

May 2014

London City Airport submission to the Airports Commission

Consideration of an Inner Thames Estuary Airport as a credible option

Introduction

London City Airport¹ acknowledges that it is not a significant participant in the wider airport capacity debate and, while in the short to medium term it will be able to relieve the pressure on capacity constrained airports², in the long-term, under any solution proposed by the Airports Commission, the airport expects to continue and grow its mainly business-focused operation.

The Airports Commission has called for evidence to inform its decision whether a new hub airport situated in the Inner Thames Estuary should be seen as a credible option for the provision of extra UK airport capacity. This paper addresses some of the Commission's Terms of Reference, comprising:

- Economic impact of the construction of a new hub airport in the Inner Thames Estuary forcing the closure of London City Airport
- Social impact of closing LCY, including regeneration impacts on London, as a result of building a new hub airport in the Inner Thames Estuary
- Potential airspace implications of operating a new hub airport, including the rationale for closures and impacts on UK and European airspace

Executive Summary

- London City Airport is a unique airport in terms of location, convenience (transport links), speed of transit and passenger profile, serving London's centres of finance, commerce and government in The City, Canary Wharf, Westminster and acting as Europe's gateway to the rapidly developing east of London
- The airport's proposed development, the City Airport Development Programme (CADP), will act as a catalyst for the future development of the east of London and the airport's immediate catchment areas (including London's Royal Docks) in particular

¹ London City Airport (LCY) is the only London airport situated in London itself, just three miles from Canary Wharf, seven miles from the City and 10 miles from London's West End and linked to all via the Docklands Light Railway. Catering for 3.4 million passengers (63% travelling on business, and 61% inbound) and 70,000 movements annually, in 2013 LCY celebrated 26 years of operation. LCY offers a unique rapid transit proposition – a short check in (door to lounge) of around 20 minutes, and a shorter arrival (tarmac to train) of around 15 minutes. 11 airlines fly out of LCY, serving 46 mainly European destinations, eight of which were new for 2013, 7 for 2014. The airport has permission to increase its operation to 120,000 movements per annum – carrying 6 million passengers - which it intends to do by 2023. Further information about the airport and its services can be found at www.londoncityairport.com (London City Airport's own data and research 2014)

² Some 15% of Heathrow's traffic is shorthaul and some 64% of its shorthaul passengers are O&D passengers – who would be better served flying into LCY (Heathrow and ACL data)

- The proposed City Airport Development Programme will allow the airport to reach a currently permitted yearly level of 120,000 flight movements (granted 2009) by 2023 and an associated 6m passenger throughput³
- LCY delivers some £750m of economic benefit to the UK each year – this is expected to grow to £1.5bn each year by 2023⁴
- The airport employs around 2,000 people on campus – this is expected to grow to 3,500 by 2023, plus a further 500 jobs in the construction of new airport infrastructure.⁵ A significant number of these jobs will be filled from the communities surrounding the airport
- The airport has already helped bring significant inward investment to London's Royal Docks with development proposals such as Silvertown Quays and the Asian Business Port (ABP)⁶
- LCY's permitted increase in movements is around 10% of the total handled by LHR today and is not material to the viability of any of the long term solution for the south-east and for the UK currently under consideration
- The Airports Commission has concluded that an Inner Thames Estuary airport would force the closure of LCY - stating "an Estuary airport would require the closure of Heathrow for commercial reasons and London City for airspace reasons" - which renders this option wholly unacceptable to the airport⁷
- Actual impacts on UK airspace of the construction of a new hub airport are yet to be fully understood

Specific Commentary

1. *Economic impact of the construction of a new hub airport in the Inner Thames Estuary forcing the closure of London City Airport*

The presence of London City Airport in London's Royal Docks:⁸

- leverages investment in East London's transport infrastructure (the DLR and a possible Silvertown LCY Cross rail station) assisting the ongoing regeneration of London's Royal Docks and the wider east of London
- is a vital gateway to the east of London, contributing to its growing reputation as a place to live, do business and to visit
- has supported the location and expansion of the globally significant financial and business services cluster at Canary Wharf and the world class exhibition and convention centre at ExCeL – and is now associated with the planned Asian Business Port, Silvertown Quays and University of East London (UEL) developments

³ An increase of some 3 million passengers over 2013 figures and some 10% of the projected passenger increase in the London airport system over the next 10 years (*DfT air travel estimates*)

⁴ (*York Aviation data 2013*)

⁵ (*York Aviation data 2013*)

⁶ Some \$2bn is to be invested in London's Royal Docks, creating up to 50,000 jobs within 20 years (*businesses' own estimates*)

⁷ Airports Commission Interim Report December 2013, Exec Summary, Para 44, page 15(*NATS data*)

⁸ Integral to Growth – The Economic Significance of London City Airport (*York Aviation 2011*)

- has contributed significantly to business productivity for users across East London, but particularly the financial and business services firms of the City of London, Canary Wharf, London's Royal Docks and Stratford by providing rapid, easy and efficient access to a wide range of European business destinations and to the USA (New York). Following development of LCY it is expected that direct inter-continental connectivity will expand to both the east (Turkey, Russia, the Balkans and the GCC) and the west (USA and Canada)
 - is an essential tool for high value-added, time-sensitive individuals on which the London economy is heavily reliant (an LCY passenger's time is valued at around £200 per hour)⁹
 - acts as a vital gateway to London for business and leisure tourists, at a time when London is targeting a growth in tourism as part of its future growth opportunity
- 63% of the airport's passengers are business travellers, and 61% are inbound, and the airport's economic impact – in terms of bringing business opportunity and inward investment to east London and the impact that business travellers have on the UK economy as a whole – is felt across London, the south east and the UK as a whole
- LCY's passengers would not be better served flying through other airports – LCY has the best train connections of any London airport¹⁰ (68% of passengers use public transport to access LCY which is of significant environmental benefit and demonstrates the positive impact of an integrated transport operation) and a unique 'speed of transit' proposition which other airports cannot match, and which passengers value
 - Passengers, especially business passengers, vote with their feet – if they found other airports easier, quicker, or more convenient, they would already be using them
 - New multi-billion pound developments, (Asian Business Port (ABP), Silvertown Quays) have located in the area because of the airport, not in spite of it
 - Bringing about the closure of London City Airport – in the face of clear evidence of LCY's roles in its local community, in east London, across London as a whole and as a catalyst for change and driver of inward investment – is to deliver less opportunity for areas that desperately need it, and the closure of valuable business routes into – and out of – the capital's financial, business and political hearts. This would also be at a time when the population of London is increasing and people and businesses are moving east

⁹ The DfT values the time of a foreign business passenger at £74.10 per hour, LCY passengers are 63% inbound and value their time at around £200 per hour *(Based on the Consultation on the Future Development of Air Transport figures, adjusted to 2010 values, and London City Airport's own research)*

¹⁰ *(Which? Survey 2014)*

£750 Million Direct Annual Contribution to UK Economy

London City Airport
Get closer.

£539 million

the amount spent by business & leisure tourists using LCY*

£110 million

generated through operations and businesses at LCY per year*

£73 million

productivity benefits delivered through journey time savings by using LCY*

£22+ million

In air passenger duty to the Exchequer*

£1.5 billion

Estimated annual contribution by 2023*

*Source: LCA 2018 Research, by North Consulting

2. Social impact of closing LCY, including regeneration impacts on London, as a result of building a new hub airport in the Inner Thames Estuary

Baroness Jo Valentine, Chief Executive, London First, has commented "London is a leading world city that requires world-class links to global markets. Business has long recognised London City Airport's value to the economy, to the growth of East London and to the vital regeneration and job-creation needed in a long-neglected part of the capital. The airport remains one of the jewels in our crown."

- 1,200 jobs (and as many as 2000 by 2023) are filled by people living within 5 miles of the airport (approx. 60% of total employees)
- In total, here are 2,000 existing jobs at London City Airport (LCY), plus 1,500 more expected as a result of the City Airport Development Programme (an additional 500 jobs will be provided during the construction phase of LCY's development plan).
- LCY's has a strong community focus built on three key pillars – employment, training and education
- In 2013, LCY donated over £50,000 to local charities, community groups, schools and other organisations, and staff gave more than 400 hours of their time through volunteering
- LCY has engaged with 27 schools, attended 14 careers and job fairs and held 8 CV and interview skills workshops with groups of people not in education, employment or training
- 25 airport tours have been held for 800 participants from local schools
- LCY's employment programme (Take Off into Work) provides skills training and work experience for local adults looking for employment and has helped more than 300 people back into work since 2009

London is moving East. Sir Edward Lister, Deputy Mayor for Planning at the GLA, said the Royal Docks would draw “significant development in the next few years”, largely driven by London City Airport and its expansion plans. “You have an airport that is so well connected to Europe. It’s a great location for commercial premises and other businesses that need quick communications into Europe”¹¹

- The population of inner east London is forecast to grow by 21% by 2020
- 42% of all new housing in the capital is being built in east London
- The number of people in employment in inner east London is forecast to grow by 7% by 2020
- The number of active enterprises in inner east London is forecast to grow by 21.5% by 2020
- East London has the highest rate of business start-ups in the whole city¹²

LCY’s impact on the communities in which it operates and on the regeneration of the east of London is far-reaching and would be lost were the airport to be closed.

3. Potential airspace implications of operating a new hub airport, including the rationale for closures and impacts on UK and European airspace

The Airports Commission interim report concluded that, were a new airport to be constructed in the Inner Thames Estuary, the existence of London City Airport would be threatened and states “it would be very challenging to manage the interactions between arrivals and departures at the new airport and those at London City, suggesting the latter would have to close.”¹³ The airport therefore finds this solution wholly unacceptable and objects in the strongest terms.

It is understood that the Airports Commission has requested a further report (from NATS, the main air navigation service provider in the UK) on the potential airspace impacts of an Inner Thames Estuary airport solution. If the results of this work confirm the closure of London City Airport to be an inevitable consequence of an Inner Thames Estuary option, then LCY will resist that option in the strongest possible manner.

If the Inner Thames Estuary option is then taken forward as the preferred solution, the airport will pursue full and fair compensation for its closure, or the curtailment of its operation, on behalf of its owners.

In 2013 NATS embarked on a consultation around the London Airspace Management Programme (LAMP), which, amongst other things will allow the modernisation of airspace structures to improve efficiency which could have a bearing on the possible impact of an inner Thames Estuary solution.

The first phase of the LAMP consultation (which initially takes in London Gatwick and London City Airports) is described by NATS in the following manner:

¹¹ (Financial Times, May 2013)

¹² (GLA data 2013)

¹³ Airports Commission Interim Report, Chapter 6, Paragraph 6.38, Page 187

London Airspace Management Programme (LAMP) - London Airspace Consultation

New European legislation requires all member States, including the UK, to revise our airspace to incorporate the latest aircraft navigation capability. Change is therefore inevitable; this consultation is about how best to enable that change. It also gives us (NATS) the opportunity to modernise airspace structures to improve efficiency, and to reduce the environmental impact of air traffic.

This consultation is the first stage in a wider programme of proposed changes to deliver the UK's Future Airspace Policy, developed by the Civil Aviation Authority (CAA) with the support of the aviation industry. It will deliver significant benefits, including fuel savings for airlines which will also mean fewer CO2 emissions, and less noise overall for people living below.

This first stage addresses changes to the airspace supporting Gatwick Airport from ground level up, and to the airspace supporting London City above 4,000ft. Later stages will address proposals for airspace supporting other parts of the London airports network, to be complete by 2020.

The following points should be noted:

- We (NATS) are consulting on broad areas of airspace within which routes will need to be positioned. Final route positions will be determined after considering the consultation feedback*
- The net effect of these proposals will be less noise – aircraft will climb higher, more quickly on departure and stay higher for longer on arrival*
- However, flight paths will change, some areas may be overflown more, others less and some will not notice any significant change*
- We (NATS) include the possibility of “respite routes” – additional routes that could provide some predictable respite from noise for people living below flight paths near Gatwick*
- Our new design concept, making the most of modern navigation capability, will significantly reduce the use of conventional holds (or stacks), and put new route structures over the sea where possible*
- This change will improve efficiency – reducing the average amount of CO2 emitted by each flight*

Airspace Design

We (NATS) are proposing a new design concept to replace conventional holds, or stacks, to support Gatwick and London City Airports. Point Merge will change the spread of flight paths across the sky, so will change the local noise and visual impact; some areas may be overflown more, others less and some will not notice any significant change; but it is important to note that these areas are already overflown today.

Conclusion

- London City Airport acknowledges the need for greater aviation capacity in the South East – a need which should be met by optimising the use of existing airport capacity and then by the provision of new airport infrastructure
- In the short to medium term, London City Airport can make a contribution to relieving existing capacity constraints (including at Heathrow) through its infrastructure development plans (the CADP) which will allow it to achieve an already permitted 120,000 aircraft movements per annum
- In the longer term, the airport notes the conclusion of the Airports Commission Interim Report that an estuarial airport would threaten LCY's operation and very existence, and is wholly opposed to the closure of LCY as a consequence of adopting this option
- London City Airport provides a vital service to the finance, business and government sectors in the City of London, Canary Wharf and Westminster.
- Its location (along with the airport's 'speed of transit' proposition) is the unique quality that allows it to deliver the benefits that it does to London and the south east both now and, most particularly, as London develops and grows
- The removal of London City Airport would come at the cost of thousands of current and future jobs both at and around the airport (following CADP this would account for the loss of 3,500 jobs at LCY). It would also diminish and curtail current and future business opportunities and investments across Newham, the surrounding boroughs and the entirety of East London.
- Furthermore, it would prevent the City Airport Development Programme being the catalyst for the future development of the east of London, Newham specifically and London's Royal Docks in particular
- If further work being undertaken by the Airports Commission and NATS shows that an Inner Thames Estuary airport solution would effectively close LCY then the airport would naturally object to such a solution in the strongest possible terms and – in the case of it being progressed – would seek full and fair compensation for its owners

Appendix 1

The City Airport Development Programme (CADP)

London City Airport (LCY) submitted two planning applications in July 2013 for new airfield infrastructure and extended passenger facilities to accommodate 120,000 flight movements per annum - an increase of 50,000 movements over 2013 levels. This increase – already permitted under planning permission granted in 2009 – will allow the airport to almost double its current passenger numbers (to six million) by 2023, while continuing to attract inward investment into east London and acting as a catalyst for the regeneration of the area.

LCY – based in the Royal Docks and predominantly serving the business and political centres of Canary Wharf, The City and Westminster – currently handles 70,000 flight movements and 3.4 million passengers per annum. The need for enhanced and expanded infrastructure is driven by three factors:

- The majority of passengers travelling through LCY (63%) are doing so for business reasons, which means the morning and evening peak hours are almost at capacity
- The next generation of aircraft (eg Bombardier CS100 and Embraer E2), which are expected to arrive at the airport in 2016, are larger (quieter and more fuel efficient) and require bigger parking stands
- Increasing the capacity of the existing runway to allow more flights at peak (c50 movements an hour compared with 38 currently), combined with larger aircraft, will mean greater numbers of passengers, all of whom will still want the convenience and time-saving of using LCY

The £200m expansion planned for the airport includes new aeroplane parking stands – to accommodate larger aircraft – a parallel taxi lane to optimise runway capacity in peak operating hours and a terminal extension to ensure that LCY's convenience and speed-of-transit propositions are maintained.

The airport is not proposing a second runway, or any extension to the existing runway, or an increase to its permitted number of aircraft movements.

The airport currently employs around 2,000 people, of which more than 60% are local (living within 5 miles of the airport). The proposed development has the potential to create as many as 1,500 new jobs, providing further employment in east London.

London's Royal Docks is a focus for foreign investment and the connectivity to business centres across Europe, Eastern Europe and the Middle East that the airport provides, or will provide in the future, is central to this continuing.

London City Airport's CADP planning application will be determined by the London Borough of Newham in the next few months. The applications are to:

- Enlarge existing aeroplane parking stands and create a further seven stands to the east of the current airport buildings
- Build a taxi lane (parallel to the existing runway) to enable more efficient use of the runway (25% increase, to c50 scheduled movements per hour)
- Extend the existing terminal building to the west
- Extend the existing terminal building to the east
- Construct an hotel with up to 260 bedrooms

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