number of technical challenges associated with the delivery of new runway capacity, the greatest risk to timely delivery is political uncertainty.
- I.7. Community engagement and involvement will be key to the successful implementation of additional runway capacity. Community interests must remain at the heart of the decision making process, with many of the benefits retained locally.
- I.8. Given the complexities, risks and timescales entailed, the level of difficulty in progressing any of the options being considered is broadly comparable.

Role of Government

- I.9. Delivery of additional runway capacity is an issue of national significance. It is not enough for Government simply to support whatever recommendation emerges. The Government must provide leadership and demonstrate its long term commitment to the delivery of the optimal runway capacity solution. This is essential to meet the UK need to 2050 and beyond, while providing the certainty which local communities, the aviation industry and the wider UK economy demand.
- I.10. So, whichever option is taken forward, there will be a critical role for the Government. The timely delivery of all options will be very challenging without Government support.
- I.11. Beyond this, there is an important role for the Government in maximising wider economic and social benefits as well as securing the highest level of environmental protection.
- I.12. The benefits of new airport capacity can only be fully realised if the Government, working with the relevant local authorities and other statutory bodies, identify and establish an effective delivery framework.

Role of the Commission

- I.13. The Commission, in reaching its recommendations for the delivery of new runway capacity, should ensure that:
 - Its approach is robust, so that its final recommendations can be implemented as quickly as possible following their publication in Summer 2015;
 - Effective arrangements can be put in place so that the delivery of additional runway capacity will unlock the wider economic development and regeneration opportunities;
 - ALL those affected by future runway development in the UK are, and can continue to be actively engaged in the process from the beginning, with the possibility to shape the outcomes;

- ALL those affected by future runway development benefit from it and are fairly compensated in response to any social, environmental or economic impacts; this should be fully considered as part of the assessment process.
- I.14. There are also steps the Commission can take to ensure swift progress is made once its report is published; these include full disclosure of the data assembled for each option, evaluating its assessment framework in terms of its suitability for a future National Policy Statement (NPS) and reviewing the composition of its Senior Delivery Group.
- I.15. Furthermore, irrespective of the final outcome of this process, there is merit in shortlisting the Inner Estuary option at this stage to ensure a sound evidence base to support the preparation of the NPS and meet the legal requirements of the SEA Directive with regards to consideration of alternatives.

2. Legal and Planning Issues

Options for securing consent for new runway capacity and associated development

- 2.1. Delivering new airport capacity will require more than just securing consent for the construction of new runways, terminal buildings and other operational infrastructure. Consent will also be required for a number of associated developments relating to housing, employment and other infrastructure. The consents required and how they will be secured will vary depending on the option taken forward. This will need to be subject to further consideration as individual proposals evolve and it will ultimately be the Government, together with the scheme promoter, who decide which route to take.
- 2.2. The Commission has identified two potential consenting routes for the delivery of the additional runway capacity: a Development Consent Order (DCO) and a Hybrid Bill. It is agreed that these present the two delivery routes most appropriate for delivering additional runway capacity and the supporting infrastructure directly related to its operation. Nonetheless, it is likely that some of options may be better suited to one route more than the other.
- 2.3. The greatest risk to both routes is the issue of timescale; though the risks take different forms, the net result in terms of likelihood of delay is similar – and this would apply to any of the airport options being considered. An overview of the key considerations in securing consent via the DCO or Hybrid Bill process is set out below. An indicative timetable (including potential legal challenge) is provided in Appendix B. The timetable assumes that following the final Commission report in Summer 2015, the Government could take up to 12 months to formulate its response, before any real activity on promoting the chosen option commences.

Development Consent Order (DCO)

- 2.4. For all options, the DCO process should be capable of securing all the necessary consents required to deliver both the additional runway capacity and much of its ancillary development (including surface access), though there would be some limitations for other supporting development such as housing. The DCO process would allow for any future promoter to secure a wide range of powers and other provisions relevant to the implementation of any of the schemes currently under consideration.
- 2.5. However, securing consent via the DCO process – within the Commission's identified timeframe – would be largely dependent on the successful, prior designation of a relevant, location-specific National Policy Statement (NPS). Failure to do this would potentially undermine the work that the Commission has, or will be undertaking and would result in ongoing debate about the optimum solution for meeting the UK's

future airport needs.

- 2.6. It is feasible that an NPS could be designated within 2 years of the Government deciding to act on the Commission's recommendations, and a DCO made 18 months thereafter. Any consent could therefore, in theory, be secured and construction started within the timescales of the next parliament (i.e. by 2020) if there were no legal challenge at the end of the process.
- 2.7. In reality, there is not yet the support required which would allow for the effective and expeditious publication of, and consultation on an NPS. Furthermore, any proposal for future runway development progressed as part of a NPS and DCO would very likely be subject to a significant risk from third party challenge or judicial review, resulting in considerable uncertainty with these timescales. Taking a conservative estimate for any potential challenge of both the NPS and DCO process (12-18 months for each challenge), there is considerable scope for delay to the consenting process.
- 2.8. Another significant risk would be that it might not be possible to consider all issues within the statutory six month examination period, especially where the DCO may encompass more than one Nationally Significant Infrastructure Project (NSIP). In this case, the examining authority would have no option but to recommend refusal, again resulting in substantial delay.
- 2.9. When considering these issues alongside requirements to discharge pre-commencement obligations (i.e. potentially a further 12 months or more), it is reasonable to assume, contrary to some promoter claims, that construction may not begin on any of the options much before 2022.

Hybrid Bill

- 2.10. As with the DCO process (and indeed, potentially, more so), the use of a Hybrid Bill to secure consent for additional runway capacity would provide an effective 'one stop' process for securing relevant consents for a new runway. Unlike the DCO process, there would be greater flexibility and scope to undertake land acquisition, secure compensation arrangements, establish delivery vehicles and authorise any offsite development or regeneration connected with the overall project. It would also have the added advantage of being able to include provisions relating to airport and aviation regulatory matters.
- 2.11. A Hybrid Bill could therefore offer particular benefits for delivery of an Inner Thames Estuary airport. It would be capable of securing consent or providing the legal framework to deliver the housing, commercial development and other associated infrastructure, including the redevelopment of the Heathrow site.
- 2.12. Although a Hybrid Bill process would not be subject to the same degree of legal

uncertainty as the DCO in terms of judicial review, there are other challenges which could impact delivery timescales. Examples include the number of petitions deposited and the time which Parliament would need to hear them, a political shift, as well as parliamentary capacity¹. It is therefore possible that for a Hybrid Bill to gain Royal Assent could take at least as long as it would to secure a DCO when the time taken for judicial reviews at the end of the NPS/DCO process is taken into account.

- 2.13. To help address this risk, there is significant potential to learn from the current HS2 process amongst others. There are a number of steps a future Government could take to proactively address concerns, for example agreeing comprehensive compensation measures with relevant stakeholders prior to submission. This would have a positive impact on and help reduce any timescale risk. There may also be a timely opportunity for Parliament to review the Hybrid Bill process, in conjunction with the other potentially forthcoming nationally significant infrastructure schemes².

Implications for the airport options

- 2.14. It is clear that whatever legal route is selected, the risks associated with the process and the potential for delay are equal for all three options, albeit for different reasons. It is unrealistic to assume that the scale of infrastructure is a determinant of the complexity of securing consent. Whilst the physical infrastructure associated with Heathrow expansion is less than that of an Inner Estuary airport, the complexity of securing consent is similar, if not greater at Heathrow than an Inner Estuary airport given the level of population that would be directly affected.
- 2.15. For Heathrow, the challenges are particularly clear; the objections that Heathrow Airport faced in securing a fifth terminal – and the successful campaign to stop a third runway – point to the very significant opposition from local communities that any process to approve expansion of Heathrow would face. This opposition is matched by the politicians; in particular, no Mayor of London could ever contemplate supporting a new runway for Heathrow. Indeed, expansion of Heathrow explicitly conflicts with the statutory spatial development strategy for London³. Though not necessarily of the same magnitude, new runways at Gatwick and the Inner Estuary are also likely to face substantial opposition.
- 2.16. In each case, strident opposition could potentially delay progress, whether in the DCO or Hybrid Bill route – and this poses a key risk to each of the options. This is why it is essential for the Commission to be meticulous in laying the groundwork and why, without strong Government commitment, any of the options would struggle.

Maximising the wider benefits of additional runway capacity – the delivery of associated infrastructure

- 2.17. Whilst the demand for employment and housing will be driven largely by the airport itself, its delivery will take place across a much wider area. Given the importance of such development to the successful delivery and operation of new runway capacity, there will be a need to ensure that appropriate mechanisms are in place, ensuring its delivery is brought forward in a timely manner.
- 2.18. There are a range of other consenting mechanisms which could support the delivery of such associated infrastructure where this is not covered by the primary consent process. Many of these alternative mechanisms would offer similar benefits in terms of timing, flexibility and certainty, while ensuring development is considered in a local context.
- 2.19. Potential mechanisms which could be used to deliver other development associated with additional runway capacity include, but are not limited to:
- **DCO** – deliver large scale commercial and business development separate to the delivery of additional runway capacity;
 - **Local Development Order (LDO)** – allow for the timely delivery of specified development without the need for planning permission at each stage of implementation;
 - **Urban Development Corporations** – provide integrated planning and delivery authority which is well placed to expedite the delivery of development by co-ordinating planning and investment decisions;
 - **Housing Zones** – co-ordinate and prioritise investments to unlock key development sites in housing opportunity areas.
- 2.20. There is an important role for local communities and local planning authorities in determining the shape and location of new commercial and residential development that new runway capacity will facilitate, underpinned by improved surface access links. Given the opportunity, they are well placed to understand how such development can best fit with the needs of the local area.
- 2.21. All these mechanisms can be implemented within the current legislative framework and have an established precedence within the UK for supporting significant levels of employment and housing in key development areas. Some of the mechanisms identified are already being implemented in relation to airport development in the UK (e.g. Manchester Airport City) or in relation to large scale housing proposals (e.g. Ebbsfleet Garden City).

KEY FINDINGS

All Options for delivering new runway capacity will require either a DCO or Hybrid Bill in order to provide the necessary consents, flexibility and certainty required to successfully deliver additional runway capacity.

Whilst there are advantages and disadvantages of seeking consent via the DCO process or a Hybrid Bill, both are subject to potentially significant levels of uncertainty which are likely to affect the delivery timescales for all options equally. There is no fast or easy option for delivering new runway capacity.

Consent for associated development, beyond that required for the airport's operation, is likely to benefit from being secured separately and where possible at the local level. A number of mechanisms exist that would enable its timely and effective delivery.

3. Smoothing the way for implementation of the Commission recommendations

- 3.1. There is inherent difficulty in undertaking any detailed preparatory work prior to a final decision being taken about where additional runway capacity should be located. The timescales, with the final report pushed till after the next election, have needlessly prolonged the uncertainty – and the potential harm that it does. It is essential that steps be taken to ensure a degree of certainty for a number of key groups:
- Certainty for public bodies and private investors to support long term planning and so maximise the wider economic benefits for the London and the UK;
 - Certainty for local residents around the current and proposed airport sites;
 - Certainty for businesses looking to invest in and remain in the UK;
 - Certainty to allow promoters to deliver much needed airport capacity in a timely and efficient manner.
- 3.2. Notwithstanding the absence of a recommendation before Summer 2015, the Commission have asked (DP07, paragraph 2.30) whether there are any steps which could be taken in the interim that might facilitate implementation of that recommendation.
- 3.3. To this end, three key actions have been identified which the Commission, working alongside Government and other key stakeholders, could undertake to help facilitate the policy framework and consents following publication of its report:
- **Establishing an Information Sharing Portal** – the assessment process to date has been undermined by a lack of transparency. Full disclosure of the data would support a fair like-for-like comparison of the options and increase confidence in the process. There would also be substantial benefits from sharing the data assembled for each option, encouraging best practice and helping avoid duplication of work at a later stage. As such, there would be particular merit in establishing a centralised information exchange.
 - **Evaluating the suitability of the Commission’s Assessment Framework for any future National Policy Statement (NPS)** – as part of the assessment process, the Airports Commission has set out a detailed Assessment Framework within the context of its Phase 2 objectives. There is a significant opportunity to ensure that the assessment framework itself – as well as the evidence gathered as part of the assessment process – is sufficiently robust so as to inform the preparation of a future NPS. Whilst not all assessment criteria will be relevant to the detailed assessment phase as part of securing consent (e.g. cost), the Assessment Framework can serve as a useful starting point for establishing the content, assessment process and guidelines for any future National Policy

Statement – particularly the appraisal of sustainability. These opportunities should be explored further.

It should also be noted that the appraisal of sustainability, under the requirements of the SEA Directive (European Directive 2001/42/EC), would need to demonstrate that alternative options had been given due consideration and that there were sound grounds for not pursuing them. Shortlisting an Inner Estuary option would enable detailed assessment on a like-for-like basis to be carried out until Summer 2015 and this could thus provide useful material for the future NPS, irrespective of whether the Inner Estuary option was finally recommended. However, if the Inner Estuary was not shortlisted and that work was not undertaken, this would have to be done afresh to inform the appraisal of sustainability, and this would slow progress towards an NPS following the Commission decision. As such, it would be prudent to shortlist the Inner Estuary at this stage, to ensure a sound evidence base to support the preparation of the NPS and to meet the legal requirements of the SEA Directive.

- **Reviewing the membership of the Airports Commission’s Senior Delivery Group** – whilst the establishment of the Commission’s Senior Delivery Group is welcomed, its membership is currently too narrow. The absence of key relevant statutory organisations, such as the Mayor of London, Transport for London and other local authority representation, substantially undermines the ability of such a group to help take forward the Commission’s recommendations. Not engaging with such bodies from the start will create issues further down the line.

Consideration should also be given to expand the group’s focus beyond solely delivery of additional runway capacity by including those who could advise on the realisation of wider social and economic benefits.

KEY FINDINGS

The uncertainty inherent in the prolonged Commission process is detrimental in several regards. However, there are steps the Commission can take to ensure swift progress is made once its report is published; these include full disclosure of the data assembled for each option, evaluating its assessment framework in terms of its suitability for supporting preparation of a future NPS and reviewing the composition of its Senior Delivery Group.

Irrespective of the final outcome of this process, there is merit in shortlisting the Inner Estuary option at this stage to ensure a sound evidence base to support the preparation of the NPS and meet the legal requirements of the SEA Directive with regards to consideration of alternatives.

4. Engaging local communities

- 4.1. Considering how local communities will be impacted and how they could potentially benefit in the short, medium and long term is critical if additional runway capacity is to be delivered successfully.
- 4.2. On this basis, the Mayor welcomes the commitment from the Airports Commission to publically consult on the shortlisted options later this year, prior to the finalisation of its report. It is important that this is more than just a consultation on the robustness of the evidence base but, with detailed proposals on the table, an opportunity for people to meaningfully contribute their views about the merits of each proposal – underpinned by access to all the relevant information. It will also be important for the Commission to demonstrate in their final report how the feedback has been taken into account if the consultation is to be credible.
- 4.3. However, as the Commission reaches its recommendations, issues of mitigation, community engagement, compensation and ongoing liaison will remain an integral part of the assessment process. A single, ‘one-size-fits-all’ approach may not necessarily be best suited for assessing or addressing the impacts. Those areas of key consideration are set out in detail below.

Establishing the potential impact, proposed engagement and compensation for local communities

- 4.4. Critical to the Commission’s consideration of local communities is the importance for it to determine, at the earliest opportunity, the appropriateness and credibility of proposed local community engagement and the community benefits for each option – and how such measures could be secured.
- 4.5. Whilst it is recognised that it is too early to secure any benefits through formal agreements, it is necessary to provide a reasonable degree of certainty that any community mitigation or benefits will be delivered if local communities are to buy in to the Commission’s recommendations. This will, to some extent, help address issues such as generalised blight and would help expedite the process at both the consenting and implementation stage.
- 4.6. It should also be noted that Heathrow’s current noise mitigation spend per passenger of € 0.11 is the lowest when compared to other major European airports⁴ despite a far greater number of residents affected. This is a matter that needs to be addressed.
- 4.7. Table I below identifies those issues to which the Commission should give due consideration as part of its ongoing assessment and preparatory process.

Table 1: Issues of community consideration as part of Commission's assessment process

	Key Consideration	Issues relevant to the delivery of additional runway capacity	The Commission's responsibilities	Key question for the Commission in considering the options
Short Term Scheme Planning and Development	The need to engage local communities across wide geographical area	<ul style="list-style-type: none"> Impacts will transcend local authority boundaries and will often affect people outside formal 'impact' areas (e.g. outside standard noise contours) Benefits from additional runway capacity likely to be realised across wide area, underpinned by excellent surface access links; local communities and local authorities should be involved in determining the shape and location of development. 	<ul style="list-style-type: none"> Ensure its consultation is comprehensive – about more than just the robustness of the evidence base – allowing for people to feed back on the merits of each proposal. Identify best practice from other major infrastructure schemes for community consultation across wider area even when not required as part of statutory process. Consider the appropriateness of consultation undertaken by promoters to date – with particular regard to key parameters – e.g. Heathrow consultation referred to the 57dB_{L_{Aeq}} noise contour – whilst it is widely held that 55dB_{L_{den}} better reflects the onset of annoyance from aircraft noise. Build into the timetable the opportunity for local planning authorities and local people to comment on and be involved in decisions on where to locate new residential and commercial development that would be facilitated by new airport capacity. 	Is the level of community and stakeholder consultation appropriate and fit for purpose?
	Addressing issues of blight	<ul style="list-style-type: none"> In context of airport development, blight can affect properties both directly (in relation to runway construction) or indirectly (in relation to overflying and increase of aircraft noise). Prior to statutory measures coming into effect, sufficient safeguards and certainties need to be provided to help mitigate issues of generalised blight (i.e. appropriate compensation measures in relation to noise must be identified and establish to a reasonable degree of certainty that these will be delivered). Current proposals put forward by promoters tend not to go far enough and could prove ineffective. For example, even with current safeguards and proposed noise mitigation measures, Heathrow would still expose more than 1 million people to harmful aircraft noise, with (at least) one runway needing to operate in mixed mode at all times. The compensation schemes being proposed for Heathrow are already well behind those for other London and European airports. The costs for fully mitigating the impact of aircraft noise at Heathrow would be far higher than the £250m currently identified (see Appendix C). 	<ul style="list-style-type: none"> Continue to actively engage with the Government and promoters to ensure the issue of blight is properly addressed (at all stages of the process). Ensure that any proposals put forward by promoters provide a reasonable degree of confidence about appropriate safeguards, to help minimise the impact of blight prior to statutory provisions coming into effect. Where the proposed compensation is unlikely to be sufficient, or would not provide the certainty required to minimise the early impacts of blight, make appropriate recommendations as to how it can be improved and incorporate any additional costs into their final assessment. Continue to engage the Government in relation to establishing an Independent Aviation Noise Authority, albeit one with real powers. 	Do proposed safeguards provide sufficient certainty to help reduce the impacts of blight?
Medium Term Construction and Transition	The need to protect communities during the construction (and potential airport relocation)	<ul style="list-style-type: none"> The full extent of potential construction impacts, particularly on local communities and how these should be addressed needs to be clearly set out and inform a future NPS. Should an Inner Thames Estuary option be taken forward, consideration will also need to be given to how the interests of communities in the vicinity of Heathrow could be safeguarded during transition and redevelopment. 	<ul style="list-style-type: none"> Ensure any recommendation(s) regarding the potential delivery route for additional runway capacity takes full account of the necessary safeguards for local communities during construction. Make recommendations about how future construction impacts should be dealt with as part of any scheme development and in preparation of an NPS. 	What recommendations can be made to ensure that local communities can be protected during scheme development, construction and operation of the preferred option?
Long Term Airport Operation	The need to ensure that sufficient safeguards or opportunities exist to effectively implement measures which minimise impact of aircraft noise	<ul style="list-style-type: none"> Noise impacts from airports have significant economic costs – the economic benefit of relocating Heathrow and resultant reduction in aircraft noise is estimated at £6.2bn. Whilst by far the best approach is to prevent noise impacts in the first place, if this is not possible, noise management should be applied in accordance with a 'balanced approach' - endorsed by the ICAO and best practice for many European Airports. The ability to implement a balanced approach in relation to additional runway capacity will vary between options (see Appendix C). 	<ul style="list-style-type: none"> Seek to absolutely minimise the number of local communities adversely affected by aircraft noise when reaching a recommendation about where additional runway capacity should be located, Consider fully the ability of each option to implement a 'balanced approach'. Ensure that the implementation of noise management measures (such as restrictions on night flights) do not undermine principle objectives of improving UK's connectivity and resilience in relation to airport operation. Ensure that effective compensation and comprehensive measures are in place to provide noise abatement measures for all those affected by harmful aviation noise. 	What opportunities exist to implement a 'balanced approach' to noise management and mitigation?
	The need to ensure that any investment in surface access improvements are fit for purpose	<ul style="list-style-type: none"> Improved surface access to serve additional runway capacity needs to provide adequate access for airport staff and passengers without doing so at the expense of local communities who also use the network. TfL have drawn up a set of surface access requirements that should be met with any future airport development. Moreover, TfL considers that the surface access provision must align with its optimal scenario if it is to be considered fit for purpose. 	<ul style="list-style-type: none"> Assess all surface access proposals on a consistent basis, ensuring that they are capable of providing a service which meets the requirements of both the airport and local communities. Where additional investment is required, incorporate full costs into their final assessment. 	Are surface access arrangement 'fit for purpose' – can they ensure world class surface access provision for both airport and non-airport users?

Supporting local communities - providing long term community benefits

- 4.8. In addition to the more immediate considerations about how community interests can be sufficiently safeguarded during the development, construction and operation of additional runway capacity, it is also important for the Commission to think more broadly; considering how local communities may be able to share the economic and other benefits that would be realised from both the construction and operation of new runway capacity. Ensuring that local communities are able to identify how they would benefit from additional runway capacity is critical if buy-in and (therefore) expeditious delivery is to be achieved.
- 4.9. To this extent, the Mayor welcomes acknowledgement that opportunities may exist which would allow for the economic benefits of new runway development to be shared with local communities. Whilst DP07 refers to examples currently being promoted within the energy sector, there are a number of other ways in which benefits of a new airport could be shared with those local communities. These are summarised in Table 2 below. In its assessment, the Commission should consider the potential merits of each shortlisted option, to what extent available mechanisms could be applied and how they would benefit affected communities.
- 4.10. For example the amount of economic benefit that could be retained locally will vary significantly between each of the options (e.g. New Homes Bonus – where the delivery of around 59,000 homes across the sub-region for an Inner Thames Estuary would deliver significantly greater economic benefits compared to no additional housing and 900 new homes at Heathrow and Gatwick respectively).

Table 2: Overview of opportunities for benefits to be retained locally

How long term community benefits could be achieved	Mechanisms	Role in the context of delivering additional runway capacity	Existing Case Studies
Community Funds	<ul style="list-style-type: none"> Community Benefit Fund / Community Trust Funds 	<ul style="list-style-type: none"> The use of community benefit or community trust funds would allow for the commercial success of the airport (in part) to be shared with those communities most likely to be affected by its operation. Operated effectively, they would have the opportunity to benefit all those affected by airport development and not just those living within the vicinity of the airport (who may benefit more directly through other compensation measures). 	<ul style="list-style-type: none"> Manchester Airport Community Trust Fund London Luton Airport Community Trust Fund

Retaining Benefits Locally	<ul style="list-style-type: none"> • New Homes Bonus • Business Rate Retention / Enterprise Zones 	<ul style="list-style-type: none"> • The delivery of additional runway capacity will inevitably result in an uplift in land value within the vicinity of the airport, and in some cases across the wider sub-region. • Being able to retain and reinvest an element of this uplift within the local area would be beneficial in terms of providing the community services other supporting infrastructure. Such mechanisms ensure that part of the economic gains of an airport is shared locally. 	<ul style="list-style-type: none"> • Manchester Airport City • Newquay 'Aerohub'
-----------------------------------	---	--	--

4.11. Nevertheless, it must be absolutely clear that benefits retained locally cannot be traded off against severe negative consequences – notably impacts on public health. The ability of an airport option to minimise such impacts remains paramount.

Consultative arrangements – the need for ongoing, constructive and meaningful engagement

4.12. For each of the issues outlined above, and for any other issues that may arise during the operation of additional runway capacity, there is a need for constructive and meaningful engagement between any airport developer or operator and its respective local communities, to ensure that any issues can be addressed in a timely manner and on an ongoing basis. Whilst consultative arrangements exist for both Heathrow and Gatwick, their ability to support effective engagement with local communities has been limited.

4.13. It is important that consultative arrangements are independent of airport operators and are adapted to reflect local circumstances; there may be opportunities as part of the Commission’s work to provide recommendations as to how current Government guidance could be updated to provide more effective consultative arrangements.

4.14. In particular, it is important that Airport Consultative Committees are fully engaged by their airport in the early stages of decision making so that they have a genuine role in shaping outcomes. There are likely to be opportunities for revised or enhanced consultative arrangements to guide scheme development, design and construction. The potential consultative benefits associated with a publically owned and/or operated airport are also recognised by the Commission.

KEY FINDINGS

Community engagement and involvement is critical to any decision on where additional runway capacity should be located. It should be a central part of the Commission's assessment process.

Community and stakeholder engagement should be effective, transparent and meaningful throughout the development, construction and operational stages. This includes the Commission's assessment process.

There is a need to involve all who will be impacted. This may require engagement outside the immediate vicinity of the airport and across local authority boundaries.

Compensatory measures must go beyond the statutory requirements – and be made available to all who are affected by additional runway capacity.

Existing consultative arrangements currently fall short. They need to be strengthened to ensure that local communities, through Airport Consultative Committees, have a genuine role in shaping outcomes.

5. Role of Government

- 5.1. As an issue of national significance – and one that will remain politically challenging – it is not enough for Government simply to support whatever recommendation emerges. What is required is proactive leadership on the part of Government – it must commit to the delivery of the optimal runway capacity solution. This is essential for providing the certainty which local communities, the aviation industry and the wider UK economy requires.
- 5.2. So, whichever option is taken forward, there will be a critical role to be played by Government – and without which, the successful and timely delivery of any option will be very challenging. The Government also has a particular role in helping secure the necessary transport network enhancements, the wider economic and social benefits as well as the environmental and public health safeguards.
- 5.3. The part to be played by Government in each element of the delivery of additional runway capacity is set out in Table 3. It is acknowledged that for an Inner Thames Estuary option the Government’s role in delivering the airport itself is likely to be greater than for the other options; nonetheless, the type and scale of connectivity, social, economic and environmental benefits are significantly higher than for the other options and could therefore justify a higher level of initial public sector involvement.

Table 3: Role of Government in planning, delivery and operation of new runway capacity

	Heathrow Airport Limited	Heathrow Hub Limited	Gatwick	Inner Thames Estuary	Rationale
Establishing effective legislative and policy framework	✓✓	✓✓	✓✓	✓✓	Whether consent is secured through a DCO or Hybrid Bill, the Government will have a critical role to play in preparing the legislative and policy frameworks required to deliver an airport and its associated development.
Planning	✓✓	✓✓	✓✓	✓✓	Government will be ultimately responsible for issuing consent for any of the Options.
Land acquisition and preparation	✓	✓	✓	✓✓	Development of any option will require the compulsory purchase of land which will ultimately need to be approved by Government. For an ITE, the Government (or public company set up by Government) are likely to be the acquirer of land.
Financing and construction of airport	✗	✗	✗	✓	Construction of an ITE will likely be initially funded via the public sector whilst it is currently assumed that other options would be privately financeable.
Financing & delivery of surface access improvements	✓✓	✓✓	✓✓	✓✓	Government or other public sector bodies will be directly involved in the financing and delivery of surface access improvements for all options.

Maximising wider social, environmental and economic benefits	✓✓	✓✓	✓✓	✓✓	Government or other public sector bodies will be directly involved in the planning and delivery of other associated development (e.g. housing/employment) for all options.
Economic, safety and security regulation	✓	✓	✓	✓	Government and other public agencies will be responsible for the airport's regulatory framework.
Initial opening phase	✗	✗	✗	✓	For the ITE, there may be a role for Government in relation to its early stage operation as it ensures a smooth transition and brings in private sector investment. Otherwise, Government's role will be limited.
Operation & long term investment	✗	✗	✗	✗	Government is unlikely to have any direct, long term role in the commercial operation and ongoing investment of the airport, which will operate on a commercial footing.

✓✓	Indicates significant direct involvement
✓	Indicates moderate involvement
✗	Indicates limited or no involvement

- 5.4. Given the significant level of Government involvement in each option - including investment in surface access infrastructure - the project will likely have to demonstrate compliance with EU state aid rules. All the options under consideration by the Commission have been developed on a commercial basis and as such ought to meet the MEIP (market economy investor principle) test. In the case of the Inner Estuary option, as the discussion paper acknowledges, this could include the Government purchasing the land and financing construction before selling or leasing the airport to private sector interests. Certain elements are likely to be deemed disaggregated from the main airport cost, notably surface access and the 'airport city' - and these also ought to be able to avoid application of state aid law.
- 5.5. As such, notwithstanding that the EU state aid notification procedure will have to be followed, a strong case can be made that the Government's role is compatible with EU state aid rules.

KEY FINDINGS

As an issue of national significance, Government must provide leadership and commit to the delivery of the optimal runway capacity solution. It has a key role to play, whichever option is progressed; Government involvement will likely be phased out a short while after the new capacity is delivered.

The Government support envisaged for all the options is likely to be compatible with EU state aid rules.

6. Developing appropriate mechanisms to support the delivery of additional runway capacity and associated infrastructure

- 6.1. The delivery of new runway capacity will not be easy. As set out above, the Government will have an important role in creating a regulatory and policy framework which enables the expeditious delivery of additional runway capacity, as well as the associated infrastructure and ensuring the wider economic and social benefits are maximised. It is therefore imperative that consideration is also given as to how the Government can work with other public or partnership bodies to achieve this.
- 6.2. There is a need for a co-ordinated and integrated approach to delivery. Whichever option is progressed, there is merit in establishing a taskforce (similar to that set up for HS2) which could drive forward the development and capitalise on the growth which ought to flow from such a major infrastructure investment. Such an approach, with appropriate local representation, would be best placed to ensure that the full cross sector impacts of an airport are considered and would allow for the optimum integration of land use and transport planning within the vicinity of the airport.
- 6.3. It would also be incumbent on Government to ensure the appropriate institutional framework to co-ordinate and support investment, planning and delivery. In the case of an Inner Thames Estuary option, special purpose delivery bodies could be established, notably:
- **A Mayoral or urban development corporation** – to guide and support development at the vacated Heathrow site;
 - **A construction-focused Estuary Delivery Authority** – similar to the Olympic Delivery Authority (ODA), whose powers could include delivery of the new airport, delivery of the ancillary infrastructure and surface access and planning powers and support for development in the wider corridor;
 - **A smaller transition-focused body** – providing advice and support to companies and individuals, the latter including support for the Government's skills agenda.
- 6.4. In recognising the importance of delivering the wider benefits from additional runway capacity, the Commission, in reaching its recommendations, should give serious thought as to how the opportunities to do so may differ between the various options. For example, there are likely to be significant advantages associated with the delivery of a new hub airport in the Inner Thames Estuary, where a number of development opportunities exist and where the Government's potential involvement would allow for more integrated delivery arrangements (similar to those employed for HS2 and Crossrail), than perhaps would be achievable by a privately led development at Heathrow or Gatwick.

Key Findings

Successful delivery of additional runway capacity will be dependent on establishing effective delivery arrangements not only for the airport itself but also in relation to wider development opportunities.

Wider economic and social benefits will only be realised by taking an integrated and co-ordinated approach to delivery. Employing a taskforce led approach and establishing special purpose delivery bodies would be an effective way of achieving this.

Opportunities to maximise the wider benefits from additional runway capacity in the South East will vary significantly between options. The Commission must recognise this and give it full consideration as part of their assessment process.

APPENDIX A: Airports Commission questions presented in Discussion Paper 07

[including the section of this document in which they are addressed]

What do you think of the options for securing planning consent on new airport capacity?
What are their particular strengths or weaknesses? [\[2.2\]](#)

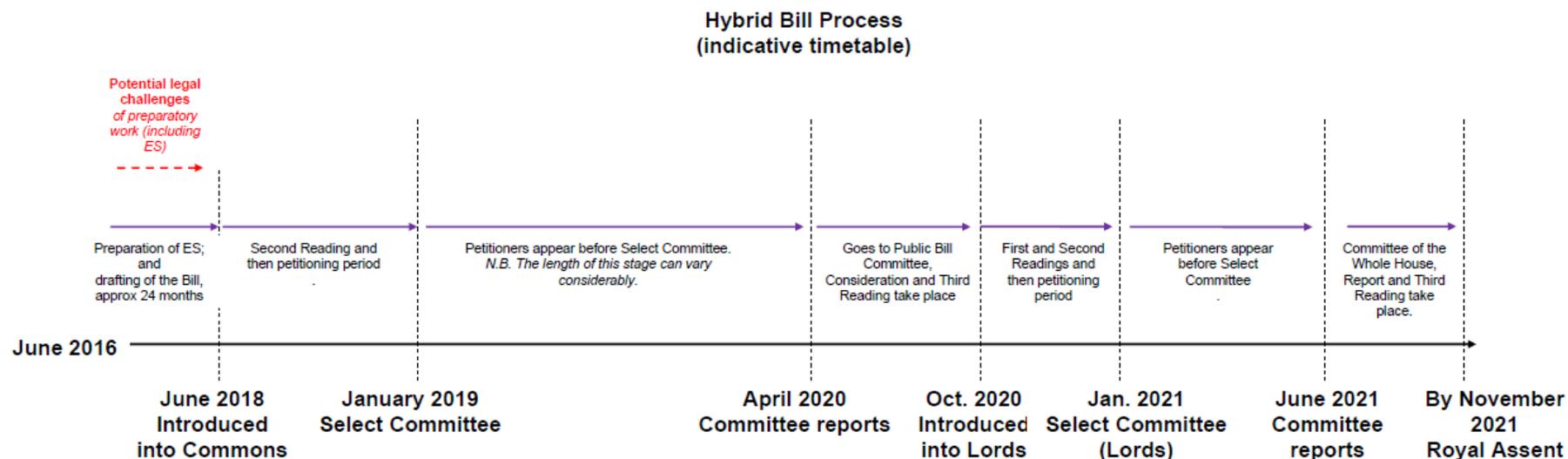
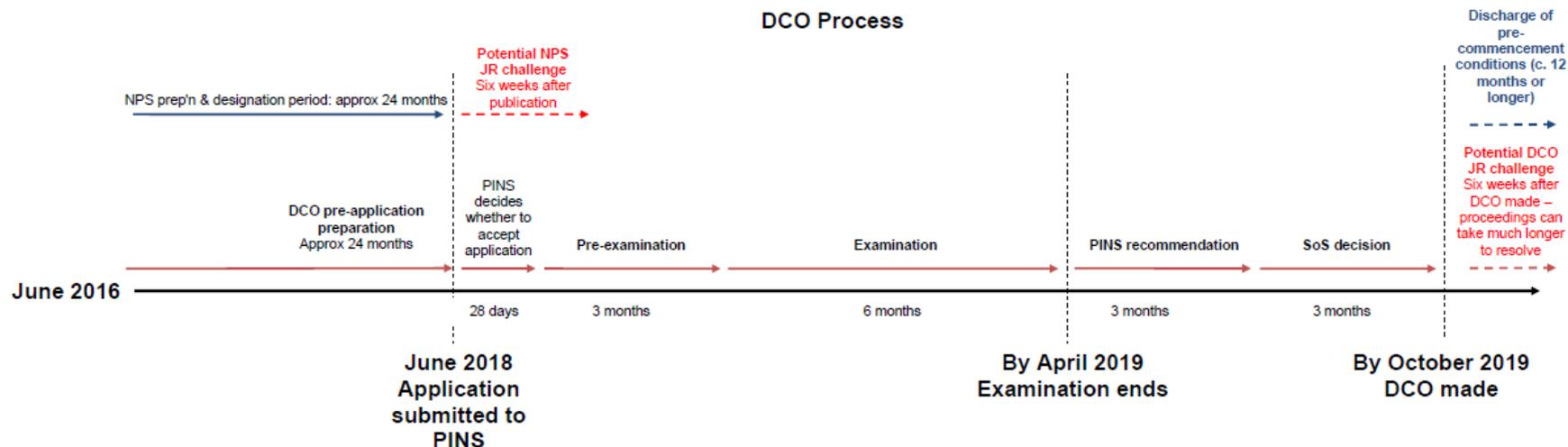
Are there any other options that the Commission should consider? [\[2.18\]](#)

What are the factors the Commission should consider in relation to local communities and the delivery of new airport capacity? [\[4.6\]](#)

What are your views on the potential roles of the state in enabling the delivery of new airport capacity? [\[5.1\]](#)

Are these the right issues for the Commission to consider in relation to the expeditious delivery of any new airport capacity? [\[3.3\]](#)

APPENDIX B: Hybrid bill and DCO process – key milestones and indicative timetable for delivery of additional runway capacity



APPENDIX C: Consideration of the suitability of currently shortlisted options in relation to community noise impacts

Uncertainty and inadequacy of current compensation proposals

Whilst the most recent submissions from both Heathrow and Gatwick set out proposals to compensate and mitigate local communities who are affected by any future runway development; there is still a significant amount of uncertainty about what this will mean in practice. Such uncertainty will not help local communities and do little to address the issue of generalised blight in relation to future development at both airports.

When considering the issue of aircraft noise, there remains significant uncertainty as to how the current, high level promises may translate to effective, implementable schemes on the ground. For example, at Heathrow, the current compensation arrangements for those exposed to noise above $69\text{dB}_{\text{LAeq}}$ are significantly below the compensation standards set by other airports both in Europe and London (with compensation starting at $55\text{dB}_{\text{Lden}}$ at Nice and $57\text{dB}_{\text{LAeq}}$ at London City). Should current arrangements continue, there would be a significant number of people located within the $55\text{dB}_{\text{Lden}}$ noise contour (for which the onset of annoyance affects), who would not be compensated.

Should Heathrow implement its compensation measures in accordance with practice at Nice, the cost of mitigating aircraft noise is likely to be significantly greater than the £250m currently identified in the Heathrow submission (Box 1).

Box 1: Compensation benefits from a third runway at Heathrow

In their most recent submission, Heathrow have set aside £250m to help offset the impact of noise on the local community. It is assumed that this fund will be used primarily for installing insulation in those houses most affected. Whilst the details of the scheme are yet to be finalised, a figure of £250m appears to be a complete underestimation of the cost actually required to compensate all those who will experience an onset of annoyance from additional aircraft movements.

Assuming a 100% contribution to noise mitigation for domestic properties at around £3,000 per dwelling¹, the £250m fund could only insulate approximately 83,000 dwellings. However, noise modelling has indicated that the total number of people exposed to aircraft noise from a third runway at Heathrow of $55\text{dB}_{\text{Lden}}$ or above is significantly higher at almost 1.1 million. At least an additional 200,000 people² would be affected if potential development opportunities in London (within the contour) were brought forward. Taking the average household size as a proxy for the number of dwellings affected by harmful aircraft noise, then the cost of insulating all households affected by aircraft noise of $55\text{dB}_{\text{Lden}}$ or higher could be in excess of £1.6bn. Even if only half of these properties were compensated then the cost would still be between three to four times more than what the current £250m would allow for.

In reality, there will also be a need to insulate other sensitive developments (e.g. schools, hospitals) and additional development (outside of GLA boundary and beyond 2036) which would increase these costs further.

¹ £3,000 is the maximum contribution available per household from Gatwick Airport as part of their local noise compensation scheme launched in April 2014. As such this serves as a useful starting figure for estimated cost.

² Assessment of potential development which would be affected by aircraft noise of $55\text{dB}_{\text{Lden}}$ or above has indicated at least an additional 207,897 additional population could be affected (up to 2036 and within the GLA area only).

Difficulty in achieving a 'balanced approach' to noise management for shortlisted options

When reviewing the potential of existing 'balanced approach' in the context of additional runway capacity for the options currently shortlisted, there are a significant number of challenges which are likely to affect the capability of successfully applying the approach:

- **Reduction of aircraft noise at source** – whilst new generation aircraft are making a positive contribution to the reduction of aircraft noise, the current trend is limited and the rate in which aircraft noise from source has been reduced has been diminishing in recent years. The trend of limited improvement is likely to continue. At the same time, recent studies have concluded that these improvements can easily be offset as a result of operational behaviour⁵. The potential to reduce aircraft noise at source is therefore limited.
- **Land use planning management** – In relation to London's existing airports, development continues to be actively directed towards noise sensitive corridors. Given significant land constraints in both London and the wider south east, opportunities to manage land use planning in this way up to and beyond 2050 are limited. Therefore, the number of people living within areas at risk of being detrimentally affected by the annoyance of noise is set to increase significantly beyond current levels⁶.
- **Noise abatement** – current noise abatement at both Heathrow and Gatwick is inadequate. Despite established mitigation measures, there remain a number of local communities who are significantly affected by the onset of aircraft noise. Whilst there is some scope to implement additional mitigation measures, the proposals for the current short listed schemes are inadequate and will not provide the level of mitigation or compensation required.
- **Aircraft operating restrictions** – whilst operating restrictions can be and to some extent are in place, the need for more late night and early morning flights is vital for the connectivity to long haul destinations the UK needs. Given the significant adverse impacts that already occur as a consequence of night flights at Heathrow, it is inconceivable that any increase in late night / early morning flights should be allowed.

Although not all of these could necessarily be addressed by way of geographical location alone, there would be better opportunities to achieve a 'balanced approach' to noise mitigation with the construction of a new airport.

Endnotes

¹ For HS2, a total of 1,917 petitions were submitted; it is estimated they will take up to two years to consider.

² A number of Hybrid Bills are also anticipated to be progressed within a similar timescale to that which would be required for new runway capacity – e.g. Crossrail 2, HS2 Phase Two and possibly an HS3.

³ London Plan (2011), Policy 6.6 Aviation

⁴ CAA, Managing Aviation Noise (2014)

<http://www.caa.co.uk/docs/33/CAP%201165%20Managing%20Aviation%20Noise%202.pdf>

⁵ Ibid.

⁶ Review of SHLAA data has shown that an additional 88,769 dwellings (equating to 207,897 additional population) could be affected by aircraft noise within the 55dbLden noise contour (GLA area only) by 2036 if all known development opportunities were delivered.