

Shepway District Council

Proof of Evidence

Socio-Economic - Jeremy Whittaker

(SDC/3/A)

22 December 2010

Folkestone

Hythe & Romney Marsh
Shepway District Council



www.shepway.gov.uk

**Town and Country Planning Act 1990 – Section 77
Town and Country Planning (Inquiries Procedure)
(England) Rules 2000**



**Shepway District Council
Proof of Evidence (SDC/3/A)
Socio-Economic - Jeremy Whittaker**

**Call-in for Public Inquiry
Applications by London Ashford Airport Limited
Site at London Ashford Airport, Lydd, Romney Marsh, Kent,
TN29 9QL**

**Local Planning Authority ref.
Y06/1647/SH and Y06/1648/SH**

**Planning Inspectorate ref.
APP/L2250/V/10/2131934 & APP/L2250/10/2131936**

CONTENTS:

	Page
1. Instructions and Qualifications	1
2. Introduction	1
3. Strategy Context	2
4. Local Economic Performance	5
5. Investment and Job Creation	11
6. Wider Impact on Sub-Region	21
7. Skills and Development Training Opportunities	24
8. Tourism Impact	25
9. Conclusion	27

Tables:

Table 1: Reliance on the Electricity, Gas and Water Sector	4
Table 2: Unemployment Rates	9
Table 3: Annual Earnings	10
Table 4: Job Creation Estimates	12
Table 5: Jobs per Million Passengers	15
Table 6: Multipliers for Indirect and Induced Employment	16
Table 7: Essential Requirements for Business	19
Table 8: Sample of Significant Allocated Employment Sites Locally	20

Appendices:

Appendix A: Vision for Kent	
Appendix B: Unlocking Kent's Potential: Socio-Economic Differences Between East and West Kent.	
Appendix C: Indices of Deprivation 2004 and 2007 for Rother District.	
Appendix D: Indices of Deprivation 2007 for Shepway District	
Appendix E: Indices of Deprivation 2007 - Education, Skills and Training Domain	
Appendix F: Reliance on the Electricity, Gas and Water Sector (ONS Website)	
Appendix G: Email from EDF dated 10 December 2010	
Appendix H: Age Structure – 'Greater Romney Marsh Area'.	
Appendix I: Ward Labour Market Profile for Lydd (ONS Website)	
Appendix J: Civil Aviation Authority - Passenger Numbers	

1. INSTRUCTION AND QUALIFICATIONS:

- 1.1 I am Jeremy John Whittaker, and I have a Bachelor of Science degree in Geography from the University of Southampton. I have a Masters degree in City and Regional Planning, with a specialism in Economic Development, from the University of Wales – Cardiff, and I am a member of the Royal Town Planning Institute. I have held a number of positions in local government since 2000 and am currently the Economic Regeneration Team Leader at Shepway District Council.
- 1.2 I have been investigating the socio-economic impact of the proposed expansion of London Ashford Airport since January 2010. In my proof I address the question of the extent to which the expansion would have a positive socio-economic impact on the area.
- 1.3 The evidence which I have prepared and provide for this appeal (reference APP/L2250/V/10/2131934 & APP/L2250/10/2131936) is true and has been prepared and is given in accordance with the guidance of my professional institution and I confirm that the opinions expressed are my true and professional opinions.

2. INTRODUCTION:

- 2.1 As set out in the Statement of Case by Shepway District Council, this proof of evidence covers a range of socio-economic issues. It commences by presenting the Strategy and Policy context and an analysis of the current economic performance of the local area. A Statement of Common Ground is being agreed with York Aviation in terms of this context and overview of the local economy. The proof then moves on to look at the potential economic impact of an expanded London Ashford Airport, specifically in the areas of investment and job creation (including business perceptions), skills and development training opportunities and tourism.
- 2.2 This proof builds upon previous work by Keith Grimley, the Economic Development Officer at Shepway District Council from 2005 to 2010, whose

comments are set out in the report to Committee¹ and stress the points that Shepway and Romney Marsh especially have underperforming economies in comparison to the regional and national averages, that through the expansion of the airport up to 400 jobs could be created, and there would be further benefits associated with inward investment and tourism, and that the growth of LAA would not displace activity from elsewhere in East Kent and would support sub-regional growth objectives for Ashford.

- 2.3 Through discussions with Kent County Council in the development of their Written Statement, and an assessment of socio-economic comments made by other Rule 6 parties in their Statements of Case, further points have been developed and are set out in this proof.

3. STRATEGY CONTEXT:

- 3.1 Shepway performs poorly within the context of the South East of England, and this is illustrated in the strategy and policy context at the regional, county-wide and local levels. The potential of an expanded London Ashford Airport to meet the objectives of these strategies and policies is also illustrated.

Planning Policy Statement 4 – Planning for Sustainable Economic Growth

- 3.2 Central Government highlights under its objectives for prosperous economies, that in order to help achieve sustainable economic growth, there is a need to “build prosperous communities by improving the economic performance of cities, towns, regions, sub-regions and local areas, both urban and rural”. There is also a need to “reduce the gap in economic growth rates between regions, promoting regeneration and tackling deprivation”². Both of these are particularly pertinent to the Romney Marsh, which underperforms economically, and the prospect of investment in the local economy.

¹ CD1.48

² CD6.3

Regional Economic Strategy for the South East 2006 to 2016³

- 3.3 In the Regional Economic Strategy for the South East 2006-2016 (RES), the South East England Development Agency (SEEDA) set out a vision for the region to become "...a world class region achieving sustainable prosperity". The RES sets out three main objectives in order to achieve this vision – 1) The Global Challenge – to help maintain the global competitiveness of the South East Region; 2) Smart Growth – to lift the prospects of underperforming areas, communities and individuals by investing in potential; and 3) Sustainable Growth – by pursuing the key principles of sustainable development. Due to the focus on addressing underperforming areas, the proposals for an expanded London Ashford Airport would support the Smart Growth objective.
- 3.4 Indeed, the strategy breaks the South East region into three broad economic contours, with Shepway forming part of the 'Coastal South East', an area of 1) low productivity relative to the South East (and, in some cases, the UK); 2) generally lower economic activity and employment rates; 3) high concentrations of economic inactivity and higher 'structural' unemployment rates; 4) relatively low skilled profile of its workforce; 5) lower business density and business start-up rates; 6) more traditional industrial activities, including lower value added manufacturing and the visitor economy; 7) high dependence on public sector employment; 8) a low proportion of employment in knowledge based sectors, especially in the private sector; 9) a greater proportion of people already over retirement age than the regional average, with projections of further ageing; and 10) relatively poor infrastructure and connectivity.

Kent Prospects 2007 to 2017

- 3.5 The framework for tackling Kent's economic, social and environmental issues is set out in *Kent Prospects – 2007-2012*⁴. It sets out the strategy for achieving the aims set out in *The Vision for Kent*⁵ (see Appendix A), which highlights that one of the main issues facing the district is 'attracting new

³ CD7.2.

⁴ CD7.4

⁵ "Vision for Kent" (Working Draft), Kent Partnership, November 2010

investment and employment'. It puts forward a number of long-term goals to support economic success, the most relevant to the proposed expansion at LAA being:

“Making Kent a key location for inward investment and high quality jobs that takes advantage of our main urban centres and our links to London, the south east, the rest of Europe and the global business community;

Achieving a high quality infrastructure and an integrated transport network that serves the needs of businesses, the workforce and communities;

Economic renewal in urban areas and rural centres, especially Kent’s priority regeneration areas and coastal towns, where people’s health and wellbeing is enhanced by access to learning, employment, business and leisure opportunities”.

Unlocking Kent’s Potential

- 3.6 In ‘Unlocking Kent’s Potential’, the expansion of both Kent International Airport and London Ashford Airport are highlighted as major economic opportunities in Kent. This opportunity is especially relevant, when one considers that East Kent (of which Shepway forms a part) performs considerably worse than the rest of Kent in numerous areas of economic performance. Indeed, of the 10 variables illustrated in this document only one (% employees in the Knowledge Economy) does East Kent perform better than the ‘England Median’⁶ (see *Appendix B*).

Choose Shepway – An Economic Regeneration Strategy 2007 to 2017

- 3.7 At the local level, Shepway District Council, through its Economic Regeneration Strategy, highlights that the district is seen as peripheral in a national sense; has insufficient appropriate sites for the type of demand; has localised areas of deprivation with low skills levels; finds it difficult to retain young professional people and has low business start up rates⁷. The strategy

⁶ “Unlocking Kent’s Potential – Kent County Council’s Framework for Regeneration”, Kent County Council, 2009, page 24.

⁷ CD7.8, page 13.

goes on to highlight the high levels of deprivation in the district in the county-wide and South East context. In order to try and address these issues, the strategy sets out a vision:

“In 10 years time, Shepway will have built upon its current strengths and flourished into an area that is instantly recognisable as a high quality coastal district offering an unparalleled combination of creativity, successful education facilities, a skilled workforce that meets the needs of business, new developments that inspire confidence, and accessible business support that acts as a catalyst for sustainable growth”.

- 3.8 The strategy identifies LAA as part of a first class communication network in the local area.

4. LOCAL ECONOMIC PERFORMANCE:

- 4.1 There are numerous economic indicators that back up the fact that Shepway is an acknowledged area of economic under performance.
- 4.2 The Indices of Deprivation 2007 (ID2007) set out a system by which the level of deprivation of specific geographical areas (Super Output Areas and Lower Super Output Areas) is scored and ranked according to the picture nationally on a range of themes such as employment, housing, crime levels, education, health and living environment. The ID2007 are comparable with the Indices of Deprivation 2004 (ID2004) although only on the ranking as opposed to the scores, which are affected by the scores of every other area⁸.
- 4.3 Looking at the county-wide level, both the ID 2004 and ID2007 show that Shepway's position has remained static as it maintained its ranking as the third most deprived district in Kent (after Thanet and Swale). However, nationally Shepway's ranking has worsened from 131st in 2004 to 123rd out of 354 in 2007 (where a ranking of 1 is the most deprived). This is in line with much of Kent, which between 2004 and 2007 has shown a move towards greater deprivation within the national context. Indeed, only 2 districts – Dartford and Canterbury – have bucked this trend.

⁸ CD11.1.

- 4.4 In addition, Rother district, which borders Shepway District near to Lydd, also saw a decline in fortunes between ID2004 and ID2007. Under ID2004, Rother was ranked 191st⁹, but by ID2007 this had dropped to 166th¹⁰ (see *Appendix C*). Although not as poorly performing as Shepway, this drop in position is especially marked within the context of the 'affluent' South East.
- 4.5 Looking more specifically at the Lower Super Output Areas (LSOAs) on the Marsh, the available ID2007 statistics point to the fact that whilst it does not perform as badly as other parts of the district – such as parts of East and Central Folkestone – there are large parts of the Marsh that do underperform. Indeed, 2 LSOAs in Lydd and one in Romney Marsh ward fall within the top 20% most deprived in Kent and Medway¹¹ (see *Appendix D*).
- 4.6 Although the new Marsh Academy, and the work of the Romney Resource Centre are both positively contributing towards addressing the issue, under the 'Education, skills and training' domain there are 3 LSOAs in Lydd and Dymchurch and St Mary's that lie within the worst performing 20% nationally¹² (see *Appendix E*).
- 4.7 The Shepway economy is characterised by slow economic growth, high unemployment and long-term contraction of established local industries¹³. Information from Kent County Council illustrates that between 1998 and 2008 the total number of jobs in the district increased from 32,700 to 35,900 – equating to a 9.8% increase. Whilst similar to the rest of the South East region, this figure is below that for Kent¹⁴. Indeed, in the Kent Economic Indicators update 2010, Shepway is shown to perform worse than the national average on every indicator except Employment Rate¹⁵.
- 4.8 On a slightly more positive note, the area of the Romney Marsh within 20 minutes of the airport has seen a rise in employment between 2003 and 2008 (with comparable data unavailable before 2003) of 17.7% from 4,400 to

⁹ Office for National Statistics Website

¹⁰ Office for National Statistics Website

¹¹ Indices of Deprivation 2007 – Eastern and Coastal Kent PCT Local Authorities Overview, Kent and Medway NHS, December 2007

¹² Indices of Deprivation 2007, Office for National Statistics Website

¹³ CD7.7, page 20.

¹⁴ KCC/1W

5,200¹⁶. However, the economy of the Marsh is characterised by a huge reliance on a very small number of major employers and is therefore influenced heavily by changes they experience. This trend is partly illustrated below by using Census 2001 data. Whilst not all those working in electricity, gas and water in 2001 would have been working at the Dungeness Power Stations, the large difference between the regional and national figures and the local figures is almost certainly mostly attributable to the economic impact of the power stations:

Area	All People in Employment aged 16-74 years 2001	All People Working in Electricity, Gas and Water Supply 2001	% Working in Electricity, Gas and Water Supply 2001
New Romney Coast/Town Wards (average)	2,890	281	9.72%
Lydd Ward	2,353	172	7.31%
Dymchurch & St Mary's Bay Ward	2,348	110	4.68%
Romney Marsh Ward	1,061	33	3.11%
Shepway	41,815	957	2.29%
South East England	3,888,756	28,177	0.72%
England	22,441,498	159,619	0.71%

Table 1 – Reliance on the Electricity, Gas and Water Sector (Source: Census 2001)¹⁷ – See Appendix F.

- 4.9 It is worth considering that since the end of 2006, the decommissioning of Dungeness A Power Station has been in operation. Whilst still a major employer (with around 377 employees), this figure will reduce gradually over time as the decommissioning process continues. Discussions by the Stakeholders Working Group are currently talking about mothballing the site by around 2018, about 5 years before Dungeness B Power Station, which

¹⁵ CD11.2

¹⁶ KCC/1W

¹⁷ Office for National Statistics Website

employs in excess of 600 staff is likely to start decommissioning. Therefore, both Dungeness A and B do not represent long-term employment prospects.

- 4.10 The future is also highly uncertain about the prospects for a 'Dungeness C' power station, which if approved would ultimately secure around 400 direct and 90 indirect jobs. The previous government's consultation on its Energy National Policy Statements (NPS) and accompanying Appraisals of Sustainability (AoS) excluded Dungeness as a site suitable for development of a new nuclear power station in the period until 2025¹⁸. SEEDA, KCC and Shepway DC amongst others strongly objected to this exclusion.
- 4.11 The current coalition government has made changes to the draft Energy National Policy Statements and is consulting on these revisions, which still omits Dungeness as a proposed site for a future nuclear power plant. The outcome of this consultation will be apparent in January 2011, but it would appear likely that Dungeness C will not be coming forward, certainly in the foreseeable future. As the power stations represent by far the largest employers on the Romney Marsh, their loss would have significant repercussions, not only in terms of direct employment, but also the associated indirect and induced employment. Indeed, the wage bill of Dungeness B station alone is in excess of £30 million per annum in the sub-region (most employees live within 25 miles of the power station)¹⁹ (see *Appendix G*).
- 4.12 This loss of Dungeness A and B, and the unlikelihood of a Dungeness C follows on from a number of other high profile losses in the local area that have had a detrimental impact on the number of job opportunities in and around the Marsh. Firstly the demise of the Romney Marsh Potato Company in 2005 led to the loss of over 100 jobs locally, and then in 2006 it was announced that Smiths Medical was shedding around 500 manufacturing jobs in Hythe with the majority of jobs being transferred to Mexico.
- 4.13 Already, as Kent County Council have highlighted in their submission, there is a low level of economic activity on the Marsh with a low proportion of people aged 18 to 44 years²⁰ (see *Appendix H*). This suggests that younger residents

¹⁸ CD15.1.

¹⁹ Email from Martin Pearce, Nuclear Policy Analyst at EDF Energy, 10 December 2010.

²⁰ Office for National Statistics Website

are not retained or attracted to the area because of the lack of employment opportunities. If replacement employment is not found locally, job shortages could become more acute and the area could also experience a weakening of the local service economy which has historically relied on the spending power derived from income earned from the area's larger employers. At the very least, the trend of out-commuting to neighbouring areas would be exacerbated.

4.14 As one might expect from a district which underperforms economically, the unemployment rate (as measured by Job Seekers Allowance claimants) for Shepway is also higher than both the rates for Kent and the South East. In fact, Shepway tallies more closely with the national picture than it does the region within which it is situated. As of October 2010, the unemployment rate in Shepway was 3.8% which compares unfavourably to the 3.5% for Great Britain²¹.

4.15 If one looks at the Marsh, it is clear that the area immediately around the airport (Lydd ward) has higher unemployment rates than the district at 4.0%.

Unemployment The proportion of total working age population claiming JSA	October 2010²²	October 2009²³	October 2008²⁴	October 2007²⁵
Great Britain	3.5%	3.9%	2.4%	2.0%
South East England	2.4%	2.9%	1.6%	1.2%
KCC Area	2.8%	3.1%	1.8%	1.5%
Shepway	3.8% (2,329)	4.0% (2,439)	2.6% (1,615)	2.4% (1,466)
Lydd (ward)	4.0% (150)	4.2% (156)	2.6% (96)	2.4% (91)

Table 2 – Unemployment Rates (Source: KCC Research and Intelligence)

²¹ CD11.4 – November 2010

²² CD11.4 - November 2010

²³ CD11.4 - October 2009.

²⁴ CD11.4 - October 2008.

²⁵ CD11.4 - October 2007.

4.16 In addition to relatively high unemployment rates, the district also has lower annual earnings than much of Kent. Indeed, under this measure in 2007, Shepway had the lowest annual earnings of any district in Kent, and for the other three years (2006, 2008 and 2009) Shepway had the lowest of any district in Kent apart from Thanet.

Annual Earnings Median Full Time Earnings (Resident Based)	2009²⁶	2008²⁷	2007²⁸	2006²⁹
Great Britain	£25,931	£25,299	£24,173	£23,482
South East England	£28,663	£27,876	£26,666	£25,924
Kent	£28,120	£27,198	£25,601	£25,000
Shepway	£24,742	£24,997	£21,124	£20,958

Table 3 – Annual Earnings (Source: Annual Survey of Hours and Earnings – ONS)

4.17 Just as unemployment (JSA claimants) in Shepway has remained above the national and regional figures, the annual earnings (Median Full Time Earnings – Resident Based) have been consistently below national and regional figures.

4.18 As highlighted in Kent County Council’s written statement³⁰, whilst having a lower than average number of people with no qualifications, Shepway District’s working age population has a much higher percentage of people with ‘NVQ1-3 only’ than the county and South East average. However, the percentage of people with NVQ4+ attainment is lower than county and South East averages³¹.

4.19 The Annual Population Survey does not provide information at a smaller geographical scale than districts. However, there are a couple of indicators illustrating the attainment of people immediately in and around the airport. As

²⁶ CD11.3 - 2009

²⁷ CD11.3 - 2008

²⁸ CD11.3 - 2007

²⁹ CD11.3 - 2006

³⁰ KCC/1W

well as the IMD2007, which highlights skills attainment levels under paragraph 4.6, there is also information supplied by NOMIS which illustrates that, at least historically there has been lower skills attainment in Lydd than in Shepway as a whole³² (see Appendix I).

- 4.20 In summary, despite being located in the 'affluent South-East', the local economy is weak and underperforming in comparison. There are relatively few major employers, with the loss of companies such as Smiths Medical, and this is likely to be exacerbated by the loss of Dungeness A and B in the coming years. At present, it looks like a Dungeness C station is unlikely to offer an alternative local employment source.

5. INVESTMENT AND JOB CREATION:

- 5.1 As stated above, for the foreseeable future the health of the local labour market will be a key issue affecting the regeneration of Shepway District and the Romney Marsh area in particular. Whilst recognising that UK aviation delivers multiple economic benefits, the Sustainable Development Commission³³ highlight that the extent of the economic impact of airports is a complicated and contested area. However examining the potential for London Ashford Airport to support in addressing the poor performance of the local economy is crucial to consideration of these applications. The following sections aim to provide some clarity on the matter.

Supportive Comments

- 5.2 It is worth noting from the offset 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 to the area, and specifically the prospect of investment and jobs. The South East England Development Agency state that "...SEEDA does recognise that the development will generate a significant number of jobs and lever in investment to the Romney Marsh area, which is recognised as a priority regeneration area". Kent County Council, in their written socio-economic

³¹ Annual Population Survey – Jan to Dec 2009, Kent County Council Research and Intelligence, 2010

³² NOMIS Official labour market statistics – Qualifications 2001, Office for National Statistics website.

³³ CD8.9

statement conclude that the introduction on new private sector jobs is what is required to grow the economy, boost employment and tackle deprivation³⁴. This is a position supported by Shepway District Council.

- 5.3 Turning to local groups, Friends of Lydd Airport Group, the Shepway Labour Party and Lydd Airport First support the proposals because of investment, jobs and benefits to the local community.

Job Creation

- 5.4 The applicant’s projections for job creation use an established model that identifies direct, indirect and induced employment impacts associated with large-scale developments. The estimations are set out below and relate to the current baseline and future development scenarios (which are dependent upon the full or partial implementation of infrastructure proposals). These figures do not take into consideration construction jobs that will be created by the development, which are estimated by LAA to be 28 FTE jobs for the construction of the terminal building and 4 FTE jobs for the construction of the runway extension³⁵:

	Baseline (3000 ppa)	Future Scenario (300,000 ppa)	Future Scenario (500,000 ppa)
Direct Employment	68	105-180	175-300
Indirect Employment	20	32-54	53-90
Induced Employment	26	41-70	68-117
Total	114	178-304	296-507

Table 4: Job Creation Estimates (adapted from applicant data)

- 5.5 The airport has estimated growth in direct employment within a range of 37-112 additional jobs (at 300,000ppa) and 107-232 (at 500,000 ppa). The indirect employment has been calculated by the airport applying a multiplier of 0.3 to the figure for direct employment. The same multiplier has then been applied to the combined forecasts for direct and indirect employment to provide a figure for the level of induced employment generated.

³⁴ KCC/1W

- 5.6 Direct Employment is that which is directly associated with airport activities and mainly includes airlines or handling agents (e.g. flight crew, check-in staff, maintenance crews etc) and those who work for the airport operator (e.g. in airport management, maintenance, security etc). A list is provided by Kent County Council in their submission, which has been taken from Airports Council International's 'The Social and Economic Impact of Airports in Europe' (Jan 2004)³⁶
- 5.7 There is considerable debate about the calculation of direct employment which is no doubt born out of the fact that there are no UK guidelines for assessing the employment effects of airport developments, and whilst a methodology has been adopted for a number of major airport developments, this is best suited to existing airports with established operations. With a very low level of passenger traffic and a low employment base, it is clear that such methodologies would not fit comfortably when applied to London Ashford Airport.
- 5.8 As such, the best methods available in calculating a reasonable estimate for direct employment are 1) Existing Published Research; 2) Use of information about other airports that have similar characteristics to London Ashford Airport. In using these two sources of information, it is argued that the estimate for direct job creation of between **350 and 600 per million passengers is a reasonable estimation**, and in fact would appear to be rather conservative at the lower end of the range.
- 5.9 A report commissioned by the Sustainable Development Commission³⁷ brings together statistics from a handful of sources. Whilst the average number of direct employees per million passengers in 1998 is highlighted at 1,129 jobs pmp, the figures for 2004 show that this number had decreased to 863 jobs pmp.
- 5.10 As with many other pieces of research, this trend of decreasing ratios is highlighted and explained chiefly by the increasing scale of airports and the shift towards lower cost ('no frills') operations. Despite the general decrease

³⁵ CD1.40a, page 9.

³⁶ KCC/1W

³⁷ CD11.12.

between 1998 and 2004, the average ratio during this period remained significantly higher than the 350-600 per million passengers stated by London Ashford Airport.

5.11 However, within these headlines, the average figures hide a multitude of trends. For example 1) 'Other airports' (which would include LAA) saw a drop from 1,016 to 953 direct employees per million passengers, equating to a drop of only 6%; 2) The difference from one airport to the next is large. In 2004, Edinburgh had a ratio of 288 employees per million passengers, whereas the likes of Aberdeen, Birmingham, Bristol and Cardiff had over 1,030 employees per million passengers; 3) Birmingham, Aberdeen and Newcastle airports actually saw an increase in their direct employees per million passengers.

5.12 This broad range of trends means that directly applying an average is a dangerous exercise. Also, it is just as easy (but erroneous) to pick out one airport that on face value supports an argument against 350-600 employees per million passengers being a realistic estimate for LAA as it is to support it. As such, a more structured and considered approach is required in order to reach a sensible estimate.

5.13 Whilst there is no exact mirror comparator airport to London Ashford Airport, the following analysis of similar sized airports with similar characteristics provides a useful indicative comparator. The list below takes a selection of 8 airports that cater for between 300,000 to 1,600,000 passengers per year (*see Appendix J*) in order to illustrate their direct jobs ratios. This list has been self-selective in the sense that it represents the available figures from published master plan documentation.

Airport	Passenger Numbers³⁸	Direct Employment (FTE)	Jobs per million passengers
Exeter Airport ³⁹	1,024,730 (2007)	1,400	1,366
Cardiff Airport ⁴⁰	1,425,436 (2002)	1,704	1,195
Humberstone Airport ⁴¹	460,930 (2005)	510	1,106
Inverness Airport ⁴²	626,284 (2005)	506	808
Blackpool Airport ⁴³	552,724 (2006)	390	706
Southampton Airport ⁴⁴	1,530,776 (2004)	1,004	656
Newquay Airport ⁴⁵	376,792 (2007)	220	584
Bournemouth Airport ⁴⁶	836,856 (2005)	380	454

Table 5 – Jobs per million passengers (Sources: CAA statistics and Airport master plans)

5.14 The table above therefore illustrates 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. The lower figure of 350 direct jobs per million would appear to be very conservative.

5.15 In conclusion, whilst there is no 'simple calculation which leads us indisputably to a precise ratio of direct employees per one million passengers, existing research and information suggests that 350-600 direct employees per one million passengers is a reasonable and realistic one, if not a little conservative.

5.16 Indirect and induced employment impacts have been calculated using a compound multiplier of 0.3. This suggests that for every 10 direct jobs, 3

³⁸ Civil Aviation Authority Website – www.caa.co.uk

³⁹ CD10.12, page 2

⁴⁰ CD10.1, page 9.

⁴¹ CD10.6, page 32.

⁴² CD10.8, page 45.

⁴³ CD10.9, page 24.

⁴⁴ CD10.4, page 10.

⁴⁵ CD10.11, page 13.4.

⁴⁶ CD10.7, page 10.

indirect and 3.9 induced jobs would be created. Employment multipliers are intended to act as a ‘technical summary’ of labour market impacts and as such provide estimates for typical development scenarios. Given the unique circumstances surrounding any large-scale development (and the low base from which this particular development is seeking to grow), it is difficult to accurately project secondary job creation numbers. The application of a multiplier is therefore an accepted approach to summarising the wider impact of large-scale developments.

5.17 However, the use of multipliers is contested, mainly because of the potential for double counting that can result at a national and regional level. Although there are difficulties associated with the calculation of multipliers, those anticipated by the applicant are consistent with established assumptions and those put forward by other airport master plans. As with Direct Employment, comparator airports have been selected to identify the multipliers used elsewhere. The majority of the airport master plans combine Indirect and Induced Employment impacts together, and as such this has been the basis for comparison. Whilst there is a relatively wide range of multipliers used (from 0.39 to 1.21) by the comparator airports, London Ashford Airport’s combined multiplier of 0.69 would be at the lower end of the scale. As such, it is concluded that a combined multiplier of 0.69 is reasonable.

Airport	Direct Employment	Indirect and Induced Employment	Multipliers
Humberside Airport	510	200	0.39
Inverness Airport	506	245	0.48
Southampton Airport	1,004	552	0.55
Cardiff Airport	1,704	1,135	0.67
Blackpool Airport	390	310	0.79
Bournemouth Airport	380	300	0.79
Newquay Airport	220	188	0.85
Exeter Airport	1,400	1,700	1.21

Table 6 – Multipliers for Indirect and Induced Employment (Source: Airport Master Plans)

Attracted Employment

- 5.18 Attracted employment differs from the other categories in that it does not relate directly to expenditure connected with the airport and is instead concerned with activities that locate nearby for reasons of accessibility. The following paragraphs look at the current attractiveness of the district to inward investors, the extent to which airports attract employers and the extent to which LAA might attract businesses to the district.
- 5.19 At present, Shepway has a pretty poor record of attracting inward investment. In the draft Shepway Employment Land Review⁴⁷, it states that in Kent between 2004 and 2010 only Gravesham and Tunbridge Wells attracted fewer companies. Some of the key reasons for Shepway not being attractive to inward investors are highlighted in a recent perceptions study carried out by Locate in Kent.
- 5.20 Perceptions of Kent as a Business Location⁴⁸ highlights the importance of accessibility as an important factor in influencing where businesses locate. The survey of 300 businesses, journalists, institutional investors and business advisors from across the country showed that the key factors that made Kent a good business location according to respondents were: 1) Proximity to London (39%); 2) Good transport links/infrastructure (38%); 3) Geographic location (34%); 4) Proximity to Europe/France (25%); 5) Good road links/access to motorway (17%).
- 5.21 Indeed, Locate in Kent conclude that “these findings are similar to previous waves of research and indicate that proximity to London and the Continent, transport links and infrastructure are the key factors considered when assessing a business location”.
- 5.22 Despite the report highlighting that Kent is attractive to business due to its connectivity, especially its existing rail and road network, within this context Shepway is still perceived as being peripheral. Only 17% of respondents thought Folkestone, the main town of Shepway, was a good place to locate a business and 42% felt that Folkestone was a fairly or very poor business

⁴⁷ CD7.7 page 29.

location which "...was a far higher negative response than for the other areas discussed"⁴⁹. Comments included the following:

"End of the world. It's just too far away from everything" (Institutional Investor).

"It is relatively remote as a town, but I think it is improving" (taken from response spreadsheet)

"It's out on a limb....absolutely nothing there" (taken from response spreadsheet)

- 5.23 Only 2% of businesses consulted stated that Folkestone would be their preferred business location if they decided to relocate to Kent. Obviously there are a number of other issues at play, but accessibility clearly plays its part.
- 5.24 The extent to which an airport is likely to attract employment is dependent upon a number of interrelating factors and as such the difficulties associated with projecting indirect and induced job creation (as stated above) apply to an even greater extent when considering attracted employment. However, looking at the European Cities Monitor 2009⁵⁰, it highlights that from a sample survey of 500 businesses the following were the top 5 'absolutely essential' issues: 1) Availability of staff – 60%; 2) Easy access to markets, customers and clients – 57%; 3) Quality of telecommunications – 54%; 4) Transport links with other cities and internationally – 51%; 5) Cost of staff – 35%.
- 5.25 Although it is true that the quality of telecommunications is an extremely important element in locating a business and in recent years is seen as a slightly more important factor than transport links, there is little evidence from the statistics provided by the Monitor (2007⁵¹ and 2009) that it is a replacement for physical linkages. In reality, the two appear to be complementary, with businesses using both in order to run a successful operation.

⁴⁸ CD11.15

⁴⁹ CD11.15

⁵⁰ CD11.14 - October 2009.

	2006	2007	2008	2009
Quality staff	59	62	59	60
Easy access to markets	63	58	60	57
Quality of telecommunications	50	55	54	54
Transport links	55	52	53	51

Table 7: Essential Requirements for Business (Source: European Cities Monitor (2007 and 2009))

- 5.26 In addition, a report written by the Aviation Environment Federation refers to a study by OMIS "...a leading consultancy specialising in business location and corporate relocation...". This study, produced in 2003, "...put Leeds (with only a small airport) as the most attractive location for business"⁵². Whilst highlighting the limited correlation between major airports and business locations, this report does show that small airports can help to make an area more attractive to businesses.
- 5.27 As such, it can be concluded that Shepway is currently not as attractive to business as other destinations in Kent, and that airports, even small ones, can contribute towards making an area more attractive to business.
- 5.28 The extent to which LAA will attract businesses to Shepway is difficult to quantify because of the uncertainty regarding requisite investments, as well as a lack of information about the expected importance of freight as a function of the airport. However, the airport has the potential to support some of the growth/well-represented sectors in the district which are more dependent upon air service accessibility⁵³, such as transport and distribution, finance and business services, and insurance.
- 5.29 Nathaniel Litchfield and Partners, on behalf of Shepway District Council, have looked at the potential catalytic impact of London Ashford Airport and come to the conclusion that:

⁵¹ CD11.14 - October 2007.

⁵² CD11.9, page15.

⁵³ CD11.13, page7

“Lydd Airport and Dungeness represent important economic assets for the Romney Marsh area, and if expansion/replacement of both proceeded, could provide more, better paid and local jobs in the Romney Marsh area. However, it is not expected that development at either would fundamentally alter the District’s future economic direction or generate significant additional demands for employment space”⁵⁴

5.30 It should be highlighted that this study is predominantly considering impact on requirements for additional B-class employment land in the district. With the district already extremely well catered for allocated employment land at locations such as Mountfield Road Industrial Estate in New Romney and Link Park near Lympne, it is unsurprising that the study recommends that the airport would not lead to additional demands for employment space.

Allocated Employment Site	Location	Land Available
Mountfield Road Industrial Estate Phase 4	New Romney	6 hectares
Link Park Phase 1	Lympne	11 hectares
Link Park Phase 2	Lympne	21 hectares
Nickolls Quarry	West Hythe	6 hectares

Table 8: Sample of significant allocated employment sites locally
(Source: Shepway Employment Land Review, October 2010)⁵⁵

5.31 Therefore, the potential to generate demand for increased employment land is modest especially considering the high levels of available allocated employment land; indeed the Employment Land Review considers that the majority of the spin-offs will be accommodated within the airport site. However, attracted employment also goes beyond B-class uses, and tourism-related business is considered further on in this proof under the ‘tourism’ section.

5.32 In summary:

⁵⁴ CD7.7, page 7.

⁵⁵ CD7.7

- 1) 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.
- 2) The multipliers used by London Ashford Airport to calculate induced and indirect employment are consistent with those used by other similar airports in the UK.
- 3) Accessibility to airports is one of a handful of factors that influence the location of a business. Shepway is currently viewed as a rather unattractive inward investment destination partly due to perceptions of inaccessibility. However, whilst not leading to a fundamental shift in the area's fortunes the expansion of London Ashford Airport is likely to have a modest positive impact in attracting business to the local area.

6. WIDER IMPACT ON SUB-REGION:

- 6.1 This section considers the comments received regarding socio-economic impact of the proposed airport expansion beyond Shepway District and into other areas of Kent and East Sussex.

Ashford

- 6.2 Whilst Ashford Borough Council commented that there is insufficient information provided to quantify the overall economic impact of the expansion, they summarise that "...it is possible that there will be little, or even negative net impact upon tourism numbers to the borough as a result of the proposed development. However, it is acknowledged that there will potentially be employment opportunities to residents in the Ashford and surrounding village areas and that Ashford Borough may benefit from the visitor spend of passengers..."⁵⁶
- 6.3 However, Kent County Council, in their written submission, is more positive about the impacts on Ashford stating that the expansion of LAA will have a positive impact. They state that benefits to the town will be of chiefly two kinds – 1) To travellers (residents, tourists and business users) and 2) For inward

⁵⁶ CD2.9 - Ashford Borough Council Planning Committee Annex 1 to Report 07/00169/AS, 09 January 2008, p.23

investment and the economy.⁵⁷ With projects for road, rail and bus being delivered to transform the transport network, KCC conclude that it is entirely appropriate that the development of LAA, which is the nearest airport to Ashford and 25 minutes from the International Station, should be supported to complement these. This is a conclusion supported by Shepway District Council.

- 6.4 The Kent Invicta Chamber of Commerce, the accredited Chamber of Commerce for Ashford (as well as Canterbury, Maidstone, Sevenoaks, Tonbridge and Malling and Tonbridge Wells) also supports the proposals stating that:

“We have always felt that Ashford would benefit in particular with any airport expansion due to our existing business supplier relationship and with our hotels and shopping areas supporting travellers either going or returning from the airport...Ashford would benefit from any extension to the airport services as we are the nearest large town with good service and retail outlets together with the transport network to serve the airport”⁵⁸

- 6.5 In addition, although there are no specific questions relating to London Ashford Airport within the Locate in Kent survey, it is interesting to note that in relation to Ashford one respondent noted: *“It’s got everything going for it. The prospect of an airport in addition to all the other development in the town. They have the right vision.”⁵⁹* Whilst it would be unwise to read too much into the statement of one business advisor, it is nonetheless telling that the individual in question views the prospect of an expanded airport as an added string to Ashford’s bow.

- 6.6 Taking the above into consideration, it is viewed that Ashford would see a positive impact from the expansion of LAA.

⁵⁷ KCC/1W

⁵⁸ CD11.6

⁵⁹ CD11.15, page 36

Thanet and Dover

- 6.7 KCC also state that whilst there are sectors in the aviation market where both London Ashford Airport and Manston Airport in Thanet would compete, there are also distinct differences between the two airports that mean they could be complementary and both take advantage of the fact that there is currently no prospect of additional runway capacity being provided for the foreseeable future at Heathrow, Stansted and Gatwick.⁶⁰
- 6.8 The Channel Chamber of Commerce, the accredited Chamber of Commerce for Shepway, Dover and Thanet, support the proposals. In addition to job creation and tourism impacts, they highlight the role LAA could play in taking pressure off the larger airports, and the potential to reduce surface journeys⁶¹.
- 6.9 Looking to a potential beneficial impact on Dover, in their letter to Mr Grimley dated 07 March 2007; the Dover Harbour Board stated that whilst they did not have any specific views on the application submitted by LAA, they did note that:

“We previously had a beneficial arrangement with LMA (London Manston Airport) in terms of passengers flying from the United States to Manston in order to take advantage of the excellent transfer times to the Port in order to meet cruise ships departing from Dover. We are aware of at least one cruise operator potentially investigating the prospect of something similar with LAA for those travelling from other UK regions to Dover and this would be welcomed. The prospect of improving the airport-port connectivity with our cruise operations is something we would support”⁶²

East Sussex

- 6.10 With LAA only around 3 miles from the East Sussex border, it is not surprising that both the County Council and the adjoining District Council are both supportive of the proposals on regeneration grounds.

⁶⁰ KCC/1W

⁶¹ CD11.7

⁶² CD11.5

6.11 East Sussex County Council support the proposals, subject to transport related issues, on the grounds that “these proposals to increase passenger capacity at London Ashford Airport (Lydd) may bring social and economic benefits to an area characterised as having a poor performing economy in need of regeneration...”⁶³

6.12 Rother District Council, which adjoins Shepway District, “...would support the proposals to extend London Ashford Airport on the basis of economic and regeneration benefits of the proposals to this area of East Sussex and Kent...”⁶⁴

7. SKILLS AND DEVELOPMENT TRAINING OPPORTUNITIES:

7.1 It is noted that London Ashford Airport is committed to supporting local people in accessing the job opportunities that would arise from the proposed expansion of the airport. This is illustrated by the draft Heads of Terms for the Section 106 Agreement which highlights the production of ‘Jobs and Business Strategies’ that aim to assist local people to secure employment. Although the detail of these strategies is still to be developed, it is encouraging that London Ashford Airport is committed to such an approach. Indeed, in their socio-economic update, LAA state that they:

*“...have a clear commitment to employing local people and a strong track record of working with secondary schools. LAA has supported both long term placements where work experience students attend the airport one day a week during term time over a period of months...These work-based learning schemes have provided opportunities for local secondary school students to gain valuable work experience”*⁶⁵

7.2 Beyond specific work with schools LAA also state they are looking to carry out construction training, in line with the development of the site; undertake recruitment initiatives locally and also run a small number of apprenticeships. All these measures would help to address issues of unemployment and low skills attainment locally.

⁶³ CD2.9

⁶⁴ CD2.9

⁶⁵ CD1.40a, page 9.

7.3 As stated by Kent County Council⁶⁶, the new K College, which launched in mid-November 2010 offers a wide range of courses, and could assist in this up-skilling of local people. However, the Romney Marsh does also benefit from more local training centres, such as the Romney Resource Centre (RR2K), a “one stop shop” for information, advice and guidance, and a range of training, education and employment opportunities, which has grown over the past 15 years culminating in RR2K becoming one of the top providers of learning and education in the South East both for FE and under Learndirect. Through linking into organisations such as these, there are real opportunities for local people to gain employment at an expanded London Ashford Airport.

8. TOURISM IMPACT:

8.1 This section looks at two distinct elements of the tourism impact of the proposed expansion (1) the impact on existing tourism-related businesses and (2) the potential for bringing new tourism opportunities to the area.

8.2 According to information provided by Kent CC⁶⁷ in their written statement, tourism-related businesses support in the region of 4,000 jobs (2,840 FTE) in Shepway District alone, with around 7,200 tourism jobs within a 40-minute drive-time of the airport. Tourism therefore plays a key part in the local economy.

8.3 On the Romney Marsh, there are camping and caravan sites stretched predominantly along the coast between Littlestone and Hythe, as well as other visitor accommodation (predominantly B&Bs) a handful of key attractions, most notably the Romney, Hythe and Dymchurch Railway and the Dungeness RSPB Reserve.

8.4 The extent to which an expanded London Ashford Airport would negatively impact on the most immediate tourism-related businesses due to possible noise or pollution impacts is beyond the scope of this proof, but it should be noted that the vast majority of tourism-related businesses on the Romney Marsh are some distance from the airport site, and certainly outside of the

⁶⁶ KCC/1W.

noise contours produced by the applicant. In addition, it is reasonable to assume that the users of caravan parks are attracted to the area for its beaches, attractions such as Port Lympne Wild Animal Park and the Romney Hythe and Dymchurch Railway and onsite facilities as much (if not more than) by the tranquillity of the area.

- 8.5 Access to overseas travel is often cited as undermining the domestic tourism industry and that expansion in air travel has accelerated this trend. However, although it is true that increased capacity could enable greater numbers of UK residents to take overseas holidays, it will also provide greater opportunities for foreign and domestic visitors to travel to the UK and for export income to be earned. There is also little evidence to suggest that by restricting air travel (and hence competition), UK domestic tourism would benefit as a result.
- 8.6 LAA estimate that the expansion of the airport would generate between 7,500-12,500 additional tourists per annum. This calculation depends on the volume of passengers, using a multiplier of 2.5%⁶⁸.
- 8.7 The Bournemouth Airport master plan states that 50,000 overseas visitors went through Bournemouth Airport in 2004⁶⁹. If one considers that according to the CAA statistics, 499,236 passengers went through the airport in 2004, overseas visitors would equate to 10% of all passengers. Another example is the Southampton Airport master plan which states that 'Overseas visitors to Hampshire represent 12% of trips'⁷⁰.
- 8.8 Although this information is limited and in both instances relates to an area that according to research by Kent Tourism seemingly has a higher visitor profile than Kent, it can be assumed that a multiplier of 2.5% is not overly optimistic, especially given that the area boasts a number of tourism attractions. As well as Port Lympne Wild Animal Park and the Romney Hythe and Dymchurch Railway, the district also boasts Kent's only racecourse (Folkestone Racecourse). There is a growing tourist offer in Folkestone, with the development of the Creative Quarter, the Folkestone Triennial, Lower Leas Coastal Park and the potential for a regenerated Seafront and Harbour

⁶⁷ KCC/1W.

⁶⁸ CD1.40a

⁶⁹ CD10.7

in the coming years. In addition, the Romney Marsh itself is an attractive short break destination for rambling, cycling and wildlife activities.

- 8.9 In their written submission, Kent County Council⁷¹ highlights other local attractions in Kent and the ease with which London can be accessed via Ashford. Beyond the county boundary, Rye in East Sussex and the coastal resorts of Hastings and Bexhill are established tourist destinations and in the case of the latter are improving their visitor offer considerably through a comprehensive regeneration programme.

9. CONCLUSION:

- 9.1 The expansion of London Ashford Airport offers the prospect of significant private sector employment in an area that is currently underperforming economically, that will eventually see the loss of employment at Dungeness A (currently decommissioning) and B Power Stations and is highly unlikely to see Dungeness C Power Station constructed in the foreseeable future. Indeed, the local economy is unlikely to grow without employment opportunities such as this, which can help to create sustainable communities and complement development in surrounding areas such as at Ashford, parts of Sussex and East Kent.
- 9.2 Beyond direct employment, an expanded London Ashford Airport would also stimulate indirect and induced employment, as well as having a modest positive impact in attracting businesses to the local area. It would offer the opportunity to bring new visitors to the area and help to raise the profile of Kent as a visitor destination.
- 9.3 Taking into consideration all of these aspects, it is the conclusion of Shepway District Council that the expansion of London Ashford Airport would have a positive economic impact.

⁷⁰ CD10.4
⁷¹ KCC/1W