

Cabinet

11 September 2019



Title	Heathrow – response to Airport Expansion Consultation		
Purpose of the report	To make a Key Decision		
Report Author	Heather Morgan, Group Head Regeneration and Growth		
Cabinet Member/Lead	Cllr Boughtflower	Confidential	No
Corporate Priority	Economic Development and Clean and Safe Environment		
Recommendations	Cabinet to: Approve the covering letter as the main response to the consultation for submission Approve the detailed responses		
Reason for Recommendation	As the borough which is probably most heavily impacted by the proposed expanded airport, it is critical that Cabinet makes sure that its views are fed into this formal consultation process (which is the last one before Heathrow submit their Development Consent Order). The Council needs to ensure it protects the quality of life of its residents, and makes Heathrow Airport Limited (HAL) fully aware of the Council's requirements.		

1. Key issues

Historical background

- 1.1 The Council reaffirmed its support in principle for a third runway at Heathrow at an extraordinary meeting of Council on 16 January 2014. Its formal decision was:
 - (a) that the Council continues to support a third *northwest* runway at Heathrow as the best location in the local and national economic interest and that
 - (b) the Council will work with all appropriate parties to bring forward and promote an appropriate third *northwest* runway proposal, and associated transport links, that best mitigates the environmental and other impacts, whilst seeking to secure the best outcome for local residents.
- 1.2 At that time, the prime consideration was to maintain Heathrow Airport's 'hub' status. The Council agreed that a Heathrow Hub was critical to the strength of

the UK aviation industry and in turn the number of international businesses who choose to locate near the airport. Failure to maintain this 'hub' status through expansion at Gatwick instead of Heathrow risked enormous damage to the UK economy.

- 1.3 It was also accepted that the scale of Heathrow exerts significant economic influence over the wider area providing both direct and indirect employment and a large number of supporting businesses. Heathrow provides significant economic benefits to the Borough including being the location where some 6.9% of all those in work in the Borough are employed (which rises to 25.3% in the ward of Stanwell North).
- 1.4 The Council's most recent position was set out in a motion which was agreed at Council on 22 December 2016:
 - Mindful of the massive, positive, economic impact that a vibrant and viable Heathrow has on the economy of Spelthorne, and in particular the 3,600 families who rely directly upon it for their income, this Council warmly welcomes the recent Government announcement of the third runway. We are of course mindful of environmental and noise concerns and will work with Heathrow and other stakeholders to ensure those are mitigated.
- 1.5 Cabinet need to be aware that at this point the Council were considering the principle of a third runway only and there was no detail around what this might look like or how it might impact our communities.

Airports Commission/Secretary of State for Transport position

- 1.6 The Airports Commission report was issued in the autumn of 2015 and concluded that the north-west runway was the preferred option. Heathrow Airport Limited (HAL) have agreed to meet or exceed the significant package of measures identified by the Airports Commission:
 - Ban on scheduled night flights for 6.5 hours between 11pm and 7am
 - Establish plans for a clear, legally binding noise envelope
 - Predictable periods of respite when no planes will fly over homes
 - Compensation for those who would lose their homes
 - Over £1bn on community compensation (noise and property) and introduce a scheme to ensure airport users pay to compensate local communities for the impacts of the airport
 - Independent Community Engagement Board to influence on how money is spent on compensation and community support
 - Back an independent aviation noise authority with statutory powers
 - 5,000 additional apprenticeships, bringing the total to 10,000 by 2030
 - Incentivise and support a shift in transport modes for those working at and travelling through the airport
 - New capacity will only be released when it is clear that the airport's contribution will not delay the UK's compliance with EU air quality limits
 - Accept a commitment from Government ruling out a fourth runway

1.7 The Secretary of State for Transport set his key expectations for expansion at Heathrow which are:

1. Expansion is deliverable within air quality limits.
2. Fewer local people will be affected by aircraft noise with expansion than today.
3. There will be a package of compensation measures for those most affected by expansion.
4. It will lower passenger fares relative to no expansion.
5. It will benefit the whole of the UK

1.8 In June 2018 the Government issued the 'Airports National Policy Statement: new runway capacity and infrastructure at airports in the South East of England'. This confirmed the Government's support in principle for a North West runway and concluded that "a new runway is deliverable within the UK's climate change obligations". However it does also set out all the impacts that the scheme would need to deal with, how the applicant needs to assess those impacts and key measures in terms of mitigation that needs to be met. For example:

- Achieve a public transport mode share of at least 50% by 2030, and at least 55% by 2040 for passengers. The applicant should also include details of how, from a 2013 baseline level, it will achieve a 25% reduction of all staff car trips by 2030, and a reduction of 50% by 2040
- The Government expects a ban on scheduled night flights for a period of six and a half hours, between the hours of 11pm and 7am, to be implemented

Heathrow's economic role

1.9 In 2017 Heathrow exported £48bn worth of goods to countries situated outside of the EU and Switzerland. With a third runway, estimates by the Government and the Airports Commission put benefits to passengers and the wider economy at between £61bn to £211bn over 60 years, This would help the UK to increase its share of the market with the rest of the world beyond the EU, help to maintain and create jobs and increase prosperity. In 2015, Heathrow carried almost double the amount of freight than all other UK airports combined; with the expansion cargo capacity could be doubled resulting in the ability to increase imports and exports as well as job creation. Currently its runways are operating at 99% capacity, which can result in delays, disruptions and ticket unavailability. A number of airlines have chosen other European hubs like Paris and Frankfurt to grow.

1.10 Last year, Heathrow had 78 million passengers. With the proposed expansion, Heathrow could have the capacity for 130m passengers. With regards to tourism, in 2017 alone there were 39.2m inbound visits to the UK with overseas visitors spending as much as £24.5bn. The economic benefits of expansion would not be limited to the south-east; it also promises benefits for Scotland, where it could potentially create up to 16,000 jobs; in the East Midlands, it could create 12,900 new jobs and economic benefits of up to £15bn.

1.11 Heathrow currently generates 72,000 direct jobs at the airport and there are an additional 114,000 in the supply chain. It is a significant employer in the Borough with around 3,500 residents working there – which represent around 7% of the boroughs total workforce. This percentage increases to 25% when you look at employment in Stanwell North ward. The expectation is that the number of jobs will increase by around 26,800 post expansion increasing the total to 98,800. These jobs will require different skills sets and its Heathrow's aim that working at the airport is viewed as a career (with progression opportunities) rather than simply a job. As a borough, unemployed residents on Job Seekers Allowance already benefit from the opportunity to access the Heathrow Academy which provides a gateway for employment which enable job candidates to be 'airside ready'.

1.12 Whilst most people will be aware of Heathrow's role as a hub airport, they may not realise that the airport is the biggest 'port' by value. In 2017 £106bn of UK goods travelled through Heathrow which is more than Felixstowe and Southampton combined (£96m). 33% of all UK long-haul goods by value travel via Heathrow; Gatwick by comparison is 0.23%. Without increasing the connections to additional cities around the world, the UK may to lose its place in the world as the 5th largest economy as other nations compete for markets to increase trading opportunities. Heathrow is currently behind the curve internationally – Madrid and Frankfurt Airports each have 4 runways; Charles de Gaulle has 4; Orly has 3, both of which serve Paris, and Schiphol in Holland has 6. Expansion will allow to increase its presence on the world stage, which will in turn expand cargo opportunities (both in terms of employment and more critically in terms of associated companies dealing with logistics and 'just in time' deliveries).

"Currently one in five small or medium sized businesses export, but this could be doubled if we can get the infrastructure and package of support right. Increasing our constrained airport capacity is therefore an imperative for the UK's future growth. Doing so will bring a much-needed boost to regional connectivity and help to rebalance the national economy." Mike Cherry, National Chairman, Federation of Small Businesses

1.13 A substantial number of company headquarters are located in the proximity to Heathrow airport, this creates opportunities to access quality jobs, and also adds another layer of substantial procurement opportunities by the local supply chain situated close to the airport. HAL have run the annual Heathrow Business Summit in excess of 15 years. This provides an opportunity for businesses to obtain face-to-face meetings with the procurement officers from companies linked to the goods/services which they supply. Heathrow also run a workshop that is only currently available to businesses situated in the five boroughs that surround the airport. This gives them a competitive advantage over other businesses as they are able to attend the event much better prepared to win contracts.

1.14 Heathrow has developed an independent grant-making charity called Heathrow Community Fund, which receives funding from Heathrow Airport Ltd (£800k). It invites only those local authority areas in the vicinity of Heathrow (Spelthorne, Slough, Hillingdon, Hounslow and Ealing) to apply for funding for community related activities. In 2018 Spelthorne communities successfully bid

for £61,422 to support local projects delivered within the Borough. In 2020 a full Work Experience programme is being launched by HAL for 16 – 18 years old, and Spelthorne will be one of the participating boroughs.

- 1.15 In 2016, there were just over 300 apprentices being delivered across the airport through the Heathrow Academy. With expansion, Heathrow would double the number of apprentices across the airport to 10,000 by 2030 and support wider programmes to champion employability skills training. Many of the 10,000 apprentices would be brand new posts, whilst others would include existing staff at the airport who participate in the apprenticeship programme to access training for new skills and qualifications which would upskill the workforce and enhance opportunities to progress careers.

Heathrow West

- 1.16 Whilst this Cabinet report is focusing on HAL's Airport Expansion Consultation (AEC), Cabinet need to be aware that there is an alternative proposal which is being put forward called Heathrow West (by the Arora Group). This does not encompass the whole expansion (in their view HAL are best placed to deliver the runway and the major works to relocate the M25) and focuses on delivering a new terminal to the west of T5. They state this will provide increased passenger capacity and support at least an additional 260,000 transport movements per year which will be provided by the North West runway.

- 1.17 Their alternative scheme proposals include:

- The expansion of the existing airfield, including taxiways to service the new Northwest Runway, and aprons and stands for the Heathrow West terminal;
- Changes to the existing roads, including alterations to Junction 14 and 14A of the M25;
- Upgrades to achieve the significant increase in the use of public transport required by the Government and facilitate proposed changes to the existing rail infrastructure;
- Changes to river alignments and enhancements to flood alleviation;
- Landscape, recreational and ecological improvements, as part of our Green Infrastructure proposals;
- Car parking (either through replacement or consolidation) and
- Ancillary facilities required to support the new terminal, including on-site energy generation

- 1.18 Arora set out the following as benefits of their alternative proposal:

- Delivers an integrated terminal solution to achieve the hub capacity required by the Airports National Policy Statement, in a simpler, more efficient way;
- Creates a new sense of place for the western side of Heathrow Airport which is better connected to its local community and airport users and workers;
- Minimises land take, disruption and forced relocations for the local community;
- Maximises job opportunities for local people;
- Provides the greatest opportunity to enable the change in public transport use required by Government policy;

- Delivers a positive legacy for Heathrow Airport, its users, passengers and local communities;
- Delivers wider environmental enhancements to improve Heathrow Airport's setting in west London and the Colne Valley; and
- Gives a choice in how terminals are delivered and operated at Heathrow.

1.19 The Arora Group undertook their first informal consultation from 30 April until 25 June 2019 and the Council formally responded. In that, we stated that we were supportive in principle of competition with HAL in order to drive down project costs that result in better value for money for passengers. We also said that a new Western terminal would lessen the need for a northern satellite terminal as currently proposed by HAL that would displace uses from the Bath Road to the south of the airport.

1.20 Their timetable currently indicates that they will undertake a formal consultation on their statement of community consultation at the end of 2019 and will undertake their stage 2 formal consultation (effectively their equivalent of HAL's AEC) in the first quarter of 2020.

Spelthorne Borough Council position on HAL's expansion proposal at CON1 stage (2018)

1.21 In 2018, Spelthorne Council again acknowledged the case, in principle, for a third runway at Heathrow Airport. We recognise the need for Heathrow Airport to maintain its 'hub' status. This is critical to the strength of the UK aviation industry and in turn the number of international businesses who choose to locate near the airport.

1.22 Our support has focused on the third runway and associated transport links. It does not automatically follow that this support extends to all the associated physical expansion, the full extent of which has only become apparent in recent months. The Councils support has always been heavily caveated and we have made it clear that we need to protect our communities and businesses.

1.23 As part and parcel of this response, the Council set out a List of 10 Requirements that we expected Heathrow to respond to, the vast majority of which remain outstanding. In May 2018, the Council undertook an assessment of how our communities would be 'newly impacted' by expansion. Notwithstanding the above, we have looked to engage positively to try and influence how the final expansion might manifest itself. For example, we have worked positively with Heathrow to achieve a more sustainable expansion by promoting a light rail solution (SLR) to Heathrow

Heathrow – Airport Expansion Consultation 2019

1.24 Formal consultation began on 18 June and runs to 13 September. In order to better inform our residents and communities, a presentation (delivered by officers who sit on the Heathrow Expansion Working Group) was given on 3 July. This highlighted a number of key issues which officers had established in their review of the consultation documentation. Communities across the borough were alerted about the potential impacts.

- 1.25 At Council on 18 July, two motions were put forward stating that Spelthorne Borough should change its position on the expansion of Heathrow. In order to enable a fully informed debate on the matter, the Leader made the decision to hold an extraordinary Overview and Scrutiny meeting on 3 September. At this meeting, officers will give a presentation on the benefits and issues surrounding Heathrow expansion, especially in relation to the impact on our communities. Members of that Committee will also be made aware of the current cost of expansion - £14bn for the runway and £18.5bn for the associated physical infrastructure. The Arora Group will also give a presentation on their alternative proposal - Heathrow West.
- 1.26 Overview and Scrutiny Committee will consider and debate the issues with the aim of agreeing the recommendations to be presented to Cabinet, in order to inform the final decision making process.
- 1.27 In order to assist Cabinet with what is a very complex issue a summary of key benefits and key issues is attached at **Appendix 1**.

Our communities

- 1.28 Spelthorne needs to hold HAL to account and ensure that they meet their own stated commitments, and the Secretary of State's key expectations (our detailed response covers our assessment on how well HAL are meeting these). Airport expansion brings with it huge challenges in terms of its impact on communities (noise, traffic, and air quality), the environment (loss of open space and habitat), infrastructure and local road networks. Spelthorne's support for Heathrow has always been entirely dependent on ensuring that any scheme coming forward comprehensively and effectively mitigates against all impacts, and provides lasting benefits for the local community. Mitigation measures must be integrated seamlessly into any scheme – they must not be an 'add on'.
- 1.29 Spelthorne's primary duty of care must always be to protect our borough and secure the best possible outcomes we can for our residents and businesses. In relation to Heathrow we must have particular regard to those most directly affected in the Stanwell Moor and Stanwell communities who have already endured development on a significant scale.

Airport Expansion consultation 2019

- 1.30 The Council's proposed response is set out in Appendices 2 and 3. **Appendix 2** is a covering letter to go to HAL setting out the Council's overall view and highlighting our key concerns and the actions that we want Heathrow to undertake. **Appendix 3** is the Council's detailed response to the main consultations being carried out on the Expansion.

2. Options analysis and proposal

- 2.1 Cabinet can decide not to respond to the formal consultation. This is not recommended as we would not be able to put forward our views and concerns in relation to the significant impacts that the expanded airport will

have on our communities. We would also be failing in our statutory duty as a Local Planning Authority if we did not do so. Finally the Council would not be able to set out its position in terms of mitigation and enhancements for those communities.

- 2.2 There are two documents that Cabinet is being asked to approve – a covering letter to HAL (**Appendix 2**) and our detailed response (**Appendix 3**).

3. Financial implications

- 3.1 The Council set up a dedicated Heathrow Expansion Working Group over 18 months ago in order to ensure that we were in a position to co-ordinate our efforts and responses. This group has a Cabinet lead to ensure a strategic direction can be given. The team have been and will continue to attend specific workshops to understand the proposal in detail, and to challenge HAL on their proposal where, in our view, it falls short. This is paid for by HAL via the Heathrow Strategic Planning Group (and currently totals £36.5k to end March 2019).
- 3.2 In order to ensure that we are robust in our response, in a number of areas we have had to bring in specific external expertise (e.g. aircraft noise, carbon and climate change, surface access and transport modelling). To date, the Council have spent £180,000. HAL have agreed to pay some of these costs as they specifically relates to work on the expansion proposals which are non-statutory (we have to absorb all costs for statutory responses to consultations).
- 3.3 If expansion goes ahead then there will be Community Infrastructure Levy and business rates benefits which will come into the borough. These are as yet unquantified.

4. Other considerations

- 4.1 There are none.

5. Timetable for implementation

- 5.1 The deadline for responses is 13 September 2019. HAL will then review the responses to the consultation and assess whether or not they need to make any amendments or alterations to the scheme. Their timetable currently indicates that the Development Consent Order will be submitted in summer 2020, with the actual formal examination taking place end of 2020/beginning of 2021.

Appendices:

- 1 Key Benefits and Issues
- 2 Covering letter to go to Heathrow Airport Limited (to follow)
- 3 Detailed responses to go to Heathrow Airport Limited on their Airport Expansion Consultation