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**Response to the Airports Commission's Consultation on shortlisted options for a new runway dated 11 November 2014**

On 11 November 2014, the Airports Commission published a consultation document on the three short-listed options (Gatwick 2<sup>nd</sup> runway, Heathrow extended 2<sup>nd</sup> runway, Heathrow 3<sup>rd</sup> runway), with a deadline for returns of 3 February.

The consultation document asked eight specific questions, and the Thames Valley Berkshire (TVB) LEP response is set out below in response to those questions.

**Questions inviting views and conclusions in respect of the three short-listed options:**

**Q1** What conclusions, if any, do you draw in respect of the three short-listed options? In answering this question please take into account the Commission's consultation documents and any other information you consider relevant.

**A1** Gatwick Second Runway Option

Surface Access: TVB LEP notes that the surface access plans place a heavy emphasis on north/south movements, with the Brighton Main Line and Thameslink connections holding centre stage in the proposals. The surface access section of the main document (paragraphs 3.26 to 3.30 on pages 43/44) makes no reference to improved east-west rail movements, and only a minor reference to planned M25 investment being sufficient to meet increased demand. The detailed surface access report (Appraisal Framework Module 4. Surface Access: Gatwick Airport Second Runway) makes a brief reference to the North Downs Line service linking Gatwick to Guildford and Reading, but contains no proposals to enhance this service in response to the proposed expansion at the airport.

We conclude that if this option proceeds without further thought being given to accessing Gatwick other than via London, it will impose a "via-London" travel penalty on journeys from Thames Valley Berkshire.

**A1** Heathrow Extended Runway Option and North West Runway Option

Surface Access: TVB LEP notes the analysis of the hub station proposal is set out in Surface Access: Heathrow Airport Hub (Appraisal Framework Module 4. Surface Access: Heathrow Airport Northern Runway Extension). This says,

"If the Hub was delivered it is assumed that WRAtH would not be required due to the improved connectivity and accessibility to the Thames Valley and the West/South West of the UK associated with the Hub scheme." (paragraph 1.36, page 5)

The main consultation document says,

“Western Rail Access, is [...] likely to happen regardless of any expansion decision” (paragraph 3.76, page 60 and similar at paragraph 3.113, page 71)

The same document goes on to say,

“Heathrow Hub Ltd also considers that the hub station would drive transformative catalytic benefits for locations on the Great Western Main Line.” (paragraph 3.106 page 68)

TVB LEP is not aware of the evidence base which underpins this claim. We have been unable to compare the benefits claimed by Heathrow Hub with similar claims made in promoting the Western Rail Access to Heathrow scheme. The economic impact claims made by the WRAtH scheme have been well exposed to scrutiny, and as a result the WRAtH scheme has been taken into the National Infrastructure Plan and to Network Rail’s plans for CP5 and beyond. Indeed, the Airports Commission has already acknowledged that the case for investment in WRAtH is made on the basis of the status quo operation at Heathrow.

We conclude that any solution involving the development of a new “Heathrow Hub” station on the GWML is detrimental to the economy of the Thames Valley Berkshire. This is especially so if it is provided instead of the WRAtH scheme. The reasons are:

- The introduction of a compulsory stop for services at Heathrow Hub imposes a time penalty (paragraph 4.5, page 23) on all travellers between Reading and Paddington, whether they wish to access the airport or not. This unnecessary externalised cost would be imposed on all TVB and other longer distance travellers.
- The WRAtH scheme currently being developed allows both better access to the airport (using existing on-airport stations) and avoids the time-penalty on non-Heathrow passengers.
- The strategic planning for the GWML currently includes the introduction of a new station between Reading and Paddington at Old Oak Common, which we support because of the connection to HS2, local London Overground Services, and as an alternative transfer point between long-distance GWML services and Crossrail which will relieve pressure on Paddington Station.

We also conclude that there is a merit in developing the case for a South Rail Access to Heathrow scheme.

## **A1** All options – Environmental Impacts

TVB LEP is not oblivious to the environmental issues that airport expansion poses, particularly the effects of aircraft noise on local communities. Comprehensive mitigation measures should be employed as a condition of expansion. We make this observation in respect of all three options, and we do not seek to represent any option as better or worse in this regard.

Our conclusion is that the preferred option should only be allowed to proceed if comprehensive mitigation measures are imposed as a condition of expansion.

**Q2** Do you have any suggestions for how the short-listed options could be improved, i.e. their benefits enhanced or negative impacts mitigated?

**A2** The Gatwick option's surface access proposals pay little or no attention to access from the east or west of the airport. The implication of this is that journeys between the TVB area and Gatwick are either difficult cross-country journeys, or dog-leg journeys via central London, which are already congested, and have other time- and cost-penalties for TVB passengers.

The Heathrow options surface access proposals would be improved by unanimous support for Western Rail Access to Heathrow and dropping the Heathrow Hub GWML station proposal.

#### **Questions on the Commission's appraisal and overall approach**

**Q3** Do you have any comments on how the Commission has carried out its appraisal?

**A3** We support the approach taken by the Commission

**Q4** In your view, are there any relevant factors that have not been fully addressed by the Commission to date?

**A4** We have no suggestions to add

#### **Questions inviting comments on specific areas of the Commission's appraisal**

**Q5** Do you have any comments on how the Commission has carried out its appraisal of specific topics (as defined by the Commission's 16 appraisal modules), including methodology and results?

**A5** No comments

**Q6** Do you have any comments on the Commission's sustainability assessments, including methodology and results?

**A6** No comments

**Q7** Do you have any comments on the Commission's business cases, including methodology and results?

**A7** No comments

#### **Other comments**

**Q8** Do you have any other comments?

**A8** Both shortlisted expansion proposals at Heathrow would result in elements of the runway crossing into Thames Valley Berkshire (specifically Slough borough). As a densely populated urban area within our sub region and with almost no remaining undeveloped land locally, it is almost impossible to meet the existing need for additional housing and business land. Thames Valley Berkshire LEP and Slough Borough Council are pro-growth hence the support for the expansion of Heathrow. However, the opportunities to benefit from the economic growth of an expanded Heathrow are severely constrained by an inability to deliver new housing and business premises. Either expansion option would result in between 70 and 260 businesses needing to relocate, reducing the business rates payable to Slough Borough Council by between £6 and £10 million per annum.

**A8** The following is the text of Thames Valley Berkshire LEP's public position in relation to the work of the Airports Commission.

With the increasing globalisation of our economy, aviation is of the upmost importance to the UK – providing international connectivity, driving national and local economies, and allowing the UK to compete with, and collaborate with, the world's largest economies.

We therefore endorse the Commission's view, as outlined in its Interim Report published in December of last year that the UK will certainly need additional runway capacity in the South East by 2030.

### **Local Enterprise Partnerships**

Local Enterprise Partnerships are business-led partnerships – in our case between the private sector, local authorities, the Further and Higher Education sectors and the community sector. One of our purposes is to prioritise publicly funded investment into Thames Valley Berkshire.

LEPs are not successor bodies to Regional Development Agencies – we are small strategic bodies led by volunteers with a clear remit to design interventions that will drive economic growth.

### **Thames Valley Berkshire LEP**

TVB LEP serves the sub-region that is perhaps better recognised as the M4 Corridor. It contains six unitary authorities and these are all represented on our stakeholder board. With a population of 870,000 and annual GVA of £30billion, this sub-region is of enormous importance to the UK. We are one of the few economies that makes a net contribution to Her Majesty's Treasury.

A key driver of this economy is our close proximity to Heathrow Airport, which employs over 18,000 of our residents and is instrumental in attracting inward investment from foreign sources – this is demonstrated by the fact that we have the highest proportion of foreign-owned businesses among all 39 LEP areas and well over 200 European or global HQ operations in the sub region.

We specifically draw attention to the Borough of Slough, which is the district within the LEP area where airport expansion will make real, physical impact. Slough's economic viability is closely linked to the presence of Heathrow, with numerous international headquarters located in the district and 7,000 Slough residents working in airline related industries. In one ward alone - the Kedermister ward - 587 people are directly employed by Heathrow.

### **The 'Western Wedge'**

Proximity to Heathrow Airport is also a critical economic driver for the wider 'Western Wedge' region, one of the most productive parts of the UK. The area comprises West London and the parts of the South East radiating out from London along the M40, the M4, the M3 and the A3. In 2011, the sub-region generated £137billion GVA – roughly 10% of the UK economy.

Like Thames Valley Berkshire, the wider Western Wedge region attracts significant high value foreign investment with foreign-owned firms accounting for 40% of the region's total turnover.

## **Evidence**

Last year, in partnership with the other LEPs in the Western Wedge, we commissioned an economic assessment of the future proposals for airport expansion in the South East. The report, produced by consultants Regeneris and which had nearly 500 business responses submitted, found that Heathrow directly supports one in every 20 jobs and £6.2billion of economic activity in the Western Wedge region – numbers that are likely to decline if Heathrow is not expanded.

The report also found that 202 of the top 300 companies in the UK are headquartered within a 25-mile radius of Heathrow – many of which may move away if Heathrow's global hub status is not retained. The results show that by 2040 an expanded Heathrow would add 35,000 jobs and £3.5 billion GVA and productivity benefits worth up to £300million a year when compared with the 'do nothing' scenario.

In addition to the economic assessment, we have carried out two surveys of local businesses in Thames Valley Berkshire – one in May 2014 and one in December 2014. Our survey in May found that 60% of businesses note Heathrow as a factor in their initial decision to invest in Thames Valley Berkshire.

Equally, the survey carried out in November 2014 found that 97% of businesses believe that the economic health of the area is linked to Heathrow Airport and that over 1 in 10 businesses would be 'highly likely' or 'likely' to move their activities away from Thames Valley Berkshire to another location if Heathrow Airport was unable to expand. This equates to over 4,000 businesses in Berkshire alone.

The surveys that we have conducted are all overwhelming in their conclusions – to support the future expansion of Heathrow and secure its status as the UKs' hub airport.

### **Thames Valley Berkshire LEP's position on Heathrow**

Given the central role that Heathrow clearly plays in the Thames Valley Berkshire economy, we feel that it is imperative that its status as a global hub airport is retained. If it is not, the sub region's prosperity is likely to decline steadily. We are therefore putting our support behind the option of an expanded Heathrow.

This position is made clear in our Strategic Economic Plan, submitted to government earlier in 2014. It reiterates the findings of our wider study that even the "do-nothing" option of maintaining Heathrow's two runways would result in a steady decline in local employment and prosperity. Our position is not oblivious to the environmental issues that airport expansion poses, particularly the effects of aircraft noise on local communities. Comprehensive mitigation measures should be employed as a condition of expansion.

Our first question is therefore to ask how the scheme promoters will ensure that the critical balance between the economic imperative of extra runway capacity and the need to protect the environment and communities is addressed, if the airport is expanded.

We also believe it crucial to achieve faster and better access to Heathrow. We therefore support the call by the Commission to implement immediate measures to improve surface access to the airport.

In particular, Western Rail Access to Heathrow (WRAtH) must be delivered by the earliest possible date and certainly not later than 2021.

Western Rail Access is a key strategic priority for Thames Valley Berkshire LEP. How will the Heathrow scheme promoters accelerate or help to solve the challenge of direct rail access to the airport, regardless of a third runway? What economic benefits will their solutions bring?

### **Uncertainty threatens economic confidence**

The final message that we wish to convey to the Commission is that the uncertainty surrounding the future of Heathrow is threatening our long-term ability to attract foreign investment and compete as an international economy.

Our direct European competitors – which include edge-of-hub-airport areas in Frankfurt, Amsterdam, and Paris – all have clear plans for future economic growth and the capacity for hub airport expansion. The edge-of-hub-airport area near Paris, for example, has major plans for employment and housing, with Charles de Gaulle airport currently utilising only 71% of its capacity. Heathrow airport, on the other hand, currently utilises 98% of its capacity.

We also face threats from the large established technology clusters in the US, such as Silicon Valley, and the emerging technology clusters in the East, such as Shanghai and Bangalore, who are competing successfully against Thames Valley Berkshire for high tech inward investment.

This is no time for complacency – a decision must be made so that Thames Valley Berkshire and the wider Western Wedge region can continue to compete against the world's established and rising economies whose ambitions threaten our own.