



Quod

Summary Proof of Evidence

Of Andrew Hunt (for the
Applicant) on Socio-
economic Matters

Application by London Luton Airport
Operations Limited

London Luton Airport

LBC REF: 21/0031/VARCON

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1 Qualifications and Experience and Scope of Evidence

Qualifications and Experience

- 1.1 My name is Andrew Stephen Hunt. I hold a Bachelor of Science Degree in Economics and Politics and a Master of Arts Degree in European Economics. I am a Member of the Institute for Economic Development.
- 1.2 I am a Senior Director of the socio-economics team at Quod, one of the largest independent planning consultancies in the UK, with offices in London and Leeds. I have over 25 years' experience, principally acting as a planning and economics consultant in the private sector.
- 1.3 I have read all of the background information and made such inquiries such as I consider necessary to fulfil my duties as an expert witness.
- 1.4 The evidence which I have prepared and now provide for this called-in planning application (Luton Borough Council reference 21/00031/VARCON) within my proof of evidence, is true and I confirm that the opinions expressed are my true and professional opinions.
- 1.5 My evidence is concerned with the socio-economic impacts and benefits of the changes to London Luton Airport's ("The Airport") operations proposed by the amendments to particular planning conditions, set out in the S73 Application (CD1.01).
- 1.6 The Secretary of State for Levelling, Up, Housing and Communities has called-in the application for determination. The SSHLUHC has identified matters which he particularly wishes to be informed about for the purposes of considering the proposals; these include:

The extent to which the proposed development is consistent with the development plan for the area.

- 1.7 The Inspectors' note following the pre-inquiry meeting (6th July 2022) sets out the "main considerations" to be considered at the Inquiry including:

The socio-economic implications of the proposed development

- 1.8 My evidence addresses that issue and considers the ways in which the proposals will (amongst other things) contribute to meeting employment and economic policy objectives for Luton and the wider economic area in accordance with the development plan and also national policy. It also explains the key socio-economic benefits of the proposals for Luton and the wider area. It draws on evidence provided by London Luton Airport Operations Ltd and included as Appendix A of my main proof of evidence.

2 Planning Policy and Guidance

- 2.1 There is a range of planning, economic and aviation policy at national and local level that is relevant to this planning application.
- 2.2 The Luton Local Plan 2011-2031 (CD09.07) clearly supports sustainable growth at the Airport. It recognises the Airport's key role as an economic driver and supports its improvement to provide more jobs. More generally, the Plan emphasises the need for jobs and economic growth for Luton.
- 2.3 The Luton Covid19 Economic Recovery Plan (CD12.10) similarly highlights the importance of the Airport as a major part of Luton's economy and how it suffered during the pandemic.
- 2.4 LBC adopted the Airport's Masterplan in November 2021 (CD5.03). This supports the expansion of the Airport to cater for 19MPPA.
- 2.5 National policy is similarly supportive of airport expansion to support the economy. The National Planning Policy Framework (CD09.05, p.5) sets out the overarching economic objective of a "strong, responsive and competitive economy" and a requirement for policies and decisions to create the conditions for businesses to invest and expand, support economic growth and allow areas to build on their strengths.
- 2.6 A range of government policy supports investment in infrastructure, including "Build Back Better: our plan for growth" (CD17.03), which highlights the need for transport networks to support economic activity and prosperity.
- 2.7 Luton is a focus for the Government's Levelling Up policies – it is a Priority 1 Area (the highest priority) because of its high levels of deprivation and need. Luton was successful in its bid to the Levelling Up Fund and won £20m in Round 1. This also places an emphasis on boosting jobs, pay and productivity.
- 2.8 Specific aviation policy is strongly supportive of growth.
- 2.9 The Aviation Policy Framework (CD8.05), Airports National Policy Statement (CD8.04), Making Best Use of Existing Runways (CD8.09), Flightpath to the Future (CD11.15) and the Jet Zero Strategy (CD11.19) all set out the economic benefits that aviation brings – both directly through jobs and indirectly through connectivity that supports trade. They variously set out policy to increase airport capacity and make more/better use of existing airport infrastructure including runway capacity, to help the sector recover from the Covid-19 pandemic and to make the most of the opportunities presented by the UK's exit from the European Union (EU). The more recent policies also explicitly link airport growth to Levelling Up and delivering local benefits.
- 2.10 In summary, local and national planning and aviation policies are entirely consistent. The Airport needs to make best use of its runway capacity in a way that delivers local benefits and minimises harm. Local and national policy is clear that airport expansion is important to national and local economic performance including:

- a) Recovery from the Covid-9 pandemic and Building Back Better - the Luton area has been particularly badly affected;
- b) Levelling Up – Luton is a high government priority;
- c) Delivering local jobs and skills;
- d) Supporting connectivity and trade – boosting Global Britain and using opportunities from leaving the EU.

3 Socio-Economic Context

- 3.1 The context for this application has changed significantly since 2019. The town already had economic and social challenges, and these have got worse since the Covid-19 pandemic. The longer they go on the greater the long-term scarring will be. These issues, and in particular the need for jobs, need addressing now.
- 3.2 Unemployment in Luton was above the national and regional averages before the pandemic and the gap since then has grown. It was 0.3% higher in January 2020 and is now 3.3% higher at 6.1%.
- 3.3 As a result deprivation is also high. Large parts of the centre of Luton town and the neighbourhoods to the north, west and south rank in the top 10% to 30% most deprived in England.
- 3.4 This has made Luton a priority for the Government's Levelling Up policies. The Government urgently wants to see more jobs and pay in Luton more than in most other areas.

4 Socio-Economic Effects of the Proposals

- 4.1 The proposed changes to the planning conditions will allow different numbers of Air Transport Movements (ATMs) and passengers compared to both those that are currently being delivered (which are still affected by the aftermath of Covid-19 restrictions) and those that are possible under the existing conditions when normal economic circumstances resume.
- 4.2 The beneficial impacts would be felt quickly at a time of significant need, with most arising during 2024 and nearly all by 2025. This will help both the Airport and the wider Luton economy to recover from the effects of the pandemic quickly.
- 4.3 Put simply, the extra ATMs and passengers translate into extra jobs and local economic activity. They also contribute to an investment environment that is more attractive for airlines and so create incentives to retain and invest in the Airport rather than in alternatives across Europe that would deflect economic investment, growth and recovery away from Luton and potentially the United Kingdom.
- 4.4 The proposals are estimated to:
 - i. Create over 4,000 jobs by 2025, compared to the current position;
 - ii. Create over 900 additional jobs in Luton by 2025, compared to the “without scheme” scenario. Based on historic trends around half of these would go to residents in the Luton Borough area;
 - 1. this would reduce unemployment by 5%; and
 - 2. Increase the Airport’s Gross Value Added (GVA) contribution to national Gross Domestic Product (GDP) by over £44m;
 - iii. LLOAL is also committed to maximising the potential benefit to local residents through an Employment Skills and Recruitment Plan, an Employment and Training Contribution and a Local Procurement Protocol, all secured through a proposed S106 agreement
 - iv. Deliver consumer benefits – such as cheaper airfares by increasing choice off-peak (when fares are typically cheaper);
 - v. Deliver tourism benefits – at an airport where the majority of passengers are travelling for leisure;
 - vi. Deliver Levelling Up benefits – by providing jobs, reducing unemployment, and growing productivity benefits, in a place which has been identified by the Government as very much in need of support and intervention; and
- 4.5 The urgency for action is particularly acute in Luton. Most of the rest of the region and country have recovered – unemployment is only slightly higher than it was pre-pandemic. Luton has not recovered – unemployment remains over double what it was before the pandemic, which

was already above average. Luton needs opportunities to catch up and this application is a guaranteed way of doing that.

- 4.6 Not consenting the proposed scheme would result not only in a loss of this opportunity, but also potentially lead to further losses of economic activity if airlines respond by taking investment and activity elsewhere.
- 4.7 The effects of the existing noise and passenger conditions on airlines create a tension which this S73 Application is intended to resolve.
- 4.8 Complying with the noise conditions would be easier in principle with a more modernised fleet of aircraft because they are quieter. However, such aircraft are also usually larger.
- 4.9 This tension therefore has important implications in both the with and without scheme scenarios.
- 4.10 The without scheme baseline set out in ESA 4 (CD1.16) shows fewer movements and, as a consequence, fewer passengers. In order to secure compliance with current Condition 10, both the 2023 and 2024 daily summer schedules are likely to need to be reduced by 7-9% of daytime movements and 22% at night compared to 2019. There are three ways this could happen:
 - a) Airlines move rotations to other airports;
 - b) Airlines move aircraft to other airports.
 - c) Airlines fly longer routes out of Luton;
- 4.11 The statement from LLOAL makes clear that moving aircraft or rotations are the more likely outcomes. All of the outcomes listed above would reduce the number of movements and passengers at the Airport and as a consequence reduce the level of employment and economic activity (GVA). The direct effects could be broadly similar, but secondary effects could be different.
- 4.12 The headroom created by increasing the passenger cap is needed and would be absorbed by airlines flying some more movements but also more importantly increasing the size of aircraft on existing movements.

5 Conclusions

- 5.1 The proposed modest growth of the number of passengers at the Airport will create the conditions to achieve important socio-economic benefits for the local, regional and national economy, including more high-quality jobs, more economic activity, faster fleet modernisation, and the realisation of the Covid-19 pandemic recovery.
- 5.2 There is strong economic policy support at local and national level for the proposed growth of the Airport.
- 5.3 The socio-economic effects of the proposals, compared to the current position, include the creation of over 4,000 jobs by 2025 and 900 compared to the without scheme scenario; 900 jobs in Luton would reduce unemployment by 5%; an increase in GVA to national GDP by over £44m; the delivery of consumer benefits such as cheaper airfares; tourism benefits; levelling up benefits; and international connectivity benefits. Access to jobs and skills training will be enhanced through provisions in the Section 106 agreement.
- 5.4 The socio-economic consequences of the S73 Application not being approved are significant at a local, regional and national scale. The Airport competes with other airports internationally and there is a risk that without creating the MPPA headroom of an additional 1 MPPA its airline customers will change their operations and/or relocate some of their operations elsewhere (indeed, outside the UK), in order to achieve operational efficiencies. This will have a direct negative impact on the local, regional and national economy, reducing activity at The Airport. This will also make it harder to deliver against the Levelling Up agenda.
- 5.5 Delivering growth at the Airport is critical to addressing the economic and social challenges for the area, which have been amplified as a result of the Covid-19 pandemic. Action is needed now to avoid long-term scarring, by supporting growth of the Airport and in particular stimulating growth of high-quality jobs on site as well as in the local and regional supply chain.