

LONDON SOUTHEND AIRPORT

Response to the Airports Commission's Call for Evidence Inner Thames Estuary Feasibility Studies

Introduction

The Airports Commission's Introductory Note on Inner Thames Estuary Feasibility Studies of January 2014 calls for evidence for four feasibility studies. This response is from London Southend Airport of the Stobart Group. It includes evidence relevant to studies 2, 3 and 4, on attitudes to a new airport, socio-economic impacts and surface access impacts.

The assumption for our response is that a decision to create an Inner Thames Estuary Airport is made in 2015 and that it would open in 2030, when London Southend Airport would close.

Study 2 - Operational feasibility and attitudes about moving to a new airport

Industry response

Terms of reference

This will assess qualitative reactions of key industry stakeholders: views, confidence levels or reactions to any decision to develop a new hub airport in the inner Thames Estuary and the different potential airport operational scenarios at any such new site, with participants likely to include:

- *Operators (airlines - alliances, scheduled, charter, general and business aviation, airports and related services - baggage handling, rescue, safety and others as appropriate); and*
- *airport users (industries for which aviation connectivity is important, for example tourism, financial services, businesses affected around the current and prospective airport, e.g. M4 corridor /north Kent / east of London).*

Operators

London Southend Airport was acquired in 2008 by the Stobart group since when Stobart have invested over £130 million in upgrading the facilities at the Airport, including a new control tower, runway extension and associated road diversion, new radar, rail station, terminal building, hotel, car parking and various ancillary facilities.

The initial forecast of 2 mppa by 2020 for London Southend was made when there were virtually no passenger flights and before a 10 year deal was signed with easyJet to operate from the Airport. In 2013, 970,000 passengers were handled and growth of around 25% is expected in 2014. It is now expected that 2 mppa will be reached before 2020, although the precise year depends on the success of attracting new airlines and routes. The facilities now in existence can accommodate up to around 5 mppa with a reasonable spread of services throughout the day, week and

year. The main facilities such as the runway, aircraft stands, terminal and rail station can all accommodate this level of annual passengers, with minor modifications. Car parking will need to be increased progressively, but there is land available to accommodate this. The current planning limit of 53,300 annual aircraft movements can also accommodate this level of passengers, assuming a reduction in non Air Transport Movements. An increase in the number of aircraft movements above 53,300 would require an application to amend the planning condition; however the physical capacity of the runway and major facilities could accommodate more than around 5 mppa with limited development within the existing boundaries of the airport.

Stobart invested in London Southend Airport on the basis that it would provide a return on that investment over its full life. Asset life varies according to the type of facility, with runways and aircraft stands typically 100 years (although resurfacing is required at around 20 years), terminal and other buildings 30-50 years, with shorter lives for fittings and mobile equipment. If London Southend Airport closed in 2030, these assets would therefore be only part way through their lives, and compensation would be sought.

From a decision date of 2015, the remaining life when a return on investment could be achieved would progressively reduce, so the likelihood of investment from 2015 to 2030 is reduced, with maintenance at a level which maintained safety. The business is likely to suffer from the uncertainty that would arise if a decision was made to progress with an Inner Thames Estuary Airport. Attracting new carriers and maintaining existing carriers would become more challenging leading to blight on the Airport's further development during this period.

If the Airport closes, it is possible that some of the land could be redeveloped for housing, although most of the land is designated as Green Belt.

Airport Users

London Southend's population catchment is significant. The area of easy access stretches well into London and covers the affluent, densely populated areas of Essex, Kent and Eastern Surrey. 5.4 million People live within 60 minutes travel time and just under 20 million people living within 2 hours travel time. Data from a 2012 survey shows that 17% are from Southend-on-Sea, 38% from the rest of Essex and 30% from London, including 9% from the London Boroughs of Havering and Redbridge. These passengers from north of the River Thames would have to travel longer distances to an Inner Thames Estuary Airport, including crossing the River. As well as quicker journeys to and from the Airport, passengers at Southend Airport benefit from the fact that, due to the Airport's design and scale, it is quick and easy to pass through.

As well as Stobart's investment in London Southend Airport, a number of other business based at the Airport require an operating Airport, in particular those with Maintenance, Repair and Overhaul (MRO) business, such as ATC Lasham. It is not possible to indicate the monetary value of these businesses. A number of flying clubs and private aircraft also operate at London Southend Airport and would have to relocate or close if the airport was no longer operational.

The number of businesses located near to London Southend Airport because of its convenient connections is growing with the major businesses in the area, such as Olympus Keymed and the various Ford research and development facilities increasingly using the services available. Additionally, the Joint Area Action Plan from Rochford and Southend council's envisages a significant development of business parks adjacent to the Airport leading to the creation of 7,000 jobs, and the attractiveness of these sites will be highly dependent on the retention of the Airport. The vision of the JAAP is noted as:

'An area that realises its potential as a driver for the sub-regional economy, providing significant employment opportunities and ensuring a good quality of life for its residents and workers. To achieve this, the area's assets and opportunities for employment need to be supported and developed'¹

The JAAP envisages that the business parks will contain offices, a medical technology business campus alongside high tech businesses including aviation related firms such as Ipeco, which manufactures crew seats for Boeing and other aircraft. Around 100,000 square metres of new floorspace is planned and it is clearly linked to the expansion of the Airport. Without doubt, the success of the business park would be at best seriously compromised by the closure of the Airport.

Socio-economic impacts

Terms of reference

Understanding the national, sub-national and local economic, and in some cases, social impacts of closing Heathrow and seeking to assess the regeneration potential of east London and the south and east of England, including:

- *Economic benefits of a new hub airport in the inner Thames Estuary;*
- *Identification of the redevelopment potential of Heathrow and London City airports, for example in construction, supply chain, foreign investment, new homes;*
- *Economic assessment of the impacts of closing Heathrow and London City airports and constructing a new airport at inner Thames Estuary location;*
- *social impacts of closing Heathrow and City airports, including regeneration impacts on London and north Kent as a result of building a new airport in the Estuary (direct, indirect and catalytic);*
- *Potential of airport developments to drive change in the economic geography of London; and*
- *Competition impacts on aviation sector and potentially wider (where relevant, e.g. freight) in the South East of closures and redistribution of traffic.*

Although the terms of reference refer mainly to the closure of Heathrow and London City Airports, the closure London Southend Airport also raises similar issues. It is a matter for the LEP and local authorities to assess the full socio economic impacts of closure, but there are two particular aspects which the Airport can comment on.

¹ London Southend Airport and Environs Joint Area Action Plan Submission Draft February 2013, Rochford District Council and Southend-on-Sea Borough Council

First, it is clear that the expansion of London Southend Airport is a major catalyst in terms of the economic geography of Essex, in that it is enabling Southend and the surrounding districts to enhance their offer as a place to work and live. This is clearly the intention of the Joint Area Action Plan as well as the wider plans of the local authorities and the LEP. The JAAP envisages 7,000 jobs in addition to the 1,000 jobs at the Airport which were in the base case. For the wider impacts see, for example, the South East LEP's Strategic Economic Plan which has London Southend Airport at the heart of its A127 London-Basildon-Southend growth corridor.² These plans could not be implemented if Southend Airport is closed.

Secondly, London Southend Airport provides an opportunity for competition for passengers between airports and airlines. Southend Airport provides a unique opportunity for airlines to operate from a 'one stop shop' where a single organisation provides all the services, such as aircraft handling, customer service, car parking and rail station. This offer then competes with other airports where services are provided by a range of organisations. For the passenger, Southend Airport offers a customer service experience that is enhanced by the short distances and simply easier philosophy which has been designed into the facilities and operations.

Surface access impacts

Operations

Terms of reference

This may include:

- *New infrastructure required to support inner Thames Estuary proposals and the deliverability of said infrastructure;*
- *implications of a Thames Estuary airport on the utilisation of current strategic and local road and rail infrastructure, including the availability of rail paths for commuter and intercity services, the availability of capacity on HS1 and levels of road congestion, and impacts on local transport networks;*
- *Availability of London rail terminal capacity and the ability to relieve constraints in this area (for example via outer-London interchanges);*
- *Implications of an inner Thames Estuary airport for travel times to a hub airport for users beginning or ending their journey outside of the London area; 12*
- *Resilience of surface transport links to an inner Thames Estuary airport against forecast growth in non-airport demand on road and rail networks;*
- *Whether these forecasts remain realistic alongside any development opportunities that might reasonably be expected to accompany an inner Thames Estuary airport; and*
- *The relationship between any surface transport infrastructure required for an inner Thames Estuary airport and other planned major infrastructure works such as Crossrail, HS2 and lower Thames crossing*

² Southend East LEP, Growth Deal and Strategic Economic Plan, March 2014.

An Inner Thames Estuary Airport will require completely new road and rail infrastructure and, by definition, most of this will be on the south side of the Estuary. However, there may be particular impacts in two areas, the M25 and rail routes to London.

The Mayor's submissions to the Airports Commission show new road links from a widened M25 to a new Inner Thames Estuary Airport via a new Lower Thames crossing. The M25 is likely to be a major route to the new Airport from other parts of London and the South East and, as such, will make journeys to and from Southend using the M25/A127 junction longer.

The current rail service between London and Southend Airport is adequate, although improvements are needed in terms of timetables and quality. Network Rail is preparing long term plans (to 2043) which include significant improvements to the infrastructure, and the new Greater Anglia long term franchise from 2016 will enable the service and quality improvements to be implemented. These plans will be jeopardised by a decision to develop a Thames Estuary Airport.

The Mayor's submissions show development areas associated with an Inner Thames Estuary Airport around Grays/Ebbsfleet/Dartford and the Medway towns. This is likely to mean that investment in transport will be focused on these areas and not on Southend.