

APP/L2250/V/10/2131934 & APP/L2250/V/10/2131936

SECTION 77 TOWN AND COUNTRY PLANNING ACT 1990 – REFERENCE OF APPLICATIONS TO THE SECRETARY OF STATE FOR COMMUNITIES AND LOCAL GOVERNMENT

TOWN AND COUNTRY PLANNING (INQUIRIES PROCEDURE) (ENGLAND) RULES 2000

**SUMMARY PROOF OF EVIDENCE OF LOUISE CONGDON
BA (Soc Sci), MTD**

SOCIO-ECONOMIC CASE

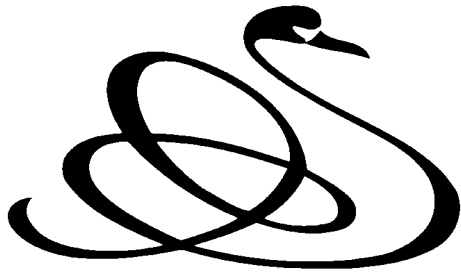
In respect of:

Planning Application Reference: Y06/1647/SH (New Terminal Building)

Planning Application Reference: Y06/1648/SH (Runway Extension)

relating to land at London Ashford Airport, Lydd, Romney Marsh, Kent, TN29 9QL





York Aviation

Originated by: Louise Congdon

Dated: 4th January 2011

Reviewed by: Niall Gunn

Dated: 5th January 2011

Professional Qualifications and Experience

1. I am Louise Congdon, Managing Partner of York Aviation LLP, founded in 2002, a specialist air transport consultancy. I am a graduate of Sheffield University in Geography, 1974, and a Master of Transport Design of Liverpool University, 1976. I have worked in the air transport industry for over 34 years, including with the Civil Aviation Authority, West Midlands County Council (Birmingham Airport) and Manchester Airport Group.
2. York Aviation LLP is the leading UK consultancy in respect of the economic impact of airports, working both in the UK, Europe and overseas, and was responsible for industry guidance on the topic as set out in ACI¹ EUROPE's "*The Social and Economic Impact of Airports in Europe*", published in 2004².
3. I have undertaken market demand and/or socio-economic assessments for many airports over the last 8 years, including Birmingham, London City, Stansted, Luton, City of Derry, Carlisle, Plymouth, Guernsey, Norwich, Southend, Lyon and Amsterdam Airports.
4. I have given evidence on market demand and the need for airport development at a number of public inquiries, including those relating to the Second Runway at Manchester Airport, development at Liverpool Airport, the development of Robin Hood Airport Doncaster Sheffield, Stansted Airport Generation 1, as well as evidence in relation to airport economic benefits at inquiries into Farnborough Airport and Elvington Aerodrome.

Background, Scope of Evidence and Appointment

5. My Proof of Evidence covers the aviation and socio-economic need for the developments which are the subject of the Applications and is submitted on behalf of London Ashford Airport Limited. These developments comprise an extension to the runway and a new terminal at the Airport.

¹ Airports Council International – the trade body for airport operators.

² CD11.13

6. I was appointed to prepare this evidence in October 2010. I have reviewed the ES and supplementary documents submitted in respect of the socio-economic benefits of the Applications and agree with the broad principles of the socio-economic evidence outlined, including the nature of the benefits deriving from the Applications. I have, nonetheless, reviewed the socio-economic position from first principles in preparing my evidence.

The Aviation Policy and Economic Context

7. The Future of Air Transport White Paper 2003, along with the Future of Air Transport Progress Report 2006, remains the current policy towards the development of airports. Following cancellation of the new runway projects at Heathrow and Stansted, any new Aviation Policy being prepared by the Coalition Government will not be in place before 2013 at the earliest.
8. Development of the capacity and capability of LAA would be consistent with existing Government policy on airports as it would enable the Airport to meet local demand, reducing the need to travel on the congested road network to other more distant London airports. The valuable role which could be played by the smaller regional airports within the South East Region, including LAA, is explicitly supported within the Future of Air Transport White Paper, subject to environmental considerations.
9. Development of LAA also has the potential to contribute to regeneration of the local area within Shepway and further afield. The Airport is specifically identified in the policies and regeneration frameworks for both Kent and Shepway as having a role to play in economic regeneration, both through creating jobs and providing a wider stimulus to economic growth.
10. In particular, the Shepway economy is characterised by slow economic growth, high unemployment and long-term contraction of established local industries. The prospects for the area immediately around the Airport are worsened by the decommissioning and closure of Dungeness A and B respectively and the very low probability of a new nuclear power station on the site before 2025, if ever. In this context, the economic boost which could be provided by the Airport would be welcomed.

Current Operations at the Airport

11. The Airport currently handles approximately 22,000 aircraft movements a year, principally by small aircraft. Activities at the Airport include Lydd Air scheduled services to Le Touquet, general and business aviation activities and aircraft maintenance.
12. There are currently 72 people employed on the Airport site, with 48 working for London Ashford Airport Ltd.
13. Despite recent investment of £30 million in improving facilities and services at the Airport, it has been unable to attract airlines to start commercial passenger services principally because of the short length of the existing runway, which is too short for operations by medium sized jet aircraft used on charter and low fares services. Even for regional scheduled services, the aircraft types which could use the existing runway are being phased out of use by many airlines.
14. The existing terminal, as presently configured, is only able to handle smaller aircraft loads, up to no more than 100 passengers a flight. With internal modification, it will allow medium sized jet aircraft of up to 189 seats to be handled one at a time, with a second smaller aircraft being handled in parallel.
15. With an extended runway in place, a new terminal would be required to enable the Airport to handle more than 300,000 passengers per annum. Given the limitations on handling more than 1 flight at a time in the existing terminal, it will be desirable for the new terminal to be available before the Airport reaches a throughput of 300,000 passengers a year.
16. In the absence of development, ongoing operational losses at the Airport will need to be addressed, either by paring back operations and costs or by seeking to exploit to the maximum extent possible the 24 hour capabilities of the existing runway. This is likely to involve the attraction of some night freighter operations and additional heavy maintenance activities along with further growth in general aviation activity, although the precise extent of such activities cannot be certain.

The Market for London Ashford Airport

17. I have been deliberately conservative in my approach to assessing passenger demand for LAA. Total air travel demand in Kent and East Sussex amounted to some 4.5 million air passengers in 2009 according to CAA Survey data, of which 2.5 million passengers were within the local catchment area of LAA.
18. In preparing demand forecasts, I have grown this market potential from current levels using the latest growth rates advised by the Department for Transport, reflecting the impact of the recession on national demand growth. The growth rates used were 2.7% per annum to 2020 and then 2.5% per annum to 2030.
19. Before applying these growth rates, I have assumed that new services from LAA would result in a 20% stimulation to the local market, which is at the lower end of the level of stimulation seen when new air services are introduced into a local market. I considered the top 40 destinations by volume in 2009 as having the potential to be viably served from LAA.
20. I have taken a conservative approach to assessing how much of this market LAA might attract on any given route, having regard to the expected development of routes in parallel from Manston Airport. I have based my assessment on the typical market penetration levels seen at other small regional airports operating alongside larger competitors with higher frequencies of service.
21. I expect that charter airlines, for which an extended runway will be essential, will be attracted to operate initially low frequency seasonal services from LAA. Once the Airport's ability to attract passengers to these services had been proven, I expect a small network of regional scheduled services to develop to points such as Belfast, Dublin, Glasgow and Edinburgh. Over time additional charter services would be operated along with some services to European cities, such as Barcelona, Geneva and Madrid serving a mixture of business and leisure needs.

22. In the Lower Growth scenario, 300,000 passengers per annum would be reached in 2023 and 500,000 passengers per annum in 2028. In the event of continued capacity constraint at the other London airports, the Higher Growth scenario suggests that 300,000 passengers would be reached by 2021 and 500,000 passengers a year by 2024. There may be scope for faster growth if the Airport is successful in penetrating the London market via the high speed rail connection from Ashford.
23. In the event that development does not proceed, the future for the Airport is uncertain. Unconstrained by night movement restrictions, it may attract some night freighter and maintenance operations.
24. With and without development, there is potential for growth of General Aviation activity, although the timescales are uncertain. In order to assess the impacts of the development, it is assumed that the level of General Aviation activity shown in the ES will be achieved by 2030, subject to the overall cap on movements if the Applications are approved.

The Socio-economic Impact of the Proposed Developments

25. With the extended runway and the Airport handling 300,000 passengers a year, the operation of the Airport itself will support 130 direct and 70 indirect and induced jobs. This would be a net increase of 90 over the jobs currently supported.
26. With the addition of a new terminal and the Airport handling 500,000 passengers a year, the operation of the Airport itself will support 200-210 direct jobs and 100 indirect and induced jobs. This would be a net increase of 190-200 over the jobs currently supported.
27. Development of the Airport will also improve the GVA of the area by £3.3-3.4 million a year at current prices at 300,000 passengers per annum and £7.4-7.6 million a year at 500,000 passengers per annum.
28. The Airport will also contribute to attracting additional tourist visits to the area, which could amount to between 3% and 9% of total Airport passengers dependent on scenario. These additional inbound tourist visits would themselves support additional local employment in the range of 33 to 96 jobs.

29. Users of the Airport would also benefit from reduced access journeys to the Airport compared to alternatives. Using Department for Transport values of time for air passengers, I have estimated the value of these savings over the period to 2030 to amount to £6.7 to £10.1 million discounted. These savings represent the value to users of the development of air services from LAA.

30. I summarise the benefits in **Table 6.4** in my Proof of Evidence.

Table 6.4: Summary of Economic Impacts				
	Lower Growth Scenario		Higher Growth Scenario	
	300,000 pax	500,000 pax	300,000 pax	500,000 pax
Employment				
Incremental Jobs due to Airport Operational Activity	90	190	90	200
Incremental Tourism Jobs	33	47	96	84
Total Incremental Jobs	123	237	186	284
Gross Value Added				
Incremental GVA (per annum)	£3,317,519	£7,386,810	£3,392,072	£7,635,729
User Benefits				
Cumulative Journey Time Savings 2010-2030 (Discounted)	£6,710,998	£8,055,470	£7,393,227	£10,134,914
Source: York Aviation				

Conclusions

31. In my Proof of Evidence, I have demonstrated that there is aviation policy support for the development of LAA. The role of smaller regional airports in the South East is all the more important in the light of the Coalition Government's decision to withdraw support for plans for new runways at Heathrow and Stansted.

32. Economic policies identify the area within which LAA sits as underperforming economically and in need of regeneration. Sub-regional and local economic strategies give explicit support for the development of additional air services from Lydd Airport because of the scope for job generation and in the light of the potential to improve the accessibility of the area, acting as a stimulus to other economic activity.
33. Based on my knowledge of the aviation industry, I believe that it is highly unlikely that the Airport could attain any material growth in commercial passenger services over current levels with its existing runway length restriction.
34. Growth beyond 300,000 passengers per annum will require a new terminal building to be constructed.
35. In the event of the Applications not being approved, the future of the Airport is uncertain.
36. I have been conservative in my assessment of the future passenger demand which could be attracted to LAA. The growth in commercial passenger demand projected would result in beneficial job generation and other benefits.
37. Hence, through direct job generation and improving accessibility, the development of LAA has the potential to make a material contribution to regeneration in the local area, including a contribution to compensating for the loss of employment through the closure and decommissioning of the Dungeness power stations. In the context of the relatively poor performance of the area and the identified need for regeneration, this contribution is likely to be significant.

January 2011