

**Town & Country Planning Act 1990 - Section 77
Town & Country Planning (Inquiries Procedure)
(England) Rules 2000**

Lydd Airport Action Group (LAAG)

Rebuttal of SDC/3/A

Socio -Economic Case

Applicant: London Ashford Airport Limited (LAAL)

Location: London Ashford Airport Limited, Lydd,
Romney Marsh, TN29 9QL

Applications: Y06/1647/SH and Y06/1648/SH

Proposals: 294m runway extension and a 150m starter
extension plus a new terminal to
accommodate up to 500,000ppa

Inspectorate APP/L2250/V/10/2131934

References: APP/L2250/V/10/2131936

Document

Reference: LAAG/8/E

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1.0 Scope of evidence

- 1.1 In this rebuttal I address issues presented in the socio economic proof of evidence submitted by Jeremy Whittaker on behalf of Shepway District Council (SDC).
- 1.2 My silence on a point made in this proof or the fact that I have not addressed it should not be taken as my agreement with that point.
- 1.3 I reserve the right to make further comments.
- 1.4 Figures in square brackets refer to paragraph numbers in SDC/3/A

2.0 Local Economic Performance

- 2.1 Much of Mr Whittaker's analysis in [4.0] mirrors that of Ms Congdon's - failure to assess Romney Marsh in the context of its rural environment, to acknowledge its reasonable economic performance and its strengths as well as its weaknesses. Mr Whittaker is more enlightened in acknowledging the rise in employment on Romney Marsh between 2003 and 2008 [4.8] although he then dismisses this by adding that Romney Marsh is far too dependent on the Dungeness power station.
- 2.2 Mr Whittaker fails to highlight that the unemployment rate on Romney Marsh is 3.1% - better than the national average rate of 3.5%, and a stark contrast to Folkestone where the average is 6.8% - approximately twice the national average. The higher unemployment rate at Lydd is acknowledged (4.3%) but must be viewed in the context that the other five wards on Romney Marsh have lower unemployment rates including New Romney Coast which has one of the lowest unemployment rates in Shepway at 1.3% (see LAAG/8/D -3.1-3.11).
- 2.3 I disagree with Mr Whittaker's interpretation of the outlook for Dungeness - Dungeness A is being decommissioned but will remain a long term employer for many years although employment levels will be erratic. EDF/British Energy is considering an extension to the life of Dungeness B from 2018 (say 2023 assuming a 5 year extension) and its employment pattern during decommissioning will mirror Dungeness A. The prospect of a third nuclear power station (Dungeness C) remains - in time it will be possible to pass the alternative tests of the Habitats Regulations which will allow construction to take place in the over-riding public interest (see LAAG/8A, 8.3 page 23). Mr Whittaker fails to appreciate that the creation of a regional airport at Lydd, or the prospect of one, given that the infrastructure would be in place, would scupper Dungeness C.
- 2.4 In [4.12] the author highlights the job losses at Smiths Medical (~ 500 jobs) and the Romney Marsh Potato Company (>100 jobs) but he fails to recognise

that there have been significant increases in retail employment due to the building of large supermarkets by the major retailers and particularly Sainsbury's in the two towns where these job losses have occurred. The new Sainsbury's supermarket in New Romney employs a base of 100 full and part time people with seasonal Christmas/summer peaks increasing the numbers to 130, while a large Sainsbury's supermarket is currently being constructed on the Smiths Medical site. This will employ 300 full time and part time people which will help offset the jobs lost as a result of Smith's closure. A new Tesco Metro at Dymchurch has also been introduced. Outside the retail field, Saga Group, on February 11th announced it planned to recruit up to a 1000 new jobs over the next 12 months by expanding its healthcare business in Folkestone, Hythe and Thanet.

- 2.5 There has been no attempt to assess the rise in home working, or the possibility of it, a trend that will be assisted by improvements in broadband links. The lower cost of housing, coupled with the availability of large houses, is attracting people to the area who are working from home. Similarly no attempt has been made to assess the outlook of the leisure and green tourist industries on Romney Marsh. Although the traditional annual beach holiday industry has declined, there has been a rise in the number of day trippers both to the beach locations and to areas such as Dungeness, helped by better road access and the rise in the population of Ashford.
- 2.6 In [4.13] the author highlights the low proportion of people aged 18-44 years on Romney Marsh and that this suggests that younger residents are not retained or attracted to the area because of a lack of employment opportunities. First, Mr Whittaker should not be surprised that the proportion of young people is below the national and South East average since this is a rural area with a seasonal beach holiday market which is unable to support full time jobs for its entire young people (see 3.3-3.8 LAAG/8/D).
- 2.7 It is wrong to assume this is the only explanation for the low proportion of people in the 18-44 year age bracket. It could equally be the case that all children born on Romney Marsh are retained in the area for life (employed or unemployed) and that the 18-44 age group represent a smaller proportion of the total population due to the inward movement of retired people to the area.. The evidence shows a rising proportion of retired people moving to Romney Marsh from other areas (LAAG/8/D, 3.10). Grey power should be seen as positive as many people have the financial resources to spend on local services, particularly when they have supplemented their pensions with equity release from larger houses in more expensive areas.
- 2.8 The author also comments on the weakening of the local service economy [4.13] caused by the loss of spending power derived from income earned from the area's larger employers. There is no doubt that the loss of major employers is a negative factor but the author chooses not to acknowledge (a) offsetting

employment mentioned above, the spending power of the rising “grey” population and the employment implications of the growing importance of the “day trip” market to the visitor attractions of Romney Marsh such as the Romney Hythe & Dymchurch Railway, Dungeness, the RSPB bird reserve, the Brenzett Aeronautical (war) Museum and the many other war relics on Romney Marsh, the latter being a major unexploited growth opportunity.

- 2.9 In [4.15] the author fails to put Lydd’s unemployment into the context of a healthier overall economic climate on Romney Marsh (see LAAG/8D, 3.0).

3.0 Investment and Job Creation

- 3.1 The author points out that “*the majority of positive consultation responses from the general public, local community groups and regional and local organisations are because of the socio-economic benefits of the area, and especially the prospect of investment and jobs*”. He conveniently forgets to put this support into context. The majority of responses to this planning application were objections. The scale of the opposition to this planning application is demonstrated by the record 14,000 pieces of correspondence received by the Government Office of the South East¹ - over 98% were opposed to Lydd Airport’s planning application due to the likely adverse public safety and environmental consequences.
- 3.2 The author claims in [5.14] that Table 5 [5.13] which shows airports with differing employment intensities, demonstrates that “*the original proposal of 600 direct jobs per million passengers as highlighted by London Ashford Airport would be consistent with comparable airports, if not rather conservative.*” However, he fails to point out that these figures are out of date since most are based on data from the 2002-2005 period- and that airports are forecasting future productivity gains leading to a trend of declining employment intensities on-site - see LAAG/8/A, Table 8 page 14. In addition, the author has failed to analyse airports such as Prestwick with lower labour requirements.
- 3.3 With regard to the airports considered, there has been a failure to analyse the nature of the sources of labour on site and appreciate that some of the airports cited cannot be used as templates for Lydd (see LAAG/8/A - 5.5.3 - page 14 & 15). Exeter and Cardiff Airports have large maintenance facilities. Humberside has specialist aviation interests catering for North Sea oil, Inverness Airport is subsidised by the Scottish Government to provide island services² while

¹ Source: Government Office of the South East

² This is the preface to the corporate part of Highland and Islands Airports Limited (HIAL) <http://www.hial.co.uk/about-us/>. “*Highland and Islands Airports Limited (HIAL) is a public corporation wholly owned by the Scottish Ministers. The company operates and manages 11 Airports at Barra, Benbecula, Campbeltown, Dundee, Islay, Inverness, Kirkwall, Stornoway, Sumburgh, Tiree and Wick. HIAL's airports are vital to the social and economic welfare of the areas they serve, but are*

Newquay also receives a subsidy to cover its operating loss (see LAAG/6/B, Appendix 2, 3.2.5, page 4). None of these airports should be used as a template for Lydd.

- 3.4 In simple terms airports derive their revenue from airlines (eg landing fees,), from people (car parking/retail) and from ground tenants (rental income from aircraft maintenance facilities, business parks) and this is reflected in the nature of airport employment on site - employment by airlines, air traffic and government control agencies, providers of fuel, catering, retail, car parking, car rental and taxi services, plus people employed in on-site maintenance and business parks. The number employed in large maintenance facilities and business parks has no direct relationship with an airport's output but will be swept up in the assessment of direct employment on site as it is for Cardiff and Exeter. Bournemouth has a large business park but its employment has been excluded in the Master Plan analysis.
- 3.5 (Note, the figure of 1195 jobs per million shown for Cardiff in Table 5 is too high - it should be 897 - although it is not surprising that the author has derived this figure. According to the Master Plan the labour survey was undertaken in mid 2003 but is tabulated (Table 1) as 2002 - see page 9, paragraph 1 and Table 1, CD 10.1(SDC) . Since there was a 35% increase in passenger numbers between 2002 and 2003 the use of the 2002 passenger figures rather than 2003 gives a material change in the number of jobs per million passengers. Note, Table 10, page 16 of LAAG/8/A contains a mistake. Although the figure for Cardiff is correct at 897 FTEs per million, it has been attributed to the wrong year - it should be 2003 rather than 2004.)

Attracted Employment

- 2.6 The author cites a study by Nathaniel Litchfield and Partners on behalf of Shepway District Council [5.29] which concludes that Lydd Airport and Dungeness would not generate additional demands for employment space. The author attributes this to the high existing supply of employment land [5.30] and states that Shepway's own employment land review considers that the majority of spin-offs will be accommodated within the airport site. However, the "hurdles" provided by the dictates of the Habitat's Regulations will reduce the attraction of the airport site to potential customers (see LAAG/8/A, 5.5.3, page 15)

Summary

- 2.7 Mr Whittaker's summary of the jobs created by the airport in [5.32 (1)] gives a more realistic interpretation of the employment to be created by the airport. He

loss making, and are supported by subsidies from the Scottish Government in accordance with Section 34 of the Civil Aviation Act 1982."

claims that “*it is reasonable to expect the expansion of London Ashford Airport to generate 350 jobs per million passengers; indeed this would seem to be a conservative estimate.*” The conclusion is at odds with the analysis given in 5.14 and 5.15 where the emphasis is on the 600 direct jobs per million. I am delighted that Mr Whittaker concurs with LAAG’s estimate of an average of 350 per million passengers and note that his interpretation is at odds with Ms Congdon’s. I can only assume that he must have taken some of the factors mentioned above into account after all.

3.0 The wider impact on sub region

In [6.7] the KCC assessment focuses on the operational aspects and acknowledges that the two airports will compete at some levels and complement each other in others - the implication being that the two airport’s could happily co-exist and provide wealth for the area. Airport’s can successfully coexist provided that there is a large catchment area and /or the two airports are completely distinctive. This is not the situation here. Access and the catchment area are poor relative to the situation at for example, Southampton and Bournemouth.

- 3.1 Both airports are heavily loss making (see Table 2, page 5, LAAG/7/A). Currently Sheikh Fahad al Athel is financing Lydd Airport (accumulated deficit of £10.6 m at December 31st 2008) and Manston is supported by its parent company, Infratil. Should Infratil, Sheikh Fahad al Athel or a new owner of Lydd seek finance from capital markets - these airports would be seen as competing entities and their respective capacities to raise capital reduced accordingly.
- 3.2 Looking at the situation from the established Manston’s viewpoint, Infratil’s capacity to raise funds in the equity and debt markets would be adversely affected by the prospect of more robust competition from Lydd Airport. When Manston’s former owner Planestation raised £30m in the UK equity markets in December 2004 (before the company went into liquidation) the financial institutions that provided the equity finance were unaware of Lydd Airport’s ambition to become a regional airport. It was a difficult fund raising and had the City been aware of Lydd’s intentions, Manston would not have raised £30m, or alternatively, only raised a proportion of the final sum. In this case Planestation would have gone into receivership earlier - in more normal circumstances (ie had the group been viable) it would have reduced its capacity to invest and thus employ staff.

4.0 Tourism Impact

- 4.1 To admit that adverse impacts on local industries are possible and then state [8.4] that the extent to which Lydd Airport would adversely impact on the most immediate tourist related businesses “is beyond the scope of this proof”

demonstrates Shepway District Council's failure to be impartial in its assessment of the net impact of this development, particularly when he goes on to pursue invalid arguments about the impact of inbound tourists [8.5-9.9]. This is precisely the type of analysis that Shepway District Council should be doing in order to ascertain the net impact on employment in the area.

- 4.2 To say that a vast majority of tourist related businesses on Romney Marsh are some distance from the airport is disingenuous. The largest concentration of caravan parks is centred on the seaward side of the airport and on the Instrument Landing System (ILS) flight path along the coast. Caravan parks along this flight path will experience most of the incoming flights by large aircraft (due to the inability to land on runway 03) and be most affected by noise. Noise will not be the only factor reducing demand for caravans. People buy/rent caravans to enjoy the rural environment of Romney Marsh. The inevitable urbanisation of the area will also reduce its attraction. Further, it is not the actual aircraft activity at any one time that would drive caravan customers away but the anticipation that the situation would get worse.
- 4.3 The caravan industry on Romney Marsh is a large employer and the thousands of people that rent or own caravans during the summer have a large multiplier impact on the local economy. LAAG undertook a survey of the employment (see CD3.2(LAAG)11.0.4) provided by Caravan parks on Romney Marsh. The survey accounted for all the caravan parks inside the Royal Military Canal - it thus included caravan parks in the East Sussex side of Romney Marsh. We estimated that the caravan industry on Romney Marsh employed 160 full time and 270 part time. Assuming a 1 in 5 consolidation for full time employment, this implies 215 FTE jobs.
- 4.3 Dymchurch, a traditional beach holiday destination, popular with day trippers is under the ILS flight path, as is Littlestone Golf Club - a major championship course which is highly dependant on country (outside) members.
- 4.4 To put these visitor attractions into perspective for a family holidaying in an un-insulated caravan, or basking in the sun on the beach between Dymchurch and Greatstone - the ILS starts over Lyminge (2800ft), crosses the M20 near junction 11, passing to the seaward side of Lympne and over the Royal Military Canal at St Botolphs Bridge (2600ft). The ILS centre line then passes over Dymchurch (1500ft), running along the beach at St Mary's Bay (1200ft) before passing inland of Romney Bay House (800ft), across Littlestone Golf Course, meeting Littlestone Road between Madeira Road and St Andrews Road (600ft) before passing over the middle of Dunes Road in Greatstone (<<400ft).
- 4.5 The author focuses entirely on inbound tourism [8.5-8.9] and fails to acknowledge the tourist deficit and the resultant export of leisure jobs to overseas holiday destinations (see LAAG/8/D -9.4-9.9)..

5.0: Conclusion:

- 5.1: Mr Whittakar's assessment mirrors much of the content of Louise Congdon's analysis with its failure to put Romney Marsh into context and its focus on gross, rather than net, job creation - although with a touch more realism about the shortcomings of the methodologies used.
- 5.2 Despite the author's analysis of the employment "rule of thumb" being geared to 600 jobs per million passengers, Mr Whittaker concludes by agreeing with the LAAG assessment that the most appropriate guide to direct employment at Lydd Airport is a figure around 350 jobs per million passenger throughput.
- 5.3 Mr Whittakar's analysis demonstrates Shepway District Council's lack of impartiality in its assessment of the impact of Lydd Airport's development. There is a failure to acknowledge that new employment sources have been established to offset the loss of some industries in the Romney Marsh area, and the total absence of an analysis of the adverse impact the airport would have on employment in established industries. This is despite the acknowledgement that the airport's development would negatively impact on the most immediate tourism-related businesses.