



Development of Bristol Airport to Accommodate 12 Million Passengers Per Annum

Socio-Economics

James Brass

Proof of Evidence

Section 78 Town and Country Planning Act 1990 Appeal by
Bristol Airport Limited Relating to Bristol Airport, North Side
Road

Planning Inspectorate Reference: APP/D0121/W/20/3259234
North Somerset Council Reference: 18/P/5118/OUT

1. Introduction

1.1. *Qualifications and Experience*

- 1.1.1. My name is James Brass. I am a Partner with York Aviation LLP (York Aviation), a specialist air transport consultancy providing services including aviation policy advice, economic impact assessment, air traffic forecasting, and specialist advice on airport capacity assessment and planning. I joined York Aviation from its sister company York Consulting, a general economics and economic development consultancy, in 2004.
- 1.1.2. I graduated from the University of York, with an Honours degree in Economics. I have over 20 years of experience working with the aviation industry.
- 1.1.3. During my time with York Aviation, and before that with York Consulting, I have worked with a wide range of clients with an interest in the aviation industry. I have provided advice to airports, airlines, financial institutions, investors, trade associations, national and local governments, and economic development agencies. This advice has encompassed a broad range of topics from demand forecasting to economic impact assessment to policy and strategy advice. One of my key specialisms is airport economic impact assessment.
- 1.1.4. Specifically, in relation to airport economic impact assessment, my recent experience includes working with London Luton Airport Limited in preparing the wider economic impact assessment for its upcoming Development Consent Order (DCO) application, with Stansted Airport Limited in relation to preparing evidence on wider economic impacts in relation to the recent 35mppa+ planning appeal, and with Leeds Bradford Airport in relation to the planning application for its new terminal building. In addition, I have undertaken general economic impact assessments, on behalf of both airport operators and local authorities, of a wide range of UK airports including Aberdeen, Glasgow, Dundee, Edinburgh, Prestwick, Newcastle, Liverpool John Lennon, Manchester, Humberside, Doncaster Sheffield, East Midlands, Birmingham, London City, Belfast City and City of Derry airports. I have also advised the Department for Transport in relation to the local economic impacts of the UK's airports in the context of the COVID-19 global pandemic and in relation to the economic value of General Aviation activity in the UK. I have also worked extensively with the Scottish Government, through Scottish Enterprise, to develop and implement guidance on the socio-economic impacts of new air route development.

1.1.5. In relation to Bristol Airport, I have been engaged by Bristol Airport Limited (BAL) on several occasions over recent years to consider a range of issues. This has included economic impact assessments for the airport, the preparation of supporting economic evidence for new route development, the preparation of supporting economic evidence for new route development, and advice in relation to the reform of Air Passenger Duty (APD) and its potential devolution in Wales. This previous experience has given me strong background knowledge of Bristol Airport's regional socio-economic impact.

1.1.6. I was the lead author of the economic impact assessment for the proposed development of Bristol Airport to accommodate 12 million passenger per annum (mppa) (the Appeal Proposal) that was submitted with the planning application in December 2018, Development of Bristol Airport to Accommodate 12 Million Passengers Per Annum: Economic Impact Assessment (CD2.8 York Aviation, 2018), and the associated the Regulation 25 request responses relating to socio-economic matters ((CD3.4.3 York Aviation, March 2019) and (CD3.6.7 York Aviation, May 2019)). I was also the lead author of the air traffic forecast report submitted alongside the Environmental Statement Addendum (ESA) in 2020, Passenger Traffic Forecasts for Bristol Airport to Inform the Proposed Development to 12 mppa (CD2.21 York Aviation, 2020).

1.1.7. Following BAL's decision to appeal North Somerset Council's (NSC) refusal of the 12 mppa planning application, York Aviation was further engaged to provide an economic impact assessment addendum report in order to take account of changed circumstance brought about primarily by the COVID-19 pandemic. This addendum report was then used to inform the Environmental Statement Addendum (ESA) submitted as part of the appeal process.

1.1.8. Broadly, the scope of York Aviation's work was defined as follows:

- to consider the air transport market and economic context in which Bristol Airport operates;
- to consider the policy and economic strategy context for the development of Bristol Airport to handle 12 mppa;
- to assess the Gross Value Added (GVA) and employment impacts of expansion to 12 mppa;

- to analyse broader socio-economic effects associated with the expansion of Bristol Airport to 12 mppa;
- latterly, to consider the impact of COVID-19 and the UK's withdrawal from the EU on the assessment of socio-economic effects.

1.1.9. I was the Project Director for this work and the lead author of the associated economic impact assessment addendum report submitted with the ESA, Development of Bristol Airport to Accommodate 12 Million Passengers Per Annum: Economic Impact Assessment Addendum (CD2.22 York Aviation, 2020).

1.1.10. I have been supported in preparing this Proof of Evidence by other members of the York Aviation team, in particular Louise Congdon and Richard Connelly.

1.2. *Scope of Evidence*

1.2.1. My Proof of Evidence concerns the extent to which the Appeal Proposal will deliver economic and social benefits which has been identified as a main issue for the appeal.

1.2.2. In this Proof, I first consider some of the general evidence on the economic importance of air services (**Section 2**), before moving on to examine the more recent policy context relevant to the socio-economic impact assessment (**Section 3**). I then provide an overview of the methodology adopted for the assessment and the key results, including the link to the consideration of significance in the ESA (**Section 4**). In **Section 5**, I address specific comments made in relation to the socio-economic impact assessment by NSC, and the Parish Councils Airport Association (PCAA) in their respective Statements of Case alongside a number of third-party comments before presenting my conclusions (**Section 6**)

1.2.3. My Proof also responds in part to the following reason for refusal of the planning application:

“1. The airport has planning permission to expand to a throughput of 10 million passengers per annum (mppa) which allows for further expansion in passenger growth of approximately 1 mppa above the current passenger level. The further expansion beyond 10mppa now proposed would generate additional noise, traffic and off airport car parking resulting in adverse environmental impacts on communities surrounding Bristol Airport and which would have an adverse impact on an inadequate surface access infrastructure. The claimed economic benefits arising from the proposal would

not outweigh the environmental harm caused by the development contrary to policy CS23 of the North Somerset Core Strategy 2017.”

1.2.4. While economic benefits are not cited specifically as a reason for refusal, the balance between economic benefits and environmental harm is stated. In this context, my evidence clearly establishes the economic impacts of the Appeal Proposal; however, it should be noted that I do not address the overall planning balance . This is addressed by Mr Melling in his Proof of Evidence.

1.2.5. My Proof also responds directly to one of the issues identified by the Inspectors:

“g. The extent to which the proposed development will deliver economic, social and/or other benefits;”

1.2.6. This Proof builds upon the following main documents:

- Development of Bristol Airport to Accommodate 12 Million Passengers Per Annum Environmental Statement (ES) (CD2.5.41 Wood plc, 2018);
- Development of Bristol Airport to Accommodate 12 Million Passengers Per Annum: Economic Impact Assessment, which was submitted alongside the ES in November 2018 (EclA) (CD2.8 York Aviation, 2018);
- Development of Bristol Airport to Accommodate 12 Million Passengers Per Annum Environmental Statement Addendum (ESA) (CD2.20.1 Wood plc, 2020);
- Development of Bristol Airport to Accommodate 12 Million Passengers Per Annum: Economic Impact Assessment Addendum (EclA Addendum), which was submitted alongside the ESA in November 2020 (CD2.22 York Aviation, 2020).

1.2.7. In this Proof, I have not sought to repeat the bulk of the information in these documents. Instead, I draw out the key messages and provide additional explanation and rationale in places. I have focussed primarily on the EclA Addendum and the ESA as these are the most up to date assessments of the socio-economic effects of the Appeal Proposal.

1.2.8. The evidence which I have prepared and provide in this Proof of evidence is true and I confirm that the opinions expressed are my true and professional opinions.

1.3. Summary of Evidence

1.3.1. My evidence will demonstrate the following main points:

- that the Appeal Proposal represents a significant economic opportunity for North Somerset, the West of England, and the South West and South Wales;
- that there is a strong and robust base of evidence that underpins the well-recognised economic importance of airports and aviation connectivity;
- that national, regional and local policy strongly supports sustainable aviation growth to deliver future economic prosperity;
- that while COVID-19 has impacted on timelines for delivery, the Appeal Proposal will ultimately deliver significant net jobs and GVA growth and broader socio-economic benefits;
- that the Appeal Proposal represents a major private sector investment at a time of economic turmoil that will support recovery from COVID-19;
- that the Assessment uses a robust, industry standard methodology and that the issues raised by some parties are not valid and appropriate considerations;
- that there is support from organisations representing the wider economy for the Appeal Proposal precisely because of the significant socio-economic benefits that it will bring North Somerset, the West of England, and the South West and South Wales region.

2. The Importance of Airports to the UK Economy

2.1. Introduction

2.1.1. The importance of airports to the UK economy has been long established. They are recognised as both significant centres of employment in their own right, with attendant supply chain effects (referred to as indirect effects) and income expenditure effects (referred to as induced effects), but also, vitally importantly in the context of the potential expansion of Bristol Airport, as catalysts of economic activity in the wider economy. I consider the broad evidence base and theoretical underpinnings of these effects below. This provides an important basis for considering the socio-economic effects of Bristol Airport.

2.2. Airports as Centres of Employment

2.2.1. Airports are the geographic centres for the air transport industry. They are where the service is ultimately delivered to its end users, passengers or freight customers. However, airports are now about much more than simply loading passengers or freight on to an aeroplane. They are centres for the delivery of a wide range of ancillary goods and services that either directly support the delivery of air services or service the broader demand for goods and services from passengers passing through the airport. As such, they are often major centres for employment and economic activity within the region's they serve and are diverse economies in their own right, offering employment opportunities in a wide range of sectors and at different skill levels.

2.2.2. This concentration at and immediately around an airport is known as its direct economic impact. However, an airport's economic footprint does not stop there. Organisations at airports have supply chains that enable them to provide the goods and services that they offer. Purchases in this supply chain within the region around airports support further employment and prosperity (indirect effects). Expenditure of the wages and salaries earned by those employed by the direct and indirect impacts injects further consumer expenditure in to the economy, which in turn supports more economic activity and jobs in the region.

2.2.3. I consider the particular impact of Bristol Airport in this regard later in this Proof. However, it is also helpful to be clear about the significant role of UK airports sector and their attendant functions as providers of employment and prosperity in the UK

economy. Research undertaken by Oxford Economics for the Airport Operators Association (CD11.1 Oxford Economics, November 2014) estimated that airlines, airports and ground services supported £32 billion in GDP and 633,000 jobs through direct, indirect and induced impacts in 2012. This equated to around 2.1% of UK GDP and 2.2% of employment. Research for ACI EUROPE undertaken by InterVISTAS Consulting into the economic impact of airports in Europe (CD11.11 InterVISTAS, 2015) estimated the direct, indirect and induced impact of UK airports at around €34.5 billion in GDP and 491,400 jobs, equating to around 1.8% of the UK economy. While there is unsurprisingly variance in these estimates, these assessments clearly establish UK airports as major contributors to the UK economy simply through the employment and economic activity they generate.

2.3. Why Aviation Connectivity Matters for the Wider Economy

2.3.1. The ways in which air connectivity provided by airports impacts on economic performance in the wider economy are summarised below. This overall effect is sometimes referred to as the wider economic impact or catalytic impact of airports. While this effect is multifaceted, I focus on explaining this link in terms of a number of channels:

- Foreign Direct Investment;
- Trade;
- Labour Market Effects;
- Agglomeration;
- Tourism.

2.3.2. At the outset, it is important to note that the UK is a highly global economy. Hence, air connectivity is more important to all parts of the UK than is necessarily the case in other countries of the world. The importance of air connectivity to the area around Bristol Airport must be seen in this context as global connectivity is a vital component of the current and future economic performance. Connectivity must also be considered as a dynamic element in underpinning growth, i.e. the level of connectivity available to businesses in a region has to keep pace with that available to competitor regions. This is important in the context of the need for Bristol Airport to be able to grow its connectivity by expanding to 12 mppa to ensure that the West of England and wider South West and South Wales economies can maintain their competitive position and continue to be attractive to businesses, investors and tourists alike.

2.3.3. I now summarise the channels through which air connectivity delivers benefit to the wider economy in the region around any airport. Further details of the research on which this is based are provided in Appendix 1.

Foreign Direct Investment

2.3.4. Research has established the existence of a linkage between air transport and the attraction or retention of inward FDI. Whether the investment is inward or outward, strong connectivity is needed between the head office and the branch locations to ensure that operations are efficiently managed.

2.3.5. Hence, in considering the area around Bristol Airport, the availability of a strong and growing network of air connections is an important factor in both attracting inward investment and enabling local firms to exploit investment opportunities overseas. In this way, the benefits of improved connectivity made possible by lifting the 10 mppa passenger cap ultimately flow through to the attractiveness of the area around the airport for business investment more generally and the ability of local businesses to grow and invest within and beyond the local area.

Trade

2.3.6. The importance of air travel and air connectivity in increasing levels of trade is again well established. In relation to trade in goods, air cargo is a quick and efficient means of transporting goods around the world, which makes economic sense in relation to the transport of some goods, primarily those that are high-value, low weight or time critical. I note in the context of Bristol Airport that it does not handle significant volumes of freight.

2.3.7. Passenger connectivity is also important in terms of trade. This is the aspect that is of primary interest in relation to Bristol Airport. In relation to the trade in goods, companies need staff to travel to meet potential customers, to secure deals and to provide after sales care. This relates to both exports and imports. Trade in services is also heavily reliant on air passenger connectivity. Air connectivity is exceptionally effective at reducing the perceived distance between markets.

2.3.8. Hence, air service connectivity is important in facilitating trade in both goods and services. Whilst this is bi-directional, encouraging imports as well as exports, ultimately enabling bi-directional international trade facilitates economic growth through enabling countries to develop comparative advantage. As a consequence,

better connected regions will be further up the productivity curve and better able to avail themselves of trading opportunities than parts of the UK that are less well connected. Enabling Bristol Airport to keep pace with connectivity developments throughout the rest of the UK and, indeed, Europe, by allowing future growth in line is important to ensure that companies in the West of England and across the South West and South Wales can trade effectively in future and remain competitive.

Labour Market Effects

2.3.9. An area that is increasingly being identified as one of the channels of impact through which air connectivity operates is its effect on the labour market through its ability to influence individuals' decisions around where and how much labour to supply. This effect can, in broad terms, be divided in to two parts:

- air connectivity is important for the UK in being able to attract talented individuals to live and work in the country on a permanent basis as air connectivity is needed to support the quality of life of this group through the ability to visit family and friends in their countries of origin. As the UK moves outside of the EU, there will be a greater emphasis on attracting highly skilled individuals from the EU and across the globe, and the requirement for global connectivity will need to adapt, placing a greater emphasis on Bristol Airport's ability to support new air connections. Recent estimates suggest that around 4.8 million EU citizens have applied for settled status in the UK;
- air connectivity is also essential in supporting the lifestyle choice of an increasing number of high value added individuals who use air services to commute for short periods or even weekly while living overseas. These individuals often provide specialist or high value services that are part of what enables the UK's competitive advantage.

2.3.10. These factors are important in ensuring that the area around Bristol Airport is able to attract and retain the skilled workers required to support broader economic development across the South West and South Wales.

Agglomeration

2.3.11. Agglomeration effects are productivity benefits that can be achieved by firms located close to each other, perhaps through knowledge spillovers between firms, improved access to suppliers or to larger labour markets. They relate to the concentration of economic activity in an area. In other words, the more firms located

within an area the greater the likely agglomeration effects. In the context of air connectivity, there are two potential agglomeration impacts:

- as a direct impact from the way in which air services can increase effective density across large areas by reducing travel times and increasing the ease with which agglomeration effects may occur across national borders. This is essentially the boost in productivity within firms as air services make the world smaller, facilitating innovation and cooperation and widening markets for both goods and labour;
- as an indirect impact relating to the potential impact of air services in terms of influencing FDI decisions, which in turn result in clustering of firms in locations around major airports, again resulting in an increase in effective density and greater agglomeration.

2.3.12. These agglomeration effects through clustering can be significant and I note, by way of example, the presence of three globally significant clusters in the South West region as cited in the EclA Addendum report (CD2.22 York Aviation, 2020, p. 24).

Tourism

2.3.13. Air services make the UK easier and faster to get to for potential visitors travelling either for business or leisure purposes. Hence, the availability of air services influences the decisions that visitors make. The importance of air services for attracting inbound tourism holds true at a regional and sub-regional level as if a region is not easy to reach directly, visitors from overseas are far less likely to visit, focussing instead on the well-known visitor attractions in London or Scotland. If a city or sub-region or region is not easily accessible, by air or by another mode, then it is either unlikely ever to reach consideration in the first instance or, ultimately, to be chosen as a preferred option for a visit.

2.3.14. I would also note the importance of outbound tourism in supporting economic prosperity in the UK, a theme that I will return to later in this Proof. The ability to travel and experience other countries and other cultures is an extremely important part of life for many people, while for others the ability to visit friends and relatives in other parts of the world is vitally important. In this context, access to air travel is a key component in making cities and regions 'liveable' places for people. Hence, access to an airport with a good range of services is an increasingly important factor in attracting people to live and work in an area, particularly in the context of what is an

increasingly global workforce. Ultimately, this will support population growth and additional economic activity in an area, provide prosperity and create the conditions that are needed for economic growth.

2.3.15. I consider the particular wider economic impact of Bristol Airport later in this Proof, but, again, it is also helpful to be clear about the significant role of UK airports sector in supporting wider economic impacts in the UK economy. InterVISTAS, in its research for ACI EUROPE, identified the catalytic impact of UK airports at around €41.5 billion in 2015 and around 680,000 jobs (CD11.11 InterVISTAS, 2015, pp. 101-103).

2.4. Conclusions

2.4.1. Above, I have summarised the general underpinnings as to why airports and air services are important for economies and the channels through which airports deliver operational and wider economic benefits. I have also highlighted the significant scale of such benefits across the UK. Below, I consider the specific socio-economic impacts relating to Bristol Airport's expansion to 12 mppa.

3. Policy Context

3.1. Introduction

3.1.1. In this section, I consider the key messages from the policy context relevant to the proposed growth of Bristol Airport to 12 mppa. The policy context for the Appeal Proposal was considered in some detail in the original economic impact assessment (CD2.8 York Aviation, 2018, pp. 14-18) and I have not sought to repeat that analysis but instead have focussed on the main messages and more recent statements. At the outset, I note that the socio-economic policy environment for the Appeal Proposal is strongly supportive at national, sub-regional and local level. In this context I note the policy summary within the North Somerset Council Officers Report (CD4.13 North Somerset Council, 2020, p. 51), which highlights the economic benefits of aviation growth generally and Bristol Airport specifically.

3.2. National Policy

3.2.1. UK Government policy, as set out in the Aviation Policy Framework (CD6.1 Department for Transport, 2013), is strongly supportive of sustainable air transport growth because of the significant economic and social benefits that it brings to the UK. The 2013 Aviation Policy Framework makes clear at the outset that the Government's primary objective is securing economic growth, within a framework that balances benefits and environmental costs:

"The Government's primary objective is to achieve long-term economic growth. The aviation sector is a major contributor to the economy and we support its growth within a framework which maintains a balance between the benefits of aviation and its costs, particularly its contribution to climate change and noise."

3.2.2. The Aviation Policy Framework goes on to make clear that a key objective of Government is to ensure that the UK has good air connectivity to support economic growth.

"One of our main objectives is to ensure that the UK's air links continue to make it one of the best connected countries in the world."

3.2.3. This support was re-iterated in the consultation document Aviation 2050: The Future of UK Aviation (December 2018), which was published shortly after the submission of the 12 mppa planning application. In it, the Government states that:

“Aviation has an important role to play in the future of our country. It is key to helping to build a global Britain that reaches out to the world. It underpins the competitiveness and global reach of our national and our regional economies.” (CD9.29 HM Government, December 2018, p. 18)

“The government has been clear about the importance of aviation to the whole of the UK. Aviation creates jobs across the UK, encourages our economy to grow and connects us with the rest of the world as a dynamic trading nation. It also helps maintain international, social and family ties. This is why the government supports the growth of aviation, provided that this is done in a sustainable way and balances growth with the need to address environmental impacts.” (CD9.29 HM Government, December 2018, p. 18)

3.2.4. It goes on to highlight specifically aviation’s economic contribution:

“Connectivity:

- *the UK is one of the best connected countries in the world with over 370 direct connections in over 100 countries*

Productivity:

- *aviation directly contributes at least £22 billion to the UK economy each year – with around £14 billion from air transport and £8 billion from aerospace, with the UK having the second largest aerospace industry in the world*
- *the industries most associated with business travellers generate some of the largest contribution to the UK economy due to the high value of the industries they tend to work in*

Jobs:

- *aviation is estimated to directly provide over 230,000 jobs and consists of around 4,500 businesses; this generates employment right across the country, especially in aircraft manufacture, aircraft maintenance and air freight*
- *the North West and South West each account for 12% of direct jobs provided by aviation and there are large concentrations of aviation businesses in the Midlands, Wales and Scotland*

- *airports themselves continue to be a major source of local employment and help to attract related industries in their area, generating employment beyond the proximity of other local industry and businesses*

Tourism:

- *there was both a record number of visits to the UK in 2017 and a record number of visits abroad by UK residents; the most frequent reason for visits to and from the UK is holidays*

- *tourism contributed £68 billion to the UK economy in 2016*

- *inbound tourism by air makes up 80% of foreign holiday spending” (CD9.29 HM Government, December 2018, p. 21)*

3.2.5. Aviation 2050 represents the latest formal position from the UK Government in terms of the economic importance of aviation to the UK economy. It follows on from previous policy positions and, indeed, wider national economic policy makes clear the importance of international linkages and the international economy.

3.2.6. This policy support for aviation growth has been re-emphasised more recently both generally and in the context of the UK’s recovery from the COVID-19 pandemic. In February 2020, the Secretary of State made clear:

“Our airports are national assets and their expansion is a core part of boosting our global connectivity. This in turn will drive economic growth for all parts of this country, connecting our nations and regions to international markets, levelling up our economy and supporting a truly global Britain.”

“We want Britain to be the best place in the world to do business and as a government we are committed to investing in transport and wider infrastructure as part of levelling up economic opportunities across the country,...

We fully recognise the importance of the aviation sector for the whole of the UK economy. The UK’s airports support connections to over 370 overseas destinations in more than 100 countries facilitating trade, investment and tourism. It facilitates £95.2 billion of UK’s non-EU trade exports; contributes at least £14 billion directly to GDP; supports over half a million jobs and underpins the competitiveness and global reach of our national and our regional economies. Under our wider “making best use” policy,

airports across the UK are already coming forward with ambitious proposals to invest in their infrastructure.” (CD6.8 Grant Schapps, 2020)

3.2.7. This demonstrates a clear linkage in the Government’s mind between the Government’s Making Best Use policy (CD6.4 HM Government, 2018) and delivering improved economic performance, including at a regional level as well as the national level.

3.2.8. On 19th October 2020, the Secretary of State (Grant Schapps, Secretary of State for Transport, October 2020, p. 6 Copy in Appendix 4) reiterated the vital economic importance of ensuring the recovery of the aviation sector from the effects of the COVID-19 pandemic, making clear that *“Our economy most certainly depends on it”*.

3.2.9. The economic policy themes that underpin the Government’s aviation policy position have been re-emphasised in the Government’s recent Build Back Better plan for recovery from the COVID-19 pandemic (CD11.10 HM Treasury, March 2021). It highlights the importance of world class infrastructure in supporting economic growth:

“High quality infrastructure is crucial for economic growth, boosting productivity and competitiveness.” (CD11.10 HM Treasury, March 2021, p. 8)

3.2.10. It articulates the Government’s desire to 'level up' the UK economy by supporting economic growth opportunities outside of London and the South East:

“We will tackle geographical disparities in key services and outcomes across the UK: improving health, education, skills, increasing jobs and growth, building stronger and safer communities and improving infrastructure and connectivity. We will focus on boosting regional productivity where it is lagging to improve job opportunities and wages” (CD11.10 HM Treasury, March 2021, p. 71)

3.2.11. It sets out a vision for cities across the UK to be globally competitive:

“Cities are a fundamental driver of productivity growth. They play a critical role in the success of the wider region – successful regions benefit from strong cities to anchor growth. Our long-term vision is therefore for every region and nation of the UK to have at least one globally competitive city at its heart, helping to drive prosperity and increasing opportunity for all those who live nearby.” (CD11.10 HM Treasury, March 2021, p. 75)

3.2.12. Crucially, it also re-emphasises the Government’s commitment to a ‘Global Britain’ as a key driver of growth and prosperity moving forward:

“The UK’s prosperity is built on our integration into the global economic and financial system. An open economy, which permits the free flow of ideas, goods, services and data based on adherence to a mutually agreed set of rules and principles, will drive long-term prosperity and innovation. It provides UK consumers, businesses, producers, workers and investors with access to cheaper, better quality goods and services, offering greater choice, creating jobs and freeing up resources for innovation and investment at home. In 2019-20, new inward investment projects supported over 56,000 jobs across the UK.

The UK’s success as a trading nation will depend on its ability to use its comparative strengths to anticipate evolving demand at both a country and sector level. Trends such as continued rapid growth in emerging economies, the expansion of the global middle class, as well as the growing demand and increasing tradability of more sophisticated sectors of the global economy all provide potential opportunities for UK businesses. Openness to international markets ensures UK access to multiple diverse sources of supply for the goods and services we need, improving the resilience of our supply chains and benefitting prosperity.” (CD11.10 HM Treasury, March 2021, p. 94)

3.2.13. The implication of this policy position is clear. The UK will be an increasingly global economy and that Government clearly sees boosting the global competitiveness of the UK’s cities away from London and the South East as being central to this vision. It also clearly recognises the importance of infrastructure in achieving these goals. From the perspective of the West of England and the broader South West, the growth of Bristol Airport to 12 mppa is a clear opportunity to support this agenda.

3.3. Sub-Regional and Local Policy

3.3.1. The EclA establishes the economic importance of Bristol Airport in terms of local and sub-regional economic development policy. I note particularly the comments within:

- The West of England Local Enterprise Partnership Strategic Economic Plan (CD11.2 West of England LEP, 2015);
- North Somerset’s Economic Plan 2017-2036 (CD11.3 North Somerset Council, 2017);

- The West of England Combined Authority Business Plan 2018/19 (CD11.37 West of England Combined Authority, 2018);
- The North Somerset Core Strategy (CD5.6 North Somerset Council, 2017), particularly Priority Objective 3, and policies CS20 and CS22.

3.3.2. The economic importance of air connectivity generally and Bristol Airport specifically to the West of England has also been re-emphasised since the 12 mppa application. The West of England Local Industrial Strategy (CD11.7 HM Government, July 2019) was published in 2019 and highlights the global nature of the West of England economy and the importance of these international links to future prosperity. I have highlighted some relevant passages below:

“The strength of the UK in the global economy is dependent on dynamic, globally competitive, outward looking and creative places like the West of England” (CD11.7 HM Government, July 2019, p. 4)

“The West of England’s ingenuity makes it a major force in the global marketplace. Historically, trade put the region on the map and it remains a critical gateway to the nation and to the world. At the crossroads of major motorways and rail networks, with an international airport and port, the region provides the right environment for businesses to thrive and grow.” (CD11.7 HM Government, July 2019, p. 4)

“This Local Industrial Strategy will support productivity and business growth by setting a West of England Productivity Challenge to encourage all businesses to improve performance and sustainability. It will promote uptake of modern technologies, innovation, management practices and cleaner business models, and a drive to increase exporting across the small and medium-sized business base.” (CD11.7 HM Government, July 2019, p. 5)

“The West of England benefits from its strong road and rail links and its international connectivity.” (CD11.7 HM Government, July 2019, p. 11)

3.3.3. The Strategy also specifically recognises the value of Bristol Airport as a strategic economic asset for the region:

“The West of England plays a central role in the UK economy, and is well connected along the M5/M4 corridor to London, Wales and Birmingham. It also has important

international connections through its port and airport.” (CD11.7 HM Government, July 2019, p. 7)

“Infrastructure assets such as the port and airport provide strong international connectivity” (CD11.7 HM Government, July 2019, p. 45)

- 3.3.4. The North Somerset Economic Plan 2020 to 2025 (CD11.15 North Somerset Council, 2020) has superseded the previous North Somerset economic plan and focusses on supporting the area to build back after the COVID-19 pandemic. It highlights priorities for recovery around inclusive growth and wellbeing, digital access and infrastructure, and supporting green business and low carbon activities.
- 3.3.5. Specifically in relation to the airport, it highlights Bristol Airport as a strategic employment site and the need to support direct employment recovery (CD11.15 North Somerset Council, 2020, p. 22). It also highlights potential opportunities to *“Maximise employment and supply chain opportunities generated by innovation in the aviation sectors, especially in relation to clean aviation”* (CD11.15 North Somerset Council, 2020, p. 22).
- 3.3.6. More generally, it continues to support the need for overseas inward investment in North Somerset (CD11.15 North Somerset Council, 2020, p. 20) and the potential opportunities around expansion of the visitor economy (CD11.15 North Somerset Council, 2020, p. 23).

3.4. Conclusions

- 3.4.1. Both nationally and regionally, there is strong recognition of the economic value of air connectivity and its importance to future economic prosperity and this translates to strong policy support. Regionally, there is specific recognition of the role that Bristol Airport plays in providing international connectivity and of the importance of infrastructure in supporting growth. Overall, national, regional and local policy is strongly supportive of airport growth to support economic development and future prosperity. More recent policy has not changed this original position that was set out in the EclA. In fact, the clear articulation of the Government’s national economic strategy and its focus on levelling up and Global Britain, alongside the Government’s statements within Aviation 2050, strengthen this position.

4. Assessment Summary

4.1. Introduction

4.1.1. In this section, I set out the approach taken to the socio-economic impact assessment and the results of that assessment in relation to the effects of Bristol Airport's growth to 12 mppa. York Aviation's approach to the Socio-Economic Assessment of the 12 mppa application is a comprehensive, robust and best practice approach. The approach was examined in detail by NSC's consultants at the planning application stage and was agreed. The approach adopted for the later EclA Addendum and ESA was not changed. I understand that NSC is again broadly content with the methodology adopted but that has raised issues around some of the assumptions. I consider the issues raised in Section 5. The Assessment demonstrates that the socio-economic effects of the Appeal Proposal will be positive and significant. I note that, while there was some disagreement on the exact scale on benefits, the NSC Officers' report, based on review by its advisers, Jacobs, reached the same conclusion (CD4.13 North Somerset Council, 2020, p. 64).

4.2. Approach to ES and EclA and ESA and EclA Addendum

4.2.1. York Aviation's approach to undertaking the Socio-Economic Assessment is set out in detail in the 12 mppa economic impact report (CD2.8 York Aviation, 2018) and additional information was provided to NSC via responses to two Regulation 25 requests for further information, Development of Bristol Airport to Accommodate 12 Million Passengers Per Annum: Economic Impact Assessment – Response to Comments Received (CD3.4.3 York Aviation, March 2019) and Development of Bristol Airport to Accommodate 12 Million Passengers Per Annum: Economic Impact Assessment – Response to Further Comments Received (CD3.6.7 York Aviation, May 2019). To avoid duplication, I have described the approach again here in brief.

4.2.2. The Assessment involved:

- a detailed review of the airport's market position and profile using data from sources such as the CAA Passenger Survey, CAA Statistics and Official Airline Guide (OAG) data on airport and airline schedules;
- an analysis of the economic and policy context in which the airport was operating based on a review of documents and published data;

- engagement with a range of stakeholders to discuss the airport's role in the economy and its future potential;
- the development of economic models designed to articulate the impacts of the airport now and in the future. These models considered GVA and employment impacts from construction and ongoing operations, in terms of direct, indirect, induced and wider economic impacts, and high-level socio-economic welfare effects.

4.2.3. The Assessment has considered the economic impact of the growth of the airport in relation to three study areas, each of which is a sub-set of the next:

- North Somerset – the local authority district in which the airport is located and the relevant planning authority;
- the West of England – a sub-region that includes North Somerset, the City of Bristol, Bath & North East Somerset, and South Gloucestershire. This area makes up the core of the airport's passenger catchment area and is the functional economic area in which the airport is located;
- South West Region and South Wales – this is the broader region that the airport serves.

4.2.4. While the Assessment provided an assessment of the socio-economic impact of the airport at 10 mppa and at 12 mppa, its primary focus is on the socio-economic impacts associated with growth between 10 mppa and 12 mppa.

4.2.5. The EclA Addendum and the ESA are both based on the same methodology as the original assessment. Some additional elements were added to the analysis to address comments made by NSC and other parties, namely the addition of a quantitative estimate of the effects of displacement on the GVA and employment impacts and the inclusion of carbon costs within the socio-economic cost benefit analysis. In relation to the latter, I continue to be of the view that the inclusion of these costs within a 'local' assessment is inappropriate and that it is highly questionable whether such costs would be additional at a global level. I return to both points further below. In addition, the EclA Addendum and the ESA also considered the potential influence of faster and slower traffic growth at Bristol Airport on the assessment of effects in qualitative terms.

4.2.6. I believe that the methodology adopted in the EclA represents a 'best practice' approach to the assessment of the airport economic impacts and I would contend that

it is, in fact, more extensive in its scope than other similar assessments undertaken elsewhere. I would also note that York Aviation has used largely the same approach in considering the recent Leeds Bradford Airport planning application. In this instance, independent peer reviews of York Aviation's work, funded by Leeds City Council, were undertaken by GENECON (CD11.38 GENECON, March 2020) and Volterra (CD11.16 Volterra, 2020). Both peer reviews found the methodology to be robust with only minor areas of comment. I was also the Project Director for this assessment.

4.2.7. The ESA focusses on considering the significance of the socio-economic effects of the Appeal Proposal in the context of the environmental assessment and the approach taken to this assessment is set out in the ESA (CD2.20.1 Wood plc, 2020, pp. 121-127). The environmental impact assessment focusses on the impact on GVA and employment, in line with the original ES and with the original scoping report. I have not considered the approach to ESA further here.

4.2.8. Importantly, as stated above, NSC officers and the Council's consultants had agreed that the approach was robust. Again, I understand that NSC's advisers are broadly content with the approach but have raised some issues in relation to the assumptions adopted. Before moving on to consider the results of the socio-economic impact assessment, I have highlighted several passages from the NSC Officers Report concerning the approach to socio-economic impact assessment and, ultimately, the potential economic impact of the 12 mppa development:

"The above assessment work has looked in detail both at BAL's case and the counter argument that airport expansion is overstated. Whilst there is not consensus over the exact scale of economic benefit, it is clear that the proposals will have a substantial net economic impact for North Somerset and the wider sub-region." (CD4.13 North Somerset Council, 2020, p. 64)

"BAL's economic impact assessment is based on model research undertaken by 'Oxford Economics for Transport for London'. This was used for proposed development at London City Airport, and BAL contend it provides an appropriate methodology to project the economic impacts of their proposal. Objectors say this model is flawed and BAL should have used 'S-CGE' (computable general equilibrium) modelling to add robustness to the estimation of economic impacts.

Officers tested this point with the Council’s consultants. They confirmed that the approach used by BAL is an appropriate model, whereas ‘S-CGE’ modelling is often used to evaluate the economic outputs from major transformational projects e.g. Heathrow’s third runway proposal. This is not to say that ‘S-CGE’ would not add further robustness to an economic assessment, but the additional benefits above the model used by BAL are unlikely to be significant. Officers consider BAL’s methodology is therefore acceptable.” (CD4.13 North Somerset Council, 2020, p. 56)

In relation to tourism impacts “BAL clarify that the methodology they used to establish average trip expenditure included regional data from ‘VisitBritain’. The Council’s consultants consider the level of claimed benefits are accurate, officers accept their assessment. These are outlined in table 5.3 of BALs original submission (the 2mppa expansion will result in 900 new FTEs and £60m additional GVA).” (CD4.13 North Somerset Council, 2020, p. 62)

4.2.9. These passages and the Officers Report more generally makes very clear that, while there were minor areas of difference of opinion, NSC and its consultants accepted the main elements of York Aviation’s approach and, in-turn, that there will be significant net economic benefit from the 12 mppa proposal.

4.2.10. I would highlight again that the methodology used for the EclA Addendum and the ESA are the same as that used for the original 12 mppa applications assessment. The only changes are enhancements to address specific issues raised by NSC. It is, therefore, surprising that NSC officers now appear to be trying to challenge aspects of the methodology underlying the EclA and EclA Addendum.

4.2.11. I now move on to consider some of the key impacts associated with the Appeal Proposal and the broader implications for the economy, particularly in a post ‘UK withdrawal from the EU’ world and as the UK starts its economic recovery from the COVID-19 pandemic.

4.3. Construction Impact Assessment

4.3.1. The Appeal Proposal represents a major private sector infrastructure investment both locally in North Somerset and regionally in the South West.

4.3.2. The delivery of the necessary infrastructure to enable the airport to handle 12 mppa will also result in positive economic impacts during the period of construction. As

detailed in the EclA Addendum, over the period to 2030, construction of the infrastructure to enable 12 mppa at Bristol Airport will support:

- £28 million in additional GVA (discounted) and 285 job years of employment (255 FTE years) in North Somerset;
- £40 million in additional GVA (discounted) and 775 job years (705 FTE years) of employment in the West of England (includes North Somerset);
- £57 million in additional GVA (discounted) and 1,335 job years (1,165 FTE years) of employment in the South West and South Wales (includes West of England).

4.3.3. These positive economic impacts have the potential to provide an important boost to the local and regional economy as it recovers from COVID-19 and, clearly, this investment would also ‘level up’ infrastructure investment in regions away from London in accordance with Government policy objectives.

4.3.4. It is, however, recognised that these impacts are transitory and the project, in infrastructure construction terms, is not transformational in size. In this context, construction activity associated with the Appeal Proposal has been assessed in the ESA as having a positive effect but one that is of low magnitude and, therefore, not significant.

4.4. Operational GVA and Employment Assessment

4.4.1. The expansion of Bristol Airport to 12 mppa will enable it to support more permanent jobs and associated GVA each year, both in terms of its direct, indirect, and induced impacts, but also in terms of its ability to catalyse economic impact in the wider economy by enabling trade, foreign direct investment (FDI), competition, agglomeration, labour market effects and inbound tourism. In combination, the Appeal Proposal’s impact on GVA and employment was assessed as being major beneficial and significant in North Somerset and the West of England, and moderate beneficial and significant in the South West and South Wales. These conclusions remain the same for the Faster and Slower Growth Cases.

Gross Impacts prior to Displacement

4.4.2. Table 1 shows the gross¹ GVA and employment impacts of the Appeal Proposal as set out in the EclA Addendum (CD2.22 York Aviation, 2020). These impacts reflect the

¹ Prior to making any adjustment for potential displacement of demand to other airports in the South West and South Wales area.

additional GVA and employment that will be supported in 2030 with the airport handling 12 mppa compared to 10 mppa (the Future Baseline).

Table 1: Additional GVA and Employment Supported by the Proposed Development Scenario Compared to the Future Baseline

	<i>North Somerset</i>			<i>West of England</i>			<i>South West & South Wales</i>		
	<i>GVA (£m)</i>	<i>Jobs</i>	<i>FTEs</i>	<i>GVA (£m)</i>	<i>Jobs</i>	<i>FTEs</i>	<i>GVA (£m)</i>	<i>Jobs</i>	<i>FTEs</i>
Direct	£40	280	240	£60	600	530	£70	820	720
Indirect & Induced	£10	250	190	£40	620	510	£80	1,300	1,030
<i>Economic Footprint</i>	<i>£50</i>	<i>530</i>	<i>430</i>	<i>£100</i>	<i>1,220</i>	<i>1,040</i>	<i>£150</i>	<i>2,120</i>	<i>1,750</i>
Productivity	£20	130	100	£90	620	500	£200	1,920	1,520
Tourism	£0	50	40	£30	620	500	£80	1,520	1,200
<i>Wider Impacts</i>	<i>£20</i>	<i>180</i>	<i>140</i>	<i>£120</i>	<i>1,240</i>	<i>1,000</i>	<i>£280</i>	<i>3,440</i>	<i>2,720</i>
Grand Total	£70	710	570	£220	2,460	2,040	£430	5,560	4,470

4.4.3. The EclA Addendum assessment estimates that Bristol Airport will support the following additional economic footprint effects in 2030:

- £50 million in GVA and 530 jobs (430 FTEs) in North Somerset;
- £100 million in GVA and 1,220 jobs (1,040 FTEs) in the West of England;
- £150 million in GVA and 2,120 jobs (1,750 FTEs) in the South West and South Wales.

4.4.4. The airport will support the following additional wider economic impacts:

- £20 million in GVA and 180 jobs (140 FTEs) in North Somerset;
- £120 million in GVA and 1,240 jobs (1,000 FTEs) in the West of England;
- £280 million in GVA and 3,440 jobs (2,720 FTEs) in the South West and South Wales.

4.4.5. The total additional GVA and employment supported by Bristol Airport in the 12 mppa scenario compared to the future baseline is estimated to be:

- £70 million in GVA and 710 jobs (570 FTEs) in North Somerset;
- £220 million in GVA and 2,460 jobs (2,040 FTEs) in the West of England;
- £430 million in GVA and 5,560 jobs (4,470 FTEs) in the South West and South Wales.

4.4.6. Overall, the Appeal Proposal will, therefore, offer considerable economic benefits to the three study areas considered in the Assessment.

- 4.4.7. This assessment, prior to consideration of displacement, represents the economic impacts that Bristol Airport will support through its operations if it is allowed to expand to 12 mppa.
- 4.4.8. The direct, indirect, and induced impacts of the Appeal Proposal represent Bristol Airport's potential influence as a provider of jobs and prosperity in its own right. These effects are substantial and are a significant opportunity to increase the airport's role as a major regional business cluster. This will contribute to regeneration in the areas immediately surrounding the airport, provide opportunities for the supply chain in the region and increase prosperity across the region.
- 4.4.9. The wider economic impacts, driven by the airport's growing ability to act as a connector for the region, represent the strategic opportunity for the regional economy. Growing the airport and its connectivity is a key part in ensuring that the West of England and the wider region can achieve its wider economic goals, including being a world class, global location for business, and one of the UK's leading tourism regions. This type and scale of impact fits strongly with the Government's 'levelling up' agenda, enabling regions away from London and the South East to drive up productivity and 'bridge the gap'. It is important to note that this does mean boosting the region around the airport and not constraining others.

Net Impacts after Displacement

- 4.4.10. In this context, our updated assessment does consider in quantitative terms the extent to which displacement of passenger demand to other airports in South West and South Wales region would occur should Bristol Airport be limited to 10 mppa, with the result that employment and GVA at other airports in the South West and South Wales would increase to service this increased demand. The original assessment presented in the EclA considered displacement qualitatively and assumed that the effect would likely be limited. We continue to be of that view but considered the issue quantitatively in the EclA Addendum following comments from NSC's advisors and other parties in relation to the EclA.
- 4.4.11. The updated traffic forecasts (CD2.21 York Aviation, 2020) have considered the issue of potential displacement in detail using a passenger allocation model. This has identified that up to 28% of passengers might use another airport in the South West and South Wales and that, consequently, the economic impacts associated with these

passengers might be retained within the region even if Bristol Airport is not able to expand.

4.4.12. In my view, this estimate is reasonable but is likely to be at the top end of the range of likely displacement. The existing market shares for airports in the South West and South Wales demonstrate clearly that the London airports are the main other factors in the market, not airports such as Cardiff, Exeter, Bournemouth, and Newquay (Brass, June 2021). I would also point out that the other airports in the region are substantially smaller than Bristol Airport and, indeed, its competitors outside the region. It is highly questionable that the region's other airports could develop the range of destinations and flight frequency that might have come forward at Bristol to service the demand in the catchment area. This is a point that was made previously and acknowledged and accepted within the NSC's Officers Report:

"In response, BAL say airports are not homogenous and the four other airports in the South West / Wales offer a substantially different range of services in terms of destination and flight frequency compared to BAL. They suggest these airports will continue to serve their own smaller markets even if BAL expand, but this is unlikely to directly compete with the much broader range of routes at Bristol Airport. A point accepted by officers. Objectors disagree and say that the increased passenger growth from South Wales would be reduced if Cardiff Airport was expanded. BAL say the proposed development will have at most, a minimal impact on passenger displacement within the South-West and South Wales due to the different offers from the two airports. They do however consider that the growth of services at Bristol Airport could reduce the level of longer distance displacement to airports beyond the South West / Wales e.g. Birmingham or Heathrow. Officers, for the reasons set out above in relation to determining benefits, agree with BAL's position." (CD4.13 North Somerset Council, 2020, p. 57)

4.4.13. On this basis, the 28% displacement has been taken forward for consideration as a worst case in terms of the GVA and employment impacts of the Appeal Proposal to provide an assessment of net impacts, post displacement. It is these net impacts that have been assessed in the ESA. These net GVA and employment impacts are set out in Table 2.

Table 2: Additional GVA and Employment Supported by the Proposed Development Scenario Compared to the Future Baseline Net of Product Displacement

	<i>North Somerset</i>			<i>West of England</i>			<i>South West & South Wales</i>		
	<i>GVA (£m)</i>	<i>Jobs</i>	<i>FTEs</i>	<i>GVA (£m)</i>	<i>Jobs</i>	<i>FTEs</i>	<i>GVA (£m)</i>	<i>Jobs</i>	<i>FTEs</i>
Direct	£40	280	240	£60	600	530	£50	590	520
Indirect & Induced	£10	250	190	£40	620	510	£60	940	740
<i>Economic Footprint</i>	<i>£50</i>	<i>530</i>	<i>430</i>	<i>£100</i>	<i>1,220</i>	<i>1,040</i>	<i>£110</i>	<i>1,530</i>	<i>1,260</i>
Productivity	£20	130	100	£90	620	500	£140	1,380	1,090
Tourism	£0	50	40	£30	620	500	£60	1,090	860
<i>Wider Impacts</i>	<i>£20</i>	<i>180</i>	<i>140</i>	<i>£120</i>	<i>1,240</i>	<i>1,000</i>	<i>£200</i>	<i>2,470</i>	<i>1,950</i>
Grand Total	£70	710	570	£220	2,460	2,040	£310	4,000	3,210

4.4.14. The assessment of net impacts post product displacement estimates that in the South West and South Wales, the Appeal Proposal will in 2030 support an additional £310 million in GVA and 4,000 jobs (3,210 FTEs). Impacts in North Somerset and the West of England remain as previously stated. In all study areas, the economic impacts offered by the Appeal Proposal are still substantial and significant.

4.4.15. The ESA assessed these net impacts as positive and major (significant) in North Somerset, positive and major (significant) in the West of England, and positive moderate (probably significant) in the South West and South Wales. These are the same levels of significance assessed in the original ES.

4.4.16. Overall, I believe strongly that the impacts identified in the EclA Addendum clearly demonstrate that the Appeal Proposal represents a substantial economic opportunity for North Somerset, the West of England and South West region, providing significant net economic benefits. These impacts will support national and regional economic strategy, as set out in a range of Government policies, and it will support 'levelling up' in the UK. It also represents a private sector investment at a time when the UK requires economic stimulus to recover from COVID-19 and is moving into a world of new trading relationships following the UK's withdrawal from the EU, where connectivity to support new trading relationships will be particularly important. I would also note again, at this point, the conclusion reached by NSC Officers, based on the views of its advisors, that:

“Whilst there is not consensus over the exact scale of economic benefit, it is clear that the proposals will have a substantial net economic impact for North Somerset and the wider sub-region.” (CD4.13 North Somerset Council, 2020, p. 64)

4.5. Other Socio Economic and Regeneration Effects

4.5.1. In addition to the GVA and employment impacts of the Appeal Proposal, which are the basis for the ESA and the assessment of significance, the EclA Addendum puts forward a range of wider evidence of the potential economic importance of expansion. I have not repeated this analysis here but again seek to highlight some key points.

4.5.2. The analysis in the EclA Addendum presents a high-level socio-economic cost benefit analysis that sets out the primary benefits of the Appeal Proposal to passengers, the airport company, and the UK Government, against key costs, notably the costs of construction and carbon. The latter have been included in response to comments from NSC and others in relation to the original application, although I maintain York Aviation’s original position that their inclusion is not appropriate for the reasons highlighted (CD2.22 York Aviation, 2020, pp. 35-36), namely that they are highly unlikely to be additional in a global context given the mobility of aircraft assets and the that new traffic forecasts have already included the costs of carbon in considering future growth. I would also highlight that aviation emissions will be included within the UK emissions trading scheme and hence future growth will need to be offset by reductions in other sectors. This high-level assessment identified that the Appeal Proposal would have net benefits of between £820 million and £863 million over the 60 years from 2018.

4.5.3. The EclA Addendum also highlights the importance of the airport in securing FDI (CD2.22 York Aviation, 2020, pp. 23-26). The South West has a vibrant and growing FDI stock with two globally significant, high growth clusters. Growth in foreign owned companies over recent years has been closely correlated with growth at Bristol Airport. The airport is the largest gateway for business travel to / from the South West and provides a comprehensive range of connectivity to support inward investors. This qualitative analysis provides strong evidence to support the quantitative findings of the Assessment in terms of business productivity impacts.

4.5.4. In this context, I also note the importance attached to Bristol Airport in attracting inward investment within North Somerset Council’s 2017 Economic Plan (CD11.3

North Somerset Council, 2017), albeit this has now been superseded, and the strong focus on inward investment in the West of England Industrial Strategy (CD11.7 HM Government, July 2019). More broadly, the importance of air links in relation to securing inward investment is recognised in the Aviation Policy Framework (CD6.1 Department for Transport, 2013, p. 18) and more recent statements by the Secretary of State (as set out above at Paragraph 3.2.8), and enabling the regions away from London to compete more effectively in FDI markets is clearly supportive of the Government's 'levelling up' agenda.

4.5.5. I would also highlight the potential of the Appeal Proposal to support regeneration in the areas around Bristol Airport. Parts of South Bristol and Weston-super-Mare are significantly deprived areas. They are also important labour catchment areas for the airport and, hence, there is a significant opportunity to harness the growth of the airport to support regeneration. Across the broader region, labour supply has been tight, and this is something that is recognised by BAL and other companies at the airport. For this reason, Bristol Airport already undertakes significant work and has previously committed to a range of employment and training initiatives to support local residents in accessing employment opportunities at the airport.

4.5.6. The draft Section 106 agreement (Womble Bond Dickinson, April 2021) recognises this issue and provides for the development of a Skills and Employment Plan with several key features:

- a 'Construction Phase Local Labour Agreement and Action Plan'. This would consist of a local labour agreement and action plan, bound by the principles of the 'Construction Training Industry Board (CITB) Client Based Approach', relating to the construction phase of the Appeal Proposal;
- an 'Achieve Programme' to deliver employment and skills interventions and a programme of activities with education providers relating to the operational phase of the Development, which includes a commitment by the Owner to make a financial contribution of up to a maximum of £300,000 to commission a specialist employment support provider to deliver a suite of employment and skills interventions to support residents to access end use/ operational phase jobs;
- an 'Operational Phase Education Programme'. This would require BAL to engage with the education sector from primary level through to university and develop

opportunities for young people and adults to access employment at Bristol Airport;

- a 'Monitoring Programme'. This would set out the agreed key performance indicators against which the implementation of the Skills and Employment Plan will be monitored.

4.5.7. This Skills and Employment Plan is a key vehicle to secure the economic benefits of the Appeal Proposal and for those benefits to be directed effectively to areas in most need.

4.6. Effect of Faster Growth or Slower Growth Scenarios

4.6.1. The Assessment considered in qualitative terms the impact of the Faster Growth and Slower Growth cases set out in the air traffic forecasts. It was concluded that the impact of faster or slower growth was more about the timing of the delivery of economic benefits rather than the level of benefits. Economic impacts, in terms of either GVA or jobs, are ultimately closely linked with passenger volumes at an airport. Therefore, if, as in the Slower Growth Case, Bristol Airport grows more slowly than anticipated in the Core Case, then it will still ultimately deliver the assessed economic benefits, but delivery will be delayed until around 2034. Conversely, of course, if the airport were to grow more quickly than anticipated, as per the Faster Growth Case, delivery of economic benefits would be accelerated, with the assessed benefits delivered in around 2027.

4.6.2. The proviso to this conclusion was in relation to the level of employment. While GVA impacts would be expected to remain essentially the same, as they are a reflection of the level of economic activity, employment numbers would be impacted by the underlying rate of growth in productivity. In the Slower Growth Case, with traffic growth delayed, there will be more time for productivity growth to occur and, hence, it would be reasonable to assume that slightly lower levels of employment would be supported. Again, conversely, in the Faster Growth Case, with traffic growth accelerated, productivity growth would have less time to occur and, as a result, employment levels would be slightly higher.

4.6.3. The same logic applies to the socio-economic and regeneration benefits identified. Faster or slower growth would change the timing of the effect, not the overall quantum.

4.6.4. Overall, I would not expect the Faster Growth Case or the Slower Growth Case to change the overall conclusions of the assessment. Either would simply change the timescales for the delivery of benefit, with only a limited effect on the level of employment supported.

4.7. Assessment Conclusions

4.7.1. In my view, the EclA Addendum and ESA clearly demonstrate that the Appeal Proposal will deliver significant economic benefits to North Somerset, the West of England, and the South West and South Wales region.

4.7.2. This private sector investment will provide jobs and generate prosperity in these areas, both through the operation of the airport and through the ability to support the international elements of the wider economy that depend on the connectivity it provides. It strongly supports national and local economic strategy objectives, particularly the Government's 'levelling up' agenda.

4.7.3. The Skills and Employment Plan that will be developed in conjunction with NSC officers will provide a defined mechanism for securing some of these key benefits and for ensuring that the benefits of expansion to 12 mppa support regeneration in the communities most in need around the airport.

5. Response to Issues Raised by North Somerset Council and Third Parties

5.1. Introduction

5.1.1. In this section, I consider comments made by a number of parties in relation to the socio-economic effects of the Appeal Proposal. These include comments both supporting and objecting to the growth of Bristol Airport.

5.2. Comments from Parties Objecting to the Appeal Proposal

5.2.1. I note that several issues have been raised by NSC and Rule 6 parties in relation to the assessed economic impacts of the Appeal Proposal. Below, I have addressed a number of these issues in broad terms below, providing my response to the issues raised. There is a degree of commonality across the various issues and, hence, I have sought to address these under a number of themes. The matrix below provides a ‘map’ of the broad issues raised and the parties raising them. I have also reviewed comments made by other third parties in terms of their basis for objections on socio-economic grounds. These have not raised new issues over and above those raised by NSC and the Rule 6 parties but have noted the areas covered within the matrix.

Table 3: Matrix of Issues Raised

Issue	NSC	PCAA	Bristol XR Elders	Other Interested Parties
Outbound Tourism Deficit	✓	✓		✓
Productivity Impacts Relating to Business Travel	✓	✓		
Direct Job Productivity	✓	✓		✓
Displacement of Economic Effects	✓			✓
Compliance with WebTAG		✓		
Treatment of Costs and Benefits in the Socio-Economic Cost Benefit Analysis	✓	✓		✓
The Effect of Slow Growth or No Growth		✓	✓	

5.2.2. Before considering these points further, I would stress that in my opinion the issues raised neither impact on the conclusions of my assessment, as set out in Section 4, nor take away from the fact that the Appeal Proposal will deliver significant benefits.

5.2.3. I would also make a general comment in relation to the points raised by NSC. Overall, I find it difficult to reconcile NSC’s current position with that it took in the original

Officers' Report in relation to the methodology adopted for the EclA and the results of the Assessment. I would highlight again the conclusions of the Officers Report in relation to socio-economics:

"Whilst there is not consensus over the exact scale of economic benefit, it is clear that the proposals will have a substantial net economic impact for North Somerset and the wider sub-region." (CD4.13 North Somerset Council, 2020, p. 64)

5.2.4. The issues raised in its Statement of Case appear to go back on its previous position in a number of places despite there being no change to the underlying methodology or any significant difference in the findings of the Assessment. I do not accept that the points put forward mean that the socio-economic impacts put forward are overstated as suggested by NSC and remain of the view that the Appeal Proposal will deliver significant benefits.

5.2.5. In relation to issues raised by the PCAA, these largely reflect comments made by its consultants, NEF, in its response to the ESA and EclA Addendum (CD11.12 NEF Consulting, January 2021). I note that NEF has made similar representations in relation to Leeds Bradford Airport's recent planning application and Stansted Airport's recent planning appeal, with similar themes being put forward in each case.

5.3. *Outbound Tourism Deficit*

5.3.1. Both NSC and the PCAA (Parish Councils Airport Association, February 2021, p. 3) have stated that they intend to present evidence in relation to the impact of outbound tourism on the Assessment, presumably referring to the so-called tourism deficit.

5.3.2. At the outset, I would highlight the very clear policy position on outbound leisure travel from the UK as set out in the Aviation Policy Framework at paragraph 1.16 (CD6.1 Department for Transport, 2013):

"Consultation responses were divided on the economic impacts of outbound tourism. Some respondents considered that there was a 'tourism deficit', as more UK residents travelled abroad than overseas residents travelled to the UK. Other respondents highlighted that outbound tourism supports UK-based jobs in the travel and airline industry and boosts high street consumer demand before trips are made. The latter has been valued at around £27 billion per year. Responses confirmed that the 'tourism deficit' question is a complex one and that the evidence available to us does not show that a decrease in the number of UK residents flying abroad for their holidays would

have an overall benefit for the UK economy. UK residents made 57 million visits abroad in 2011 and spent £32 billion, 84% of which was spent by residents who travelled abroad by air. The Government believes that the chance to fly abroad also offers quality of life benefits including educational and skills development. Overall the Government believes continuing to make UK tourism more attractive is a better approach both for residents and attracting new visitors.”

5.3.3. I note that this policy is in fact quoted in the NSC Officers Report (North Somerset Council, 2021, p. 61).

5.3.4. This is also an issue on which York Aviation has already presented a considerable amount of evidence in the EclA Addendum (CD2.22 York Aviation, 2020, pp. 18-23) and in Regulation 25 responses (CD3.4.3 York Aviation, March 2019), noting that so-called ‘lost expenditure’ from UK travellers spending money abroad is unlikely to be significantly affected by whether Bristol Airport can expand to 12 mppa or not given:

- the differing extent of airport substitutability for inbound and outbound passengers;
- the potential impact of constraining outbound leisure demand on traveller behaviours in terms of trip lengths and mode of travel used;
- outbound travel from the UK directly supports significant GVA and employment in the domestic economy as travellers buy goods and services before they leave the country;
- the extent to which reduced expenditure overseas would simply switch to being retained within the relevant study areas rather than spent on imports, spent elsewhere in the UK, or saved.

5.3.5. I have also highlighted that there are significant benefits associated with outbound travel, both in terms of welfare benefits for individuals but also in terms of productivity through the long-term effects on talent attraction and retention.

5.3.6. In relation to NSC’s position, I note that NSC’s advisers have previously stated that the treatment of outbound tourism within York Aviation’s methodology is robust and the results accurate, as per the NSC Officers’ Report (CD4.13 North Somerset Council, 2020, p. 62).

5.3.7. Specifically in relation to the PCAA's position, I would also note the comment by its advisors NEF in relation to the original EclA concerning the treatment of outbound tourism:

"Following this analysis, the Assessment moves on to consider the impact of outbound tourism. Generally, the discussion of this topic is robust and, while it understates any negative effects of outbound tourism, the Response correctly points out that the UK Government has made a judgement that outbound tourism is of sufficiently little negative consequence to not be considered when making plans to boost inbound tourism." (CD11.13 NEF Consulting, July 2019, p. 11)

5.3.8. I note that York Aviation's treatment of outbound tourism and its position has not changed.

5.4. Productivity Impacts Relating to Business Travel

5.4.1. Again, both NSC and PCAA have sought to suggest that the wider economic benefits associated with the Appeal Proposal, referred to as the business productivity effects, are overstated. I would strongly refute this point. At the centre of both parties positions is the contention that business travel at Bristol Airport will not grow as expected in the air traffic forecasts submitted as part of the appeal.

5.4.2. NSC's advisers have already assessed the approach and found it to be appropriate (see 4.2.8 above) and I understand that, again, they are broadly content with this approach. What is, therefore, at issue is more about demand forecasting and the speed of recovery of the business travel market from COVID-19. Indeed, this is stated by NSC (North Somerset Council, 2021, p. 41 para 141).

5.4.3. The PCAA suggests that no attempt has been made to consider the impact of COVID-19 and the growth in the use of communications technology and that this means that business travel will not reach the levels forecast. It should be pointed out that the statement that this issue has not been considered is not true, as York Aviation's position on this matter is set out within the EclA Addendum (CD2.22 York Aviation, 2020, p. 6).

5.4.4. In response to both parties, I have presented evidence on this issue in my Proof of Evidence on air traffic forecasting (Brass, June 2021) and I do not revisit this issue here in depth. I would simply highlight that the long-term relationships taken from the Department for Transport on which the assessment of future business travel growth is

based are the result of significant econometric research and consideration, that improvements in communications technologies and their increasing use has been a trend for some time and is within the data examined as part of this econometric research, and that there is already an example of the speed of return of business travel following COVID-19 in a market where travel is beginning to re-open. I would, also, again state that we do not expect an immediate recovery in business travel and the forecasts do not suggest this. Instead, they confirm that by 2030, York Aviation would expect the proportion of business travel at the airport is likely to be similar to the 2018 baseline.

5.5. Direct Job Productivity

5.5.1. Regarding direct job productivity, NSC states “The Council will argue that the assessment undertaken by BAL does not take account sufficiently of economies of scale resulting from expansion or technology improvements which will lead to productivity improvements in operations.” (North Somerset Council, 2021, p. 41). Similarly, the PCAA suggests that productivity growth has not been appropriately dealt within the Assessment (Parish Councils Airport Association, February 2021, p. 6).

5.5.2. In response, I would highlight several points here:

- the methodology for assessing growth in direct employment has not changed since the EclA. NSC’s advisers were aware of that methodology and indeed requested more information on how direct employment projections were made (CD11.17 Jacobs, February 2019) (and were provided with that information (CD3.4.3 York Aviation, March 2019)). On this basis, officers accepted the methodology and in consequence it seems strange that this issue is being raised now. Similarly, I note that PCAA’s consultants, NEF, did not raise this issue as a concern in its review of the EclA published in 2019 (CD11.13 NEF Consulting, July 2019);
- the method used by York Aviation considers how different employment segments have reacted to past growth at Bristol Airport and uses the elasticities derived to project forward employment into the future. In other words, the Assessment is based on how on-site productivity, which would include economies of scale and technological change, has changed in the past with the growth of the airport. This is a commonly adopted approach and indeed the

results are in line with industry norms given Bristol Airport's baseline position (CD2.8 York Aviation, 2018, p. 38);

- care needs to be taken when considering the potential for productivity at airports, particularly at airports where high levels of productivity are already in evidence, such as Bristol Airport. It should be remembered that some segments of activity have greater scope for labour productivity growth than others. For instance, airport company administrative functions have good potential to benefit from economies of scale, but it is much harder for airlines to realise economies of scale as regulatory requirements determine, for instance, the number of cabin crew per passenger. Similarly, security is labour intensive and, ultimately, heavily related to passenger numbers. It should also be remembered when considering differences between the future with and without development positions, that the infrastructure of Bristol Airport will not be the same in both instances. Particularly, the expansion of the terminal with the Appeal Proposal will limit opportunities to realise economies of scale.

5.5.3. On this basis I consider that the Assessment has appropriately considered the potential effects of growth in on-site productivity on direct jobs.

5.6. *Displacement of Economic Effects*

5.6.1. Turning to displacement, NSC states that *"The Council will, however, question both the application and quantum of the displacement impacts as proposed by BAL"* (North Somerset Council, 2021, p. 41). It is difficult to comment further at this point as the specifics of NSC's position are not clear other than again to refer to the discussion of displacement within my Proof of Evidence on air traffic forecasting (Brass, June 2021, p. 58 para 4.11) and above. Again, I would highlight that the displacement rates derived are the result of analysis using a detailed econometric model, and that, while of course there is some uncertainty around something that is ultimately a hypothetical construct, the results are reasonable and reflective of the observable market position in the region. In this context, I also note the discussion on the premise of passenger displacement in the Officers Report (CD4.13 North Somerset Council, 2020, p. 57):

"In response, BAL say airports are not homogenous and the four other airports in the South West / Wales offer a substantially different range of services in terms of destination and flight frequency compared to BAL. They suggest these airports will continue to serve their own smaller markets even if BAL expand, but this is unlikely to

directly compete with the much broader range of routes at Bristol Airport. A point accepted by officers. Objectors disagree and say that the increased passenger growth from South Wales would be reduced if Cardiff Airport was expanded. BAL say the proposed development will have at most, a minimal impact on passenger displacement within the South-West and South Wales due to the different offers from the two airports. They do however consider that the growth of services at Bristol Airport could reduce the level of longer distance displacement to airports beyond the South West / Wales e.g. Birmingham or Heathrow. Officers, for the reasons set out above in relation to determining benefits, agree with BAL's position."

5.6.2. This clearly demonstrates NSC's acceptance of the position that displacement is primarily likely to occur to airports outside of the South West and South Wales region. I also note that the Officers Report provides the results of an assessment of displacement by NSC's advisors, Jacobs (CD4.13 North Somerset Council, 2020, p. 60). This identifies a displacement level of around 36% in the South West and South Wales. While I do not accept this figure, I note it is of a similar order of magnitude to York Aviation's assessment.

5.6.3. NSC also states "In particular, the Council does not accept the approach adopted by BAL of not examining displacement at the South West & South Wales level, as other airports exist within this geography that passengers can fly from." (North Somerset Council, 2021, p. 41). I am unclear as to what this comment means as the displacement does consider other airports in the South West and South Wales, and indeed this is the geography in which displacement is considered. I am, therefore, unsure what NSC feel has not been examined.

5.7. Compliance with WebTAG

5.7.1. The PCAA and, by extension, NEF make considerable comment that the EclA Addendum and indeed the wider ESA is not compliant with WebTAG Unit A5.2. WebTAG is the Department for Transport's Transport Appraisal Guidance for assessing public sector transport interventions. Unit A5.2 is the element that deals with aviation interventions. However, while WebTAG A5.2 is useful in identifying concepts and in providing guidance on appraisal techniques, it is not applicable guidance here.

5.7.2. By its own admission, applying the general principles of WebTAG to aviation is highly challenging, as it was designed for considering publicly funded surface transport modes. It is only suitable and appropriate for consideration of major airport capacity

development schemes, such as the third runway at Heathrow, which have enormous national significance and implications. It is not an appropriate tool for considering a much smaller increase in the planning cap at a UK regional airport, which is being funded by private sector investment and is not reliant on wider public sector infrastructure investment. As far as I am aware, WebTAG A5.2 has not been used as a relevant standard in respect of any airport-related planning application.

5.7.3. I have highlighted several key passages from A5.2 to demonstrate this point:

“The appraisal of government interventions in the aviation industry presents some analytical issues which have no close analogue in surface transport modes.” (CD11.8 Department for Transport, 2018, p. 3)

“The main user of this guidance is expected to be the DfT itself.” (CD11.8 Department for Transport, 2018, p. 3)

“The DfT regards this unit as best practice for the appraisal of aviation interventions and would assess the merits of any aviation intervention against this benchmark, while recognising that any appraisal ought to be proportional to the scale of the likely impacts and the appraisal process may be very different for alternative types of intervention.” (CD11.8 Department for Transport, 2018, p. 3)

“It sets out how aviation policies can impact on national welfare and how these impacts can be appraised.” (CD11.8 Department for Transport, 2018, p. 3)

5.7.4. These passages clearly demonstrate that the purpose of WebTAG A5.2 is to support the Department for Transport in making national level policy decisions about major ‘interventions’ in the air transport market. It also recognises the importance of proportionality and that assessments may be very different in different circumstances. It is simply not applicable to, or appropriate for use in connection with, an appeal proposal where an EclA is seeking to identify significant socio-economic effects to support an environmental assessment; as is the case here.

5.7.5. In summary on this issue, I would emphasise that:

- a WebTAG-based appraisal of the Appeal Proposal is not a legal or aviation/planning policy requirement;
- the absence of a TAG-based appraisal is not a material consideration. It does not in any way preclude a decision on the Appeal Proposal as the environmental

impacts of the Appeal Proposal are described and assessed in the ES/ESA, in full accordance with the EIA Regulations;

- at no stage has NSC requested that a WebTAG appraisal be undertaken;
- the Appeal Proposal is a private sector investment and not a national, government 'intervention';
- the Appeal Proposal is also not a nationally significant infrastructure project;
- WebTAG is designed for use by the DfT not by developers/airport operators;
- the ES/ESA include an assessment of socio-economic effects; to monetise other effects considered elsewhere in the ES/ESA would result in an element of double counting;
- a WebTAG appraisal is not 'best practice' in these circumstances as asserted by the PCAA. Neither York Aviation nor BAL are aware of other regional airports having undertaken WebTAG-based assessments in relation to planning applications relating to airport capacity growth.

5.7.6. A significant proportion of the comments from NEF in relation to the EclA Addendum (CD11.12 NEF Consulting, January 2021) relate to so-called non-compliance with WebTAG A5.2. This clearly demonstrates that there is not a requirement to comply with WebTAG A5.2 and, hence, these comments are misplaced.

5.8. Treatment of Costs and Benefits in the Socio-Economic Cost Benefit Analysis

5.8.1. Both NSC and the PCAA have raised points about the treatment of costs and benefits within the socio-economic cost benefit analysis undertaken as part of assessment.

5.8.2. NSC observes that the results of the Socio-Economic Assessment have been reduced by the inclusion of carbon costs. While this is of course true, I would highlight again that my position remains that the inclusion of such costs within the Assessment is inappropriate for the reasons stated above (paragraph 4.5.2) and in the EclA Addendum (CD2.22 York Aviation, 2020, pp. 35-36). I would also re-emphasise that, despite the inclusion of carbon costs, the socio-economic cost benefit analysis identifies that the Appeal Proposal will provide substantial net benefits.

5.8.3. I would also clarify in response to NSC's query in relation to the calculation of the costs of carbon (North Somerset Council, 2021, p. 42 para 146), that the carbon emissions used in the Assessment are taken from the carbon assessment in the ESA

and monetised as described in the EclA Addendum (CD2.22 York Aviation, 2020, p. 35)

I have also presented evidence in relation to the cost of carbon and the assessment in my Proof of Evidence on air traffic forecasting (Brass J. , June 2021, p. 50 para 4.7).

5.8.4. I also note NSC's comment in relation to the fact that other negative externalities, such as noise and air quality, are not quantified within the cost benefit analysis.

Again, I would highlight several points:

- noise and air quality impacts are assessed elsewhere in the ESA and their impacts are considered to be not significant. The purpose of the high-level cost benefit analysis is to demonstrate that the main benefits outweigh the main costs. On the basis that neither noise nor air quality were assessed as significant, it is highly unlikely they impact significantly on the Socio-Economic Assessment. Hence, in my view it was not proportional to include them within the Assessment;
- while I would accept that there are methodologies to monetise these effects, for instance within WebTAG, in my experience I have not seen noise or air quality impacts monetised in any similar planning application related Socio-Economic Assessment;
- as previously, York Aviation's purpose in setting out a high-level socio-economic cost benefit analysis was to ascertain that the main benefits outweighed the main costs. It is not just the negative externalities that have not been monetised in this process and hence the results are not biased towards benefits rather than costs. The analysis also does not include significant potential benefits for instance from trade, agglomeration effects or addressing imperfect competition. These are also difficult to calculate effectively and were felt to be disproportionate to include in considering a relatively small capacity increase at a regional airport;
- this was not an issue that has been raised previously in relation to the Socio-Economic Assessment in the Officers Report despite the fact that an extensive review of the approach Socio-Economic Assessment was undertaken at that time.

5.8.5. The PCAA, via its consultants NEF and its response to the ESA (CD11.12 NEF Consulting, January 2021), suggests that there are failings in relation to the socio-economic cost benefit analysis, notably in the treatment of costs to airlines, the

inclusion of APD and in relation to the inclusion or otherwise of carbon costs and other negative externalities. I would note that a number of these comments appear to relate to compliance with WebTAG A5.2, which I have discussed above. More generally, in relation to the individual comments made:

- regarding airline costs, NEF appears to suggest that any air fare savings made by passengers in the event of being displaced will ultimately be reflected as a loss of airline revenue. I would suggest that this would only be true to the extent that airlines seek to only serve the same passengers that are displaced. This is not likely to be the next best option for the use of an airline's aircraft capacity;
- concerning the inclusion of APD within the Assessment, we note that the effect on public accounts is common practice and indeed that it is identified within WebTAG A5.2 as a relevant impact (CD11.8 Department for Transport, 2018, p. 8);
- in relation to carbon costs and negative externalities, I have discussed my position in some detail above but would again emphasise that we do not consider their inclusion to be appropriate or proportionate to this assessment. I would also note that, as far as I am aware, monetisation of such effects is not common practice. These effects were not monetised in relation to any of the recent airport planning applications at Stansted, Leeds Bradford, Southampton or Manston.

5.8.6. In conclusion, I do not consider the comments made in relation to the socio-economic cost benefit analysis affect the validity of the Assessment or change its conclusion, that the Appeal Proposal will offer substantial net economic benefits.

5.9. The Effect of Slow Growth / No Growth

5.9.1. Both the PCAA (Parish Councils Airport Association, February 2021, pp. 3-5) and Bristol XR Elders (Bristol XR Elders, 2021, p. 12 Section 5) have made comments as regards to the potential speed of growth at Bristol Airport as it recovers from COVID-19, suggesting that growth will either be considerably slower than expected or that the will not in fact reach 12 mppa in the foreseeable future. This, it is suggested, will mean that economic benefits will not be realised.

5.9.2. In my view, this is primarily an air traffic forecasting issue and I have presented extensive evidence to support the Appeal Proposal forecasts in my Proof on air traffic forecasting, considering the speed of growth at Bristol Airport in some detail (Brass,

June 2021). I do not repeat this evidence here but would note that the fundamental drivers of long term traffic growth in the UK and specifically around Bristol remain strong and that the airport has a track record of outperforming the UK market as a whole. I simply do not consider that a position that suggests that Bristol Airport will never recover and grow again is credible. Bristol Airport may grow more slowly than is suggested within the Core Case, but I would simply highlight that that possibility has been considered via the Slower Growth Case. I continue to believe that the Slower Growth represents a reasonable representation of slower growth in the market as a basis for assessment.

5.9.3. In relation to the effect on the socio-economic assessment of slower growth, I would refer to the sensitivity assessment made in the EclA Addendum (CD2.22 York Aviation, 2020, pp. 17-18) and summarised above at section 4.6. If growth at the airport were to be more in line with the Slower Growth Case, then the timing of the delivery of impacts would change but the quantum would not alter significantly.

5.10. Comments from Parties Supporting the Appeal Proposal

5.10.1. A range of written comments have also been received from parties supporting the Appeal Proposal in relation to socio-economic effects. These do not make new points as regards the Socio-Economic Assessment but they do provide additional evidence as to the importance of the Appeal Proposal for the regional economy. Some of the key themes raised by these comments include:

- the importance of Bristol Airport as a provider of jobs and prosperity for the region, particularly as the economy recovers from COVID-19;
- the role the airport in providing 'local' international connectivity to trading and investing firms;
- the importance of the Appeal Proposal as a private sector investment in the regional economy to support recovery from COVID-19;
- the vital importance of Bristol Airport in making the West of England and South West an attractive location for business;
- the role the Appeal Proposal can play in supporting regeneration in deprived areas;
- Bristol Airport's role in bringing inbound tourism to the area and, particularly, reducing reliance on the London airports in this regard;

- the importance of Bristol Airport's role in providing connectivity to support current and future inward investors;
- the Appeal Proposal's importance in supporting the Government's 'levelling up' agenda;
- the importance of Bristol Airport as a strategic asset for the region.

5.10.2. I have not sought to repeat these comments verbatim here but have provided some quotes from these representations in Appendix 2. In my view these comments should be given significant weight, providing, as they do, an insight into the 'real world' importance of the Appeal Proposal to the North Somerset, West of England and South West and South Wales economies.

5.11. Conclusions

5.11.1. I have considered here the various comments made in relation to objectors' issues with the Socio-Economic Assessment. In my view these comments are not valid and do not change the outcome of the Socio-Economic Assessment as set out in the EclA Addendum and ESA. I continue to conclude that the Appeal Proposal will have significant beneficial impacts on the North Somerset, West of England, and South West and South Wales economies.

5.11.2. I have also noted the supporting comments from a range of organisations that highlight the crucial economic importance of Bristol Airport and its development in line with the Appeal Proposal. These comments highlight and provide additional evidence in relation to many key points made within the Socio-Economic Assessment.

6. Conclusions

- 6.1.1. In this Proof of Evidence, I have set out the socio-economic case for the Appeal Proposal. I have demonstrated that the growth of Bristol Airport to 12 mppa will provide significant net economic benefits to North Somerset, the West of England, and the South West and South Wales.
- 6.1.2. I have set out the theoretical underpinnings as to why airports and aviation connectivity are so important to economies. I have highlighted the role that airports play as providers of employment and prosperity nationally and regionally and I have explained the mechanisms through which air connectivity supports broader economic activity through enabling trade, inward investment, labour attraction and retention, agglomeration and tourism. I have provided, by way of context, evidence of the scale of these effects at a UK level.
- 6.1.3. I have considered the policy context for the Appeal Proposal and identified that both nationally and regionally, there is strong recognition of the economic value of air connectivity and its importance to future economic prosperity and this translates to strong policy support. I have identified that, regionally, there is specific recognition of the role that Bristol Airport plays in providing international connectivity and of the importance of infrastructure in supporting growth. Looking to the future, I have identified that, overall, national, regional and local policy is strongly supportive of airport growth to support economic development and future prosperity. More recent policy has not changed this original position that was set out in the EclA. In fact, the clear articulation of the Government's national economic strategy and its focus on levelling up and Global Britain, alongside the Government's statements within Aviation 2050, strengthen this position.
- 6.1.4. I have presented an overview of the results of the Socio-Economic Assessment of the Appeal Proposal. I believe strongly that the impacts identified in the EclA Addendum clearly demonstrate that the Appeal Proposal represents a substantial economic opportunity for North Somerset, the West of England and South West region, providing significant net economic benefits. It will support a significant increase in GVA and jobs across the different economies the airport serves and provide benefits to wider society. These impacts will support national and regional economic strategy, as set out in a range of Government policies, and it will support 'levelling up' in the UK. The Appeal Proposal also represents a private sector investment at a time when

the UK requires economic stimulus to recover from COVID-19 and is moving into a world of new trading relationships following the UK's withdrawal from the EU, where connectivity to support new trading relationships will be particularly important. Finally, I also highlighted again, at this point, the conclusion reached by NSC Officers, based on the views of its advisors, that:

"Whilst there is not consensus over the exact scale of economic benefit, it is clear that the proposals will have a substantial net economic impact for North Somerset and the wider sub-region." (CD4.13 North Somerset Council, 2020, p. 64)

6.1.5. I have considered here the various comments made in relation to objectors' issues with the Socio-Economic Assessment. In my view these comments are not valid and do not change the outcome of the Socio-Economic Assessment as set out in the EclA Addendum and ESA. They do not affect my conclusion that the Appeal Proposal will have significant beneficial impacts on the North Somerset, West of England, and South West and South Wales economies.

6.1.6. I have also noted the supporting comments from a range of organisations that highlight the crucial economic importance of Bristol Airport and its development in line with the Appeal Proposal. These comments highlight and provide additional evidence in relation to many key points made within the Socio-Economic Assessment.

6.1.7. My Proof is intended is intended to provide evidence in relation to the following reason for refusal:

"1. The airport has planning permission to expand to a throughput of 10 million passengers per annum (mppa) which allows for further expansion in passenger growth of approximately 1 mppa above the current passenger level. The further expansion beyond 10mppa now proposed would generate additional noise, traffic and off airport car parking resulting in adverse environmental impacts on communities surrounding Bristol Airport and which would have an adverse impact on an inadequate surface access infrastructure. The claimed economic benefits arising from the proposal would not outweigh the environmental harm caused by the development contrary to policy CS23 of the North Somerset Core Strategy 2017."

6.1.8. While I do not address the balance between economic benefits and environmental harm in this Proof, I have clearly demonstrated that the Appeal Proposal will support

substantial and significant net economic benefits and that the foundations for my position are sound and robust.

6.1.9. Furthermore, my Proof is intended to address the Inspectors' issue:

“g. The extent to which the proposed development will deliver economic, social and/or other benefits;”

6.1.10. Again, I have clearly demonstrated that the Appeal Proposal will deliver significant economic and social benefits.

1. Appendix 1: Background to the Importance of Air Connectivity

1.1. Foreign Direct Investment

1.1.1. The existence of a linkage between air transport and the attraction or retention of inward FDI has long been postulated and there is a significant amount of evidence to support the existence of this effect. Essentially, research has established a logic chain around the need for travel between corporate head offices and branch locations. This travel facilitates effective management and operation of central administrative functions, allows the transfer of knowledge and technology, enables specialists within the organisation to operate across the full range of locations and allows the local or central delivery of training and development activities. Some examples of relevant research include:

- Cushman & Wakefield European Cities Monitor (CD11.34 Cushman & Wakefield, 2011) – this was an annually recurring survey between 1990 and 2011 of 500 European corporate decision makers which provided significant evidence of the importance of international connectivity in influencing company location decisions. It is still one of the most commonly cited pieces of survey evidence in this area. The survey consistently identified factors such as transport links with other cities and the ease of access to markets, clients and customers amongst the most important factors in company location decisions. There were clear linkages to the availability of air service connectivity as the cities served by Europe’s major hub airports commonly featured towards the top of the list in terms of the best places to locate in Europe. In 2011, the last year the survey was published, London was ranked first, followed by Paris, Frankfurt and Amsterdam in order;
- Oxford Economics - The Economic Contribution of the Aviation Industry to the UK Economy (CD11.9 Oxford Economics, 2006) – research by Oxford Economics sought to assess the contribution of the air transport industry to the UK economy. It was found that a quarter of companies surveyed as part of the research reported that access to air services was important in determining where they locate their operations in the UK. Further research, also by Oxford Economics in 2006, attempted to quantify the link between air connectivity and business investment. The results of the study suggested a 10% increase in

connectivity is associated with a 3.5% increase in the level of fixed investment in the long run;

- Deloitte The Heathrow Phenomenon (CD11.32 Deloitte, 2007)– this research focussed on the economic impact of Heathrow Airport on the economy of London, with a particular focus on West London and the M4 Corridor. Research by Think London is cited, which identified around 50% of foreign owned companies located to London due to its status as an entry point to the UK and to Europe. The report concluded that connectivity offered by Heathrow is critical to this effect. Furthermore, the success of the economy in the study area is built upon access to a global gateway such as Heathrow;
- York Aviation The Social and Economic Impact of Airports in Europe for ACI Europe (CD11.33 York Aviation, 2004) – this report analysed research by Ernst & Young on location decisions in Europe, research by VNO-NCW on the influence of Amsterdam Schiphol Airport on location decisions and the University of Cologne on the significance of airports for firms. The analysis identified the importance of access to major airports in terms of investment decisions across a range of industry sectors;
- Bel & Fageda Getting There Fast: Globalisation, Intercontinental Flights and Location of Headquarters – Journal of Economic Geography (CD11.31 Bel & Fageda, 2008) – this research paper considered the influence of intercontinental flights on head office location. It was found that the supply of direct intercontinental flights is effectively a major determinant in the location choices of large firms' headquarters. A 10% increase in the supply of such flights involved a 4% increase in the number of headquarters of large firms located in the corresponding urban area;
- Strauss-Kahn, Vanessa and Xavier Vives, Why and where do headquarters move? (CD11.30 Strauss-Kahn, 2008), identified that headquarters relocate to metropolitan areas with good airport facilities, low corporate taxes, low average wages, high levels of business services and an agglomeration of headquarters in the same sector of activity;
- A London Chamber of Commerce and Industry Survey of London Business Leaders (CD11.29 London Chamber of Commerce and Industry, 2008) found that 94% of respondents believed that Heathrow Airport was very important or important for attracting FDI and tourism to London;

- Institute of Directors (IoD) Flying into the Future (CD11.28 Institute of Directors, 2012) identified that almost six in ten (59%) members agreed that a lack of spare capacity at Heathrow had a damaging effect on inward investment to the UK, compared to just 17% who disagreed. In all regions of the UK, more IoD members agreed than disagreed with this statement;
- Price Waterhouse Coopers Econometric Analysis to Develop Evidence on the Links Between Aviation and the Economy on behalf of the Airports Commission (CD11.22 PwC, 2013) – this comprehensive study identified that a 1% increase in international seat capacity was associated with a 0.47% increase in FDI inflows and a 0.19% increase in FDI outflows. It should be noted, however, that this finding was not ultimately used in the Airports Commission analysis due to concerns over potential double counting with trade effects. Furthermore, it was recognised that this may have resulted in wider benefits being underestimated;
- Frontier Economics Competition & Choice A Report Prepared for Heathrow (CD11.26 Frontier Economics, 2017) – this report attempted to establish a comparative estimate of the connectivity and catalytic benefits (trade and FDI) of expanding Heathrow or Gatwick. The report draws upon evidence put forward by a large number of studies seeking to draw a relationship between connectivity, FDI and the benefits of face-to-face business meetings. It is discussed that face-to-face business meetings play a role in overcoming barriers between economies such as product market regulations; tariffs, quotas and local content requirements; exchange rates; and cultural differences; and as a consequence, FDI and trade is enhanced when connectivity exists to provide the opportunity for face-to-face meetings. The paper compared the evidence published by a variety of academic and industry sources regarding the additional trade facilitated as a result of a 1% increase in business travel. Values ranged from 0.13% to 0.7%, and based upon this, Frontier Economics selected 0.3 as the elasticity of business travel to FDI;
- Eurocontrol - The Economic Catalytic Effects of Air Transport in Europe (CD11.25 Eurocontrol, 2005) - the study analysed the relationship between air transportation and business investment, and found that a 10% increase in air transportation usage will tend to increase business investment by 1.6% in the long run (the impact takes approximately five years to fully manifest);

- IATA – Airline Network Benefits (CD11.21 IATA, 2006) - a study commissioned by IATA surveyed 625 businesses in five countries (China, Chile, United States, Czech Republic and France). It found that in regard to access to effective air transport links, 63% of firms stated that it was vital or very important to investment decisions, while a further 24% said it was somewhat important. On average, 18% of firms reported that the lack of good air transport links had affected their past investment decisions, while 30% of Chinese firms reported that they had changed investment decisions because of constraints on air services;
- EY UK Attractiveness Survey – Building Back Better (CD11.24 EY, May 2020) – this survey of potential investors identified the UK’s strength in terms of FDI and emphasised the expected resilience and future potential post-COVID-19. *“Digital tech, climate change and health were cited as high potential opportunity sectors over the long term. Investors also provided a clear steer on what future policy should focus in – the availability of finance and government support, and the quality of infrastructure and skills.”*² This highlights the importance of infrastructure in supporting inward investment decisions. This would include airport infrastructure and the ability to make best use of such infrastructure.

1.1.2. At a most basic level, this establishes the requirement for connectivity between the head office and the branch location, a situation that we do not envisage changing, despite the immediate implications of COVID19 on the use of air travel.

1.1.3. However, increasingly relationships are more complex than that. Major multinational companies now often organise themselves in a form of hub and spoke model. For instance, a US based multinational may have its headquarters in New York. However, its operations around the world may well then be divided into world regions, such as Europe, Asia or Latin America. Operations in these individual regions may then be run from a regional headquarters, for instance in London, Hong Kong or Sao Paulo. There is, therefore, not only a need for connections between, for instance, New York and London but also from London to branch locations within Europe. This helps to explain the need for breadth in connectivity. Ultimately, it should also be recognised that the availability of connectivity may also influence the location of an organisation’s global

² Page 3.

headquarters. If the connectivity from the 'home' city is not sufficient to enable effective management of the business, the headquarters itself may well need to move so it can better serve the needs of the organisation over the long term.

- 1.1.4. The influence of air services on the location of the branch site, in terms of external functions, also needs to be considered. This relates to the function that the site plays. Branch locations that are, for instance, regional sales offices, providing customer service or support may, in themselves, require air service connectivity for them to reach regional markets for which they are responsible. Again, this suggests the need for breadth in connectivity from a given location to support this type of function and, often the need for intra-European connections to a range of points and at a high frequency.
- 1.1.5. The importance of air services in relation to outward FDI and the potential economic benefits associated with this investment are sometimes forgotten. This perhaps reflects the perception that capital outflow from the UK must be a bad thing. However, if investing outside of the UK represents a more efficient use of an organisation's capital, either by allowing it to access cheaper labour or more advanced technologies or more productive approaches, the impact on the UK's long run productivity will be beneficial. Hence, in this regard, the importance of connectivity remains significant in facilitating such productive and beneficial investment. It is simply the direction of flow that is reversed. Outward investors need to be able to manage their investments effectively and air travel can be an important part of this process. If they cannot, the investments will not be made, and associated productivity gains not achieved. It should also be remembered that an 'outward' investor could also be globally mobile and become an inward investor elsewhere. Therefore, outward investors require locations for their 'home' bases that enable this travel. A strong and developing connectivity offer is therefore important in giving comfort that their needs can and will be met.
- 1.1.6. Hence, in considering the area around Bristol Airport, the availability of a strong and growing network of air connections is an important factor in both attracting inward investment and enabling local firms to exploit investment opportunities overseas. In this way, the benefits of improved connectivity ultimately flow through to the attractiveness of the area around the airport for business investment more generally and the ability of local businesses to grow and invest within and beyond the local area.

1.2. Trade

1.2.1. The importance of air travel and air connectivity in increasing levels of trade is again well established and examples of research in this area include:

- Airports Commission Discussion Paper 02: Aviation Connectivity and the Economy (CD11.23 PwC, 2013) – This paper published by the Airports Commission considered evidence for the argument that aviation connectivity supports the UK's economic growth through facilitating trade in goods and services, amongst other channels. The paper highlighted that the importance of connectivity to the trade of goods is reflected in the fact that Heathrow, the UK's best connected airport, is also by far the largest UK port in terms of exports by value to non-EU countries. It was also discussed that the fact the majority of goods sent by air are done so as belly-hold cargo in passenger aircraft is important for understanding potential impacts any changes in aviation connectivity may have on trade;
- PwC Econometric Analysis to Develop Evidence on the Links Between Aviation and the Economy (CD11.22 PwC, 2013) – this report investigated the relationship between connectivity and the trade of goods and services between the UK and international markets. Using seat capacity as a proxy for connectivity, it was found that a 10% increase in international seat capacity is associated with a 1.7% increase in goods imports to the UK and a 3.3% increase in UK goods exports. Similarly, on the trade of services, the same increase in international seat capacity is associated 6.6% increase in imports of services to the UK and a 2.5% increase in UK exports of services;
- HM Government Aviation 2050 – The Future of UK Aviation (CD9.29 HM Government, December 2018) - this Green Paper published by the Government outlines the Government's strategy to support a safe, secure and sustainable aviation sector by 2050. Supporting regional growth and connectivity is discussed as key objective for the Government, and in order to allow airports to deliver connectivity that their respective regions require, the Government proposes a series of measures to enhance connectivity opportunities. One suggested method is to continue the liberalisation of bilateral air service agreements to reduce barriers for airlines wishing to connect the UK to foreign markets, thus increasing opportunities for trade and travel. In 2017, an updated air service agreement with China was signed, which supports

Manchester's direct connection with Beijing. It is estimated that the service has increased export values from Manchester Airport to China to £1.29 billion;

- IATA Airline Network Benefits (CD11.21 IATA, 2006) – this study, conducted in partnership with Oxford Economics, measured the additional benefits generated by airline networks for economic development. The methodology of the study revolved around an extensive survey of businesses and a separate statistical analysis. It was found that the air transport network played a key role in supporting and facilitating economic growth; on average, firms surveyed in the study reported that 25% of their sales were dependent on good air transport links. The accessibility to global markets was also vital to investment decisions – both outwards by domestic firms and inwards by foreign firms. 63% of firms stated that access to the global air network is vital or very important to investment decisions, with a further 24% saying it is somewhat important. On average, 18% of firms report that lack of good air transport links had affected their past investment decisions, with nearly 30% of Chinese firms reporting they had changed investment decisions because of constraints on air services;
- InterVISTAS Economic Impact of European Airports (CD11.11 InterVISTAS, 2015) - this report attempted to quantify the economic impact of various European airports for ACI Europe. In order to estimate the catalytic economic impacts, the relationship between aviation and economic growth was analysed using data on connectivity and GDP for 40 countries in the ACI Europe study area between 2000 and 2012. The analysis found that a 10% increase in connectivity was associated with an increase in GDP per capita of 0.5%. A case study involving a small regional airport in Romania was carried out where a survey was sent to local businesses to understand the importance of the local airport on their business. 95% of businesses reported the nearby airport was absolutely essential or essential to them, and 72% of businesses reported that future development of the airport would be very important or somewhat importance to improving the growth of their business;
- CBI Trading Places (CD11.20 CBI, 2013) – this report established a strong link between the level of air service connectivity and trade between the UK and the World's eighth largest high growth economies. It also found similar patterns for the six largest EU economies. The report estimated that an additional daily

service to each of the World's largest high growth economies had the potential to deliver £1 billion in additional trade;

- Frontier Economics Connecting for Growth: the role of Britain's hub airport in economic recovery (CD11.19 Frontier Economics, 2011) – this report also established a clear correlation between the level of trade and air connectivity in the UK, albeit causality was not established. Furthermore, the report identified that UK businesses traded 20 times as much with countries where there are at least daily flights compared to those with less frequent or no direct connections. It was estimated that UK trade could be increased by around £1.2 billion per annum if there were sufficient capacity at Heathrow to accommodate viable routes to emerging markets.

1.2.2. In relation to trade in goods, air cargo is a quick and efficient means of transporting goods around the world, which makes economic sense in relation to the transport of some goods, primarily those that are high-value, low weight or time critical. In this sense, air connectivity enables UK firms to enter overseas export markets effectively. Equally, air cargo enables UK firms to access suppliers overseas that may offer lower priced or better alternative inputs to production processes and it enables UK consumers to import goods from overseas that may again be cheaper or of better quality than those available from domestic suppliers. In essence, trade allows countries to use their comparative advantage to maximise efficiency.

1.2.3. However, passenger connectivity is also important in terms of trade. In relation to the trade in goods, companies need staff to travel to meet potential customers, to secure deals and to provide after sales care. This relates to both exports and imports. Trade in services is also heavily reliant on air passenger connectivity. Again, companies need staff to travel to meet potential customers and secure deals but, in contrast to the trade in goods, they may also need individuals to travel to actually deliver the services being sold. Air connectivity is exceptionally effective at reducing the perceived distance between markets. Good connectivity can dramatically reduce the time it takes to reach some markets, reducing perceived distances and offsetting the impacts of unfamiliarity. There is also the potential for air connectivity to enable firms to spread competition beyond simply price by improving customer service and support, potentially counteracting the final factor in some markets.

1.2.4. On this basis, air service connectivity is important in facilitating trade in both goods and services. Whilst this is bi-directional encouraging imports as well as exports,

ultimately, enabling bi-directional international trade facilitates economic growth through enabling countries to develop comparative advantage. Exporters will be able to widen the market for their goods and services, enabling them to benefit from economies of scale and increase productivity, while more broadly potentially growing to meet wider market demand and drawing in more labour and capital from economic sectors where the UK does not hold a comparative advantage. This structural change within the UK towards more productive activities has long been a key Government objective, accepting that there may be declines in some domestic sectors where imports from other countries which hold a comparative advantage but, ultimately, this process will result in a more efficient global allocation of resources and increased productivity.

- 1.2.5. The consequence is that better connected regions will be further up the productivity curve and better able to avail of trading opportunities than parts of the UK that are less well connected.

1.3. Labour Market Effects

- 1.3.1. An area that is increasingly being identified as one of the channels of impact through which air connectivity operates is its influence on the labour market through its ability to influence individuals' decisions around where and how much labour to supply. This effect can, in broad terms, be divided in to two parts.

- 1.3.2. At one level, air connectivity is important for the UK in being able to attract talented individuals to live and work in the country on a permanent basis. Research undertaken in 2009 for the British Chamber of Commerce by Colin Buchanan and Partners (CD11.18 Colin Buchanan & Partners, 2009) on the economic impacts of hub airports identified that there were around 3.8 million overseas born workers in the UK, of which around 2.6 million were from outside the EU. The report emphasised that for this group, while modern communication technologies were extremely important for day to day contact with friends and family overseas, it was not ultimately a substitute for the physical access that air services provide. The research emphasises that, if the UK is to retain the economic advantages it has gained by its willingness to recruit skilled people from abroad, it needs to retain the air connectivity needed to support the quality of life of this group. As the UK moves outside of the EU, with a greater emphasis on attracting highly skilled individuals from across the globe, the requirement for global connectivity will need to adapt.

1.3.3. Air connectivity is also essential in supporting the life style choice of an increasing number of high value added individuals who use air services to commute for short periods or even weekly while living overseas. These individuals often provide specialist or high value services that are part of what enables the UK's competitive advantage. In both cases, the availability of air service connectivity has implications for the long term labour supply for the home economy. The ability to attract skilled migrants to live and work in the country both increases the total amount of labour available to support output and has potential implications for long run productivity in the economy as those with new or higher level skills are attracted to work.

1.3.4. These factors are important in ensuring that the area around Bristol Airport is able to attract and retain the skilled workers require to support broader economic development initiatives.

1.4. Agglomeration

1.4.1. Agglomeration effects are productivity benefits that can be achieved by firms located close to each other, perhaps through knowledge spillovers between firms, improved access to suppliers or to larger labour markets. They relate to the concentration of economic activity in an area. In other words, the more firms located within an area the greater the likely agglomeration effects.

1.4.2. This concept is well established in terms of the impact of transport schemes within a domestic setting, perhaps because it is easier to see how this might be relevant in relation to a ground transport scheme that improves connectivity across a city. However, the impact in terms of air services is perhaps less well understood. Nevertheless, the theoretical reasoning behind the idea that air connectivity could provide agglomeration benefits is the same.

1.4.3. In the context of air connectivity, it is perhaps helpful to consider potential agglomeration impacts in two ways:

- as a direct impact from the way in which air services can increase effective density across large areas by reducing travel times and increasing the ease with which agglomeration effects may occur across national borders. This is essentially the boost in productivity within firms as air services make the world smaller. By facilitating travel, air services increase interaction between customers and clients, between different offices of the same firms and at

conferences and training events. They enable the development of specialist goods and services by increasing the size of the potential market and they assist in widening the labour market from which firms can draw;

- as an indirect impact relating to the potential impact of air services in terms of influencing FDI decisions, which in turn result in clustering of firms in locations around major airports, again resulting in an increase in effective density and greater agglomeration.

1.4.4. Clearly, there are linkages between these types of effect and some of the other channels of impact that we have described, notably FDI and labour market impacts.

1.5. Tourism

1.5.1. Air services make the UK easier and faster to get to for potential visitors travelling either for business or leisure purposes. However, it should be recognised that they influence the decisions that visitors make they are not in the great majority of cases why somebody visits the UK. Air connectivity is what might be termed a necessary but not a sufficient condition in attracting tourism to the UK. However, the absence of direct and competitively priced connections could be a substantial impediment to tourist visits. Expanding connectivity has the potential to increase the number of visitors to the UK as it will open up new markets from which new visitors might come if the tourism product is of interest to them or make it easier or cheaper to visit from existing markets.

1.5.2. This argument for the importance of air services for attracting inbound tourism holds true at a regional and sub-regional level as well. An overseas visitor examining options for a holiday will consider the options available, weigh up the tourism product on offer and consider the cost and ease or otherwise of reaching each possible option. If a city or sub-region or region is not easily accessible, by air or by another mode, then it is either unlikely ever to reach consideration in the first instance or, ultimately, to be chosen as a preferred option.

2. Appendix 2: Quotes from Supporting Parties Written Submissions

Supporting Party	Quotes
Arcadis	“Bristol Airport is a key enabler of economic growth, jobs and international connectivity generating £1.7 billion Gross Value Add to the South West economy.”
	“As the UK’s eighth largest airport, it connects businesses across the region, including Arcadis with 500 people based in Bristol and the South West, to over 100 destinations, employs 4,000 direct jobs, and around 25,000 indirect jobs across the region.”
	“We believe growth at the airport will help to drive the region forward as we look beyond the pandemic and showcase the South West as the dynamic business and cultural centre that we know it is.”
Avon Barrier Corporation Ltd	“As a local business we recognise the central role Bristol Airport plays in our region’s growth.”
Daifuku Logan Ltd	“Expansion at Bristol Airport will mean important career and job opportunities for the local and surrounding communities. This is very important, especially in the current Covid-19 pandemic.”
Bristol Chamber of Commerce & Initiative – part of Business West	“A successful regional airport supporting a wide network of scheduled flights has a positive influence on trade, inward investment and business location decisions. “
	“Our members consider a successful airport is an important ingredient in the long term prosperity of our area, improving connectivity and benefiting employment. “
	“Bristol Airport also makes an important positive contribution to the regional economy as a gateway for inbound tourism. “
CBI SW	“The increased connectivity which Bristol Airport’s expansion would deliver can be an important part of the South West’s economic recovery as the region looks to build an economic recovery with sustainability at its heart.”
Constructing Excellence SW	“The project will bring much needed post COVID-19 investment into one of the South West’s most deprived areas and provide not only construction jobs but also long term jobs once the build is complete.”
Destination Bristol	“Our city and region are key destinations for international visitors, ease of access is vital and in the future we will need to grow Bristol airport, this will then make it easier for more visitors to access our region easily and directly without the need for additional road travel from London.”
EDF	“The success of Bristol airport would allow us to build on shared ambitions for clean growth and a longer term economic legacy for the area - ensuring our region remains a thriving, successful place for the future, supporting the next generation into jobs, prosperity and opportunity.”

Gravity (Enterprise Zone)	“The successful operation of the airport is a vital part of creating the optimum conditions for investment and growth to market and implement the LDO and deliver the EZ objectives. To be effective it must be able to operate in an international context. The airport is part of the marketing mix to attract international investment to the South West and to provide operational/ transactional services to businesses to enable the effective operation of Gravity and its constituent occupiers, potentially some 150 businesses.”
Hemington Consulting	“The South West of England is not well served by international transport options and an expansion of the airport would be expected to have an immediate and direct economic impact.”
	“Bristol is the world’s greatest city and she deserves a great airport that can help expand and grow the region’s economy.”
Honeyfield Property Services	“The proposed plans will create further opportunities within the local community for many businesses and individuals like ourselves, as well as the supply chains who support us.”
Jet2	“This expansion will result in considerable employment in the Bristol area. We anticipate that in 2022 we will directly employ 375 staff and our increase in services will provide further opportunities for other agencies, which we believe is important after the impact on local employment following the COVID19 pandemic.”
Mace	“We believe that the growth of the region is directly linked to the connectivity for local and international business and leisure users of the airport, with the continued growth of the regional infrastructure is key to this growth.”
Grafton LSR Ltd (Rick Sturge - owner of the Bloodhound land speed record project)	"Bristol Airport is a major strategic asset not just for the Bristol / West of England region but for the entire southwest economy."
Swindon & Wiltshire Local Enterprise Partnership	“It is important for us to have an effective and ambitious regional airport whose management understands the role they play in the sustainable economic growth of the area.”
	“A well-functioning airport, with capacity to deal with increased demand, is an important draw to new investors into the area and also supports existing businesses in their expansion plans.”
UK Inbound	“Not only will the expansion be of benefit to tourism, but it has been proven that there are strong links between people visiting a destination and then considering it for inward investment and trade. A fully functioning airport also positions a destination in the minds of consumers, giving the South West an opportunity to promote itself and establish a brand of high value in international markets.”
Unite the Union – Southwest Region	“The figures produced by Bristol Airport concur with the evidence that Unite has regarding the importance of having a sustainable regional airport and we recognise the economic impact of having almost 4,000 direct jobs and around 25,000 indirect jobs across the region, bringing around £1.7 billion Gross Value Add (GVA) to the South West.”

Visit Britain / Visit England	“Regional airports, including Bristol, are an important strategic partner as the critical gateways to the regions, the rest of the UK and the globe.”
	“As the UK’s eighth largest airport, Bristol Airport is one of the key economic drivers for North Somerset, Bristol, and the South West.”
	“Constraining Bristol Airport’s capacity at 10mppa would see economic activity displaced from the South West, act as a barrier to overseas investment and result in a reduction in regional connectivity which would be contrary to the Government’s policy objective to ‘level-up’ growth.”
Visit Wiltshire Ltd	“By facilitating tourism, as well as national and international business links and investment, Bristol Airport has a key role to play as Gateway to the Great West Way and wider South West.”
West of England Institute of Technology	“Bristol Airport needs to be a catalyst in change for the future. Failure to expand will have a serious negative impact on the region’s economic development, and opportunities, in what is going to be a difficult recovery period.”

3. Appendix 3: Response to CPO Objections

3.1.1. Below, I have considered specifically the issues raised by objectors to BAL's A38 Compulsory Purchase Order application in respect of socio-economics. In the main, these objections do not raise new issues and, hence, where possible I have referred back to evidence already presented above.

3.2. *Redundancies are being made at the airport due to COVID-19, so the creation of jobs benefit BAL claims the expansion will bring is disputed. There is always a lot of hype about the number of jobs that airport expansion will create, but in fact the sector has been automating as much as it can and the number of jobs is lower than it was in 2007, whilst the number of passengers has risen significantly. Expanding the Airport won't tackle unemployment or bring more money to the UK.*

3.2.1. Redundancies have been made at the airport due to the short-term impact of COVID-19. However, when normal market conditions return, demand for labour at the airport will recover as these jobs will once again be required to service passenger demand. It is important to separate the short term effects of the travel restrictions associated with COVID-19 from the fundamental, long term requirement for labour to support economic activity and growth in the future. The EclA and EclA Addendum have used a detailed analysis of employment at the airport to reach its conclusions and I would note that these approaches have been accepted by NSC and its advisors (see sub-section 4.2). I would also note that approach used is an industry standard approach that has also been scrutinised recently in relation to the Leeds Bradford Airport planning application and found to be robust (see paragraph 4.2.6).

3.2.2. In regards to trends in aviation employment over time, the comment is unclear as to the definition of the sector that is being referred to or indeed the geographic scope. However, assuming the sector is air transport and the comment refers to the UK, I would highlight that any analysis of the size of the sector in employment terms is difficult for a number of reasons. For instance:

- the ONS datasets that cover employment by detailed sector over the period have been changed and are not comparable;

- economic activity at airports is not just about the air transport sector. It creates jobs in a wide range of sectors;
- airports and airlines have continued to outsource functions to focus on their core businesses. This outsourcing is unlikely to be reflected within the employment statistics for the air transport sector.

3.2.3. Finally, in relation to talking unemployment and the impact of tourism, I would refer to comments above. At paragraph 4.5.6, I have set out details of the draft Section 106 Heads of Terms, which includes specific provisions to ensure that the employment benefits of growth can be captured effectively in the local areas. In sub-section 4.4, I have set out the assessed impacts of inbound tourism from the Appeal Proposal and in sub-section 5.3 I have addressed in some detail issues around the so-called 'tourism deficit'. I would strongly refute the comment that the Appeal Proposal will not address unemployment or bring money into the UK.

3.3. It would be more beneficial to the UK economy to promote home market attractions so people spend their money at home.

3.3.1. Again, I would highlight the evidence presented in sub-section 5.3 above. There is little if any reason to suggest that outbound tourism from the UK has a significant detrimental effect on the UK economy. This is supported by Government policy.

3.4. Yvonne Kempster- OBJ17: Disputes Creation of Local Jobs

3.4.1. This is the same issue as discussed at 3.2.3. The growth of the airport in line with the Appeal Proposal will create new employment opportunities. At paragraph 4.5.6, I have set out details of the draft Section 106 Heads of Terms, which includes specific provisions to ensure that the employment benefits of growth can be captured effectively in the local areas.

4. Appendix 4: Additional Supporting Document Excerpts

4.1. *Beyond the Crisis – Speech to the Aviation Industry (October 2020)*

6/8/2021

"Beyond the crisis" - speech to the aviation industry - GOV.UK



1. Home (<https://www.gov.uk/>)
2. Transport (<https://www.gov.uk/transport>)
3. Aviation (<https://www.gov.uk/transport/aviation>)
4. Aviation safety and security (<https://www.gov.uk/transport/aviation-safety-and-security>)

Speech

“Beyond the crisis” - speech to the aviation industry

Talking about the issues, problems and actions taken to counter COVID-19 so far in the aviation sector, plus future plans.

From:

Department for Transport (<https://www.gov.uk/government/organisations/department-for-transport>) and The Rt Hon Grant Shapps MP (<https://www.gov.uk/government/people/grant-shapps>)

Published

19 October 2020

Delivered on:

19 October 2020 (Transcript of the speech, exactly as it was delivered)



Introduction

<https://www.gov.uk/government/speeches/beyond-the-crisis-speech-to-the-aviation-industry>

1/7

Good morning everyone.

It's great to join you today (19 October 2020).

Many thanks to the event organisers for inviting me to speak.

Engagement between industry and government is obviously critical right now.

Which is why I'm so pleased to be part of this conference.

It's also why I'm doing 5 aviation speeches this autumn.

Each addressing different parts of our sector.

Travel and tourism, airport operators, engineers and aviation innovators, green aviation, and today of course, senior airline leaders.

To explain what we've been doing in government to help the industry through this incredible crisis.

To talk about our plans for the future.

But also just as importantly to listen.

To learn more about the difficulties that you're facing.

And to consider any new ideas that could help us help you.

We have already heard from Dr Rannia Leontaridi, Director for Aviation at the Department for Transport.

I also have a team of DfT officials tuning in throughout today's event, who will report back to me this evening.

So I look forward to hearing more about your discussions.

Government support

For airlines, airports, the supply chain, and of course the aviation workforce, it's simply been a devastating year.

There's no other way to describe it.

We know how much the sector is hurting.

That's well understood within government, I can assure you.

From the Business Secretary and Chancellor to the Prime Minister.

We know that COVID's had a particularly overwhelming impact on aviation....

Perhaps more so than any other global industry.

That's why we've taken unprecedented steps to support.

Early action on airport slots.

Paying more than 55,000 aviation employees up to 80% of their wages through the furlough scheme.

Loans, tax deferrals.

And £1.8 billion to the industry through the COVID Corporate Financing.

Now accounts for 11% of total national funding under that programme all the way across the entire economy, just to aviation.

We've been working to revive tourism and travel.

To give families the chance to enjoy a holiday, after those many months of lockdown.

But COVID has made that very difficult.

And we have had to be incredibly cautious.

Back in June (2020), the international travel quarantine applied universally.

This temporary measure helped protect us all from re-importing cases after everyone had been in lockdown.

Meanwhile, we worked to strengthen confidence for passengers too.

By backing the ATOL protection scheme.

Giving holidaymakers reassurance that a voucher would be as good to them as cash and thereby supporting the sector at the same time.

We set up the Joint Biosecurity Centre (<https://www.gov.uk/government/groups/joint-biosecurity-centre>) to gather intelligence and data on COVID worldwide.

To assess the risks of inbound travel from hundreds of countries and territories around the globe.

By July, the Centre's evidence allowed us to set up the first series of Travel Corridors (<https://www.gov.uk/guidance/coronavirus-covid-19-travel-corridors>), enabling travellers to return to the UK from lower-risk countries, without the need to self-isolate.

As a result, international passenger numbers handled at UK airports rose fourfold between June and July to 3.1 million passengers.

Where quarantine was required, it helped ensure that the sacrifices of our nationwide lockdown were not wasted.

Even now, at a time of rising infections, we know the situation would have been much worse if we hadn't been prudent over the summer.

Like every government, we've had to constantly reassess our response because of the unpredictable nature of this virus.

Like every government, we've had to make very difficult decisions, often very quickly in order to follow whatever the science was telling us as the virus moved from place to place at different speeds.

And like every government, we've had to prioritise the health of our own population, while trying to avoid unnecessary measures to restrict mobility.

But with every week that passes, we learn more,

Information improves.

Our understanding of the virus grows.

And we adapt our response.

That's why more recently, we established more sophisticated corridors.

For the first time, we had enough evidence to add or remove specific islands from quarantine.

I know some have promoted the idea that we should test at borders.

But we have not done so, because the Chief Medical Officer has made clear that it wouldn't capture sufficient information on those who are asymptotically carrying the virus.

In fact, Public Health England, the Joint Biosecurity Centre and the London School of Tropical Disease and Medicine have all examined the issue.

Accepting a Day 0 test on arrival could allow a very significant number of people to wrongly believe they were not bringing COVID-19 back with them.

And if that happened, it wouldn't just be travellers, but it would also be the travel industry that would be the victim of travel having reimported cases.

Future measures

So, with rising COVID cases in the UK – and amongst most of our neighbours – we have to find better, safer solutions.

My ministerial colleagues and I have agreed that a regime, based on a single test, provided by the private sector and at the cost of the passenger after a period of self-isolation, and doing those things could achieve our objectives.

The next step is to develop how this approach could be implemented.

So last week we launched our Global Travel Taskforce (<https://www.gov.uk/government/groups/global-travel-taskforce>).

To find solutions that will implement all of this safely and effectively.

And speed up the return of flights.

Now this global taskforce is chaired by myself and the Health Secretary.

And the taskforce is working actively with industry right now.

First of all to implement a new test and release regime to reduce the self-isolation period.

When we met for the first time last Thursday.

This will mean a single test for international arrivals a week after arrival.

We have been working extensively with health experts and the private testing sector on the practicalities of such a regime.

And we will continue to make sure that it does not impact on NHS capacity and that's been one of the big challenges of designing such a scheme when NHS test and trace has been under enormous strain although we now have more testing capacity per head than any other country.

In addition to this domestic 'test and release' model we are also working on schemes with partner countries to establish whether self-isolation could take place before departure.

I know it's confusing for passengers when every nation has a different system.

We need a global system and the UK will show leadership by developing a framework for international travel in order to provide global consistency.

Indeed, we will consider all options that increase tourism and business travel, but do so safely.

And thereby help the sector recover from the pandemic.

Finally - we are also preparing an Aviation Recovery Plan for later this autumn, setting out more measures to boost air travel, while continuing to prevent the spread of the virus.

Building back greener

That recovery plan won't just focus on 'the here and now' either.

It's crucial we use this time to look to the future too.

To the post-COVID world which will open up before us.

Defined not only by challenges.

But also by opportunities.

To speed up the transformation of the industry.

Aviation is fortunate in one respect - we know demand for air travel is very likely to grow in decades to come.

But the industry has to transform its environmental impact if it's to be viable.

I welcome the leadership that the industry is showing.

Investing in cleaner planes.

Plans to offset carbon.

But now COVID has prompted further change.

We're seeing manufacturers reassess product plans, and airlines moving to more fuel efficient fleets.

The pace of change is only going to accelerate.

After becoming the first major economy in the world to set a 2050 net zero target.

We're also committed to decarbonising aviation.

And demonstrating zero carbon emission flights across the Atlantic within a generation.

So in the summer, I co-chaired the first meeting of the Jet Zero Council (<https://www.gov.uk/government/groups/jet-zero-council>). The Prime Minister dropped by and brought together leaders from aviation, aerospace and academia.

Our single overriding goal: to develop UK capability to achieve net zero emission flights.

The council will help develop new ideas, new technologies and new businesses to deliver net zero by 2050.

And we will consult shortly to update our position on aviation and climate change.

I want the UK to become a global centre for the design, manufacture and use of clean aircraft.

That's why last year we announced a £300 million joint investment between government and industry through the Future Flight Challenge (<https://www.gov.uk/government/news/developing-the-future-of-flight-take-part-in-the-challenge>).

Money that will fund electric plane innovation.

And research into other forms of aviation technology.

That's also why we're ploughing nearly £2 billion into aviation research and technology.

Through the Aerospace Technology Institute Programme (<https://www.gov.uk/government/publications/funding-competition-aerospace-technology-institute-rt-programme>).

Working closely with colleagues from the Department for Business, Energy and Industrial Strategy.

And that's why – through that programme – we've been able to support the groundbreaking Fresson Project to make electrically powered commercial flights a reality in the UK within 2 years.

There are a lot of other exciting initiatives too.

Through schemes like our Future Flight Challenge.

The Innovation Hub within the CAA.

Which give us great hope for the future.

Conclusion

So, to sum this all up.

I don't underestimate how difficult things are right now.

But aviation will recover.

And when it does, it won't be picking up from where we were at the start of 2020.

It won't be a simple return to normal service.

It'll be leaner, and cleaner, more resilient, more ambitious aviation industry.

So let's all work together to make that recovery happen as soon as possible.

To get this industry back on its feet.

Your businesses depend on it I know.

Our economy most certainly depends on it.

And our country depends on it.

Thank you.

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