

**Appeal by BAA Ltd and Stansted Airport Ltd against the
decision by Uttlesford District Council to refuse an application
for:**

**Development permitted under UTT/1000/01/OP without
complying with condition MPPA1 and varying condition ATM1
Stansted Generation 1**

**Written Submission of the
East of England Development Agency**

Planning Application: UTT/0717/06/FUL

Planning Inspectorate Ref: APP/C1570/A/06/2032278/NWF

May 2007

1. Introduction

1.1 This represents the submission of the East of England Development Agency (EEDA) to the Planning Inquiry into BAA Ltd and Stansted Airport Ltd's (jointly referred to as BAA) planning application 'Stansted Generation 1' following refusal of planning permission by Uttlesford District Council on 30th November 2006.

1.2 BAA's planning application seeks to make full use of the existing runway at Stansted, which the Airport refers to as Generation 1 or G1, by amending and removing two conditions attached to the planning permission granted in 2003. In particular, the G1 application seeks to remove Condition MPPA1, which limits passenger throughput to 25 mppa in a calendar year, and to increase the limit in Condition ATM1 from 241,000 ATMs (air traffic movements) in any year of which no more than 22,500 shall be Cargo ATMs to a new level of 264,000 ATMs of which no more than 243,500 shall be passenger ATMs and no more than 20,500 shall be Cargo ATMs.

1.3 It is understood that since notification of the calling of the Inquiry BAA has offered a condition, through scheduling procedures, to control passenger throughput at the Airport to about 35mppa. This was reported at paragraph 10 of Agenda Item 10 to the Development Control Committee meeting of 4th April 2007 (CD/35.1).

1.4 EEDA's evidence concentrates on Reason R.90H of the Council's decision to refuse planning consent:

'The forecast economic benefits of the proposed development have not been demonstrated strongly enough for them to be so overriding as to outweigh all other factors, with or without mitigation, to the detriment of the principles of sustainable development and contrary to policy B1W9 of the Essex and Southend on Sea Structure Plan.'

1.5 The refusal reason was amended, by the Council at its meeting on 4th April 2007, to delete the words 'particularly in the light of the costing of economic consequences of climate change set out in the Stern Review report', as the Future of Air Transport Progress Report clearly indicates that it has taken into account the Stern Review as well as other reports in formulating its Progress Report.

2. East of England Development Agency

2.1 The East of England Development Agency (EEDA) is the driving force behind sustainable economic growth and regeneration in the East of England. A business led government funded organisation sponsored by the Department of Trade and Industry (DTI), EEDA is one of nine regional development agencies (RDA's) focusing on sustainable economic development and building prosperity in the English regions. EEDA operates across the six counties of Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Norfolk and Suffolk and the unitary council areas of Luton, Peterborough, Southend on Sea and Thurrock which together constitute the East of England Region.

2.2 Under the Regional Development Agencies Act (Article 4(1)), each Regional Development Agency (RDA) has five statutory purposes which are:

- To further economic development and regeneration
- To promote business efficiency, investment and competitiveness
- To promote employment
- To enhance the development and application of skills relevant to employment
- To contribute to the achievement of sustainable development

2.3 EEDA is also a statutory consultee on planning applications granted under the Town and Country Planning (General Development Procedure) (England) (Amendment) Order 2003.

2.4 As the organisation which is the driving force behind sustainable economic growth and regeneration in the East of England, EEDA's principal focus when preparing its submission to this planning inquiry has been to look at how the maximum use of the one runway at Stansted will help further economic development and regeneration in the East of England. In addition, EEDA examines how the proposal will help to deliver the Regional Economic Strategy for the East of England (2004) – referred to as the RES. The RES – “A Shared Vision the Regional Economic Strategy for the East of England” (CD/119) is of central importance in realising economic ambition in the East of England. It is complementary to the emerging Regional Spatial Strategy for the East of England – the East of England Plan (RSS14) and forms a

central part of the strategy for the development of the Region up to 2021. Both the Draft Revision to the Regional Spatial Strategy (CD/74, Policy SS10) and the Secretary of State's Proposed Changes to the Draft Revisions to the Regional Spatial Strategy (CD/76, para. 4.1) recognise the need to support the regional economy to ensure that it fully contributes to national, regional and local prosperity. Further the Secretary of State's Proposed Changes indicate that the region's economy is part of the wider South East economy centred on London which is the leading driver of the UK national economy and that a key strand of the RSS is to ensure that the region's relatively strong economy continues to grow (para. 4.1).

2.5 EEDA is clear that it wants to see that appropriate aviation infrastructure is planned in accordance with the Air Transport White Paper and that any proposals provide infrastructure, maximise economic and social benefit while trying to minimise the impacts on the environment.

3. Supporting National and Regional Policy and Guidance

3.1 Broadly, EEDA argues that there is both demonstrated national and regional policy support for the maximum use of the one runway at Stansted (Generation 1). The expansion of Stansted through the granting of consent to amend the two planning conditions will explicitly support the implementation of the Government's The Future of Air Transport White Paper (CD/87)(endorsed by the subsequent the Future of Air Transport White Paper Progress Report – CD/88). Additionally the significant economic and employment benefits of the development will support the achievement of Government Public Service Agreement (PSA) targets. Regionally, support is given to Generation 1 by the region's objectives as stated in "A Shared Vision the Regional Economic Strategy for the East of England" (RES) and the emerging East of England Plan (RSS14) which is reaching its final stages of completion.

3.2 PPS 1(CD/92)¹ makes it clear that planning must deliver sustainable economic development and emphasises that the government is 'committed to promoting a strong, stable, and productive economy that aims to bring jobs and prosperity to all'. This principle is more recently supported by the 2007 Budget Report which sets out the long term goals of Government. Planning authorities should seek to:

¹ Planning Policy Statement 1: Delivering Sustainable Development DCLG February 2005

“promote national, regional, sub-regional and local economies by providing, in support of the Regional Economic Strategy, a positive planning framework for sustainable economic growth to support efficient, competitive and innovative business, commercial and industrial sectors.”

Air Transport White Paper

3.3 The fundamental principle underpinning the support for Generation 1 expansion is provided in the Government's White Paper, *'The Future of Air Transport,'* (CD/87 - Department for Transport, December 2003, referred to as ATWP). This states that 'air travel is essential to the UK economy and that 'airport development is a matter of great significance at both national and local levels. The provision of adequate infrastructure and capacity is important for national competitiveness, for regional development, and for people's ability to travel quickly, easily and affordably to where they want to go'. (para 1.5)

3.4 The ATWP goes on to state 'In an increasingly competitive global market place, Britain's continuing success as a place in which to invest and do business depends crucially on the strength of our international transport links' (para 2.5).

3.5 The ATWP also confirms at para 2.18 that not providing additional capacity would significantly damage the economy and national prosperity. "Because we expect there to be an increasingly severe shortage of runway capacity at the major South-East airports over the remainder of this decade, making full use of available capacity at Stansted will be essential to avoid stifling growth. Making full use of Stansted would generate large net economic benefits. We therefore support growth at Stansted and expect the airport operator to seek planning permission in good time to cater for demand as it arises" (para. 11.26)

3.6 The first priority of the ATWP is to make maximum use of the current facilities (para 11.26) generating large net economic benefits, providing much needed additional capacity and avoids stifling growth. It is the view of the ATWP that there are greater benefit cost ratio and earlier economic benefits of building upon an existing operation such as Stansted and is a principle that seeks to minimise the environmental impacts. The ATWP therefore provides the national policy framework to support Stansted

Generation 1 and Government expects the relevant English regional bodies to take the conclusions in this White Paper fully into account in drawing up their strategies (CD/87, para. 4.27)

Air Transport White Paper – Progress Report

3.7 The Government published a Progress Report on the White Paper (CD/88) in December 2006, which reaffirms the policies set out in the ATWP. The ATPR provides an update on developments in the industry since the publication of the original White Paper, reaffirming the economic benefits that derive from air transport, but noting in particular the environmental implications of forecast growth and the conclusions of the Stern Review² and the Eddington Study³, both of which were published in late 2006. The ATPR restates that the aviation industry contributes significantly to the UK economy, supporting around 200,000 jobs directly and the importance of aviation is increasing as a result of broader economic trends. The broad economic benefits of the aviation industry in the UK, outlined in the ATPR, define the significant and growing role of aviation to a successful UK economy (paras. 1.10, 1.14, 4.13 to 4.20). The progress report also revisits the forecasts for air travel demand to take account of GDP growth, the cost of oil, the cost of carbon and the radiative forcing factor. The report concludes that the growth in air travel demand is still strongly positive and consistent with the White Paper forecasts.

3.8 The ATPR also deals with local environmental challenges, recognising the need to balance the local and national benefits that can be gained from airport expansion and the local costs that might be imposed on people living in the vicinity of an airport. The ATPR notes several examples of good practice by UK airports in addressing and mitigating local environmental impacts. The ATPR reinforces the Government commitment, after considering the principles of the Stern and Eddington reports, to plan positively for aviation in the UK in accordance with the ATWP.

² *Stern Review on the Economics of Climate Change*, Sir Nicholas Stern, October 2006

³ *The Eddington Transport Study - The Case for Action*, Sir Rod Eddington's advice to Government, December 2006

Public Service Agreement Targets

3.9 Stansted Airport is a vital infrastructure asset in attaining and meeting the Government's principal economic objective 'to build a strong economy and a fair society, where there is opportunity and security for all'. Public Service Agreement (PSA) targets define Government's and RDA's contribution to:

- regional economic performance;
- sustainable development;
- employment

3.10 ODPM PSA 2 and DTI PSA7 require the RDAs to *"Make sustainable improvements in the economic performance of all the English regions by 2008, and over the long term reduce the persistent gap in growth rates between the regions, demonstrating progress by 2006."*

3.11 The objective of expansion of air transport, including Generation 1, is normally to facilitate or stimulate the growth of new air services and greater service frequency in order to improve the connectivity of the UK regions nationally and internationally. The ATWP and the ATPR confirm that connectivity on a global scale is an important ingredient of regional competitiveness. Thus, to the extent that positive support for airport growth is successful in achieving its objectives, this will contribute to enhanced regional economic performance.

3.12 PSA DWP4 requires an increase in employment rates and to target those of greatest need. Growth in air transport activity can contribute directly to growth in employment and to additional activity in other sectors. However, these only represent the impacts that can be quantified and the potential long term employment gains of the business benefits of enhanced connectivity are likely to be greater.

3.13 Furthermore, the PSA target related to trade and investment, aims to increase inward investment and trade generally. One of the principal economic benefits of enhanced connectivity is the promotion of international trade amongst regional businesses and the increased attractiveness of the region as a location for inward investment from overseas. The East of England is home to over 1,900 foreign owned companies and the region is the third biggest exporter in the UK after London and the South East. It has a 7% market share in the World Market and an 8% market share in

the European market (EEDA Occasional Paper – International Links in the East of England, April 2007)

3.14 Additionally, RDAs are required to contribute to achieving PSA DEFRA 1: To promote sustainable development across government and in the UK and internationally, as measured by:

- the achievement of positive trends in the Government's headline indicators of sustainable development;
- the UK's progress towards delivering the World Summit on Sustainable Development commitments, notably in the areas of sustainable consumption and production, chemicals, biodiversity, oceans, fisheries and agriculture; and
- progress towards internationally agreed commitments to tackle climate change.

3.15 The Stern Review stressed the need for an urgent and effective international response to the global problem of climate change and set out the strong belief that market mechanisms are the most effective way of reducing carbon emissions. The Government supports this approach and the adoption of policies that will ensure that aviation fully meets its environmental costs. Currently the Government's view is that this is best pursued through the inclusion of aviation in the European Emissions Trading Scheme (ETS) as soon as practicable, but also takes the view that other economic instruments could be used to ensure that aviation reflects its environmental costs.

'A Shared Vision – the Regional Economic Strategy for the East of England'.

3.16 A Shared Vision – the Regional Economic Strategy for the East of England (CD/119) provides a vision of the East of England which is of a leading economy, founded on world class knowledge base and the creativity and enterprise of its people in order to improve the quality of life of all who live and work here. RES considers that a leading economy is one where there is high and growing levels of wealth; increasing levels of economic participation and inclusion; sustainable and dynamic urban and rural environments; and promotes a number of specialist roles and functions of international quality. A major element of this Vision is to build on current strengths, two of which are

identified as “science and innovation” whilst another is international gateways and transport corridors” (page 9). The RES notes a number of aspects including:

“the region’s global leadership in science and technology, research and innovation – this includes areas such as biotechnology, pharmaceuticals, engineering, advanced manufacturing and information communications technology (ICT). The region will continue to nurture these strengths,....”(page 10, first bullet point)

“our international gateway roles and transport corridors – these include some of the fastest growing ports and airports in the country and major transport corridors. Over the period of the strategy, the region will manage the expansion of Stansted and Luton Airports, and of Felixstowe, the Haven Gateway and the Thames Gateway ports, to capture more of the economic benefits for the region.”(page 10, second bullet)

3.17 In examining the aspect of that part of the Vision which seeks to capitalise on the region’s distinctive opportunities and challenges the RES notes that “the East of England, along with the South East, has particular opportunities arising from *our* position adjacent to London, and from *our* rapid growth of population and related economic activity. The regional economic strategy’s vision envisages the East of England:

- complementing and enhancing the position of London as a world city – London, the South East and East of England provide more than 40% of UK gross value added (GVA), a significant proportion of the country’s public finance revenue and much of the UK’s competitive advantage in a global economy.”(page10, final bullet point)

3.18 Generation 1 has a vital role in meeting these objectives and targets. Stansted’s expansion will contribute to the RES objectives for the region by building on the cornerstones of the vision, namely:

- Building on the region’s current strengths – the sectors which will be key components in continued economic growth are known to be intensive users of air transport facilities. The RES states that it will “manage the expansion of Stansted and Luton airports... to capture more of the economic benefits for the region”.

- Improving areas of average or poor performance – the expansion at Stansted has the potential to produce a wide range of employment across all skill levels (additional information submitted by BAA to Matter 8H2, EiP, East of England Plan). It also has the potential to invest in the human capital base of the region. The latter is illustrated through involvement for example in the London Stansted Employment Partnership which aims to promote employment and training opportunities at Stansted Airport. Although the partnership covers North London Boroughs the scheme was identified as an example of best practice in the report “Employment opportunity for all: tackling worklessness in London” published in support of the Budget 2007 (HM Treasury, March 2007) and potential to utilise these opportunities exist within the Region. The Airport supports training initiatives at Harlow College, including the development of an accredited skills training programme linked to airport job skills profiles. The airport may also support enterprises by providing new local opportunities and increasing the two-way engagement in the international economy.
- Capitalising on distinctive opportunities and challenges - Stansted Airport also provides important links to London complementing and enhancing its position as a world city. London’s standing as a World City and its international accessibility are, to a great extent reliant on the regions of the South East and East of England which together with London form the Greater South East. Stansted plays a vital role as one of the regions key international gateways and transport corridors.
- Airport growth as set out in the Air Transport White Paper is of national importance “and represents an important material consideration in managing economic change over the coming period.”

3.19 Therefore, we would place great emphasis on the importance of Stansted as set out in the Regional Economic Strategy:

“an international, national and regional economic function, as well as supporting growth and assisting the regeneration of local economies. They are catalysts for

business and enterprise development, providing gateways to important European destinations and beyond.”

3.20 Generation 1 and its impact on employment and skills is aligned with the strategic goals of the RES:

3.21 In relation to Goal one, ‘A Skills base that can support a world class economy’, the application forecasts an increase in employment associated with the expansion of Stansted of around 3,800 jobs (direct, indirect and induced), which would make a significant contribution to the 42,000 jobs for the Central and North Essex area up to 2021 as defined and required by the emerging Regional Spatial Strategy for the East of England (CD/76, page 69); it should be noted that this provision of jobs includes an allowance of 11,000 for “job growth at Stansted Airport (direct jobs) up to 2021 in consequence of moving beyond full use of the existing runway once a second is built.”

3.22 In relation to Goal two ‘Growing competitiveness, productivity and entrepreneurship’, the expansion of the airport would positively influence the location decisions of air intensive businesses, it would encourage foreign direct investment and would encourage more international leisure and business visitors to the East of England. The region’s leading position in science and technology, research and innovation would be enhanced by increased global connectivity.

3.23 In relation to Goal six ‘Making the most of from the development of international gateways and national and regional transport corridors’, EEDA recognises that the region should take greater advantage of growth at the airport. Specifically, RES recognises that ‘the region’s airports are important assets which act as drivers for growth and regeneration and will play an important role in improving the region’s competitive strength and attractiveness as a business location and tourism destination’. EEDA wishes to support the potential of the airport to support job growth and provide business opportunities whilst seeking to ensure that these benefits extend to growth and regeneration locations including Harlow.

3.24 RES confirms, in its introduction to its Strategic Goals, that “*the need for development to be sustainable is an underlying principle of the strategy*”. Throughout the RES, the environmental aspects of development have been explicitly identified and commented upon. The environment and resources are particularly focused upon in

RES Goal 8 for the region, which is to be “An Exemplar For The Efficient Use Of Resources”. This explains that, in line with the basis of this statement:

“the challenge (for the region) is to make progress on three fronts – economic development, environmental protection and enhancement, and social inclusion”.

3.25 The RES provides clear and distinct support for the maximum use of one runway at Stansted: its development will support the implementation of the RES goals and priorities.

Regional Spatial Strategy

3.26 The Secretary of State’s Proposed Changes to the Draft Revision to the Regional Spatial Strategy for the East of England (RSS) confirms that capacity at Stansted in accordance with the ATWP is supported.

3.27 Policy E8 of the Secretary of States proposed changes to the East of England Plan propose a clear statement of support. It states ‘The ATWP recognises the important role that Stansted and Luton Airports play in the provision of airport capacity in the South East. New capacity at both airports is supported with the first priority to make maximum use of the current facilities.’ The changes also confirm the important role that airports perform in their local area and the regional economy including the role airports provide as a catalyst for regeneration of nearby towns including Harlow. The reframed strategy for Harlow as a Key Centre for Development and Change recognises its economic and housing role close to Stansted.

3.28 Policy E2 of the RSS defines the level of job growth for the region. The Central and North Essex area, including the districts of Harlow, Uttlesford, Chelmsford, Braintree and Maldon, should make provision for 42,000 jobs over the plan period from 2001 to 2021. This represents an increase in job targets in this area over and above the draft Regional Spatial Strategy for the East of England to reflect extra job provision at Stansted Airport from a second runway and additional regeneration needs at Harlow. The G1 proposal is a key component to support the implementation of the Regional Spatial Strategy.

4. GENERATION 1 PROPOSAL

4.1 EEDA believes that a modern, high quality transport network providing links to international markets is essential for achieving the Regional Economic Performance Public Service Agreement which requires "...sustainable improvements in the economic performance of all English Regions and, over the long term, reduce the gap in growth rates between regions...". Airports are gateways for the movement of goods and people for both business and leisure purposes. They are vital nodes in the supply chains of British industry and support the international competitiveness of the English Regions. The Eddington Transport Study reaffirms the view that global connectivity underpins and drives international trade and economic benefit, and that aviation has a crucial part to play in this (para 4.16). Eddington also accepts the conclusions of Stern that economic development must go hand in hand with meeting the global challenge of climate change. It is therefore essential, that in reaching decisions on this proposal that the aviation industry is supported to provide the capacity and service level required to support a world class economy.

4.2 The ATWP was clear that aviation contributes significantly to the UK economy. It currently provides £12 billion to GDP and transports £365 billion pounds worth of goods. Stansted Airport is a key and significant economic driver for the region and the Greater South East, contributing over £400million to the regional economy. There are approximately 160 businesses currently within the Airport boundary employing 11,600 people. In addition, there is significant additional indirect and induced employment growth associated with the airport locally and across the region. It is the 3rd busiest freight airport in the UK carrying 240,000 tonnes of cargo worth £7.6 billion pounds annually.

4.3 3.4 million business passengers used the airport in 2004 (CD/19, ES Volume 16, Table 14), equating to 6,800 business trips per working day (a business trip consists of an out bound and an inbound flight / passenger). It is anticipated that this would grow to 5.5 million business passengers, equating to 11,000 business trips per day through Generation 1. It is important to note that 40% of those business trips are from the East of England region, with nearly a further 35% related to London (CD/8, ES Volume 5, Table 5). The Essex Business Survey in 2006 showed clear support for growth at Stansted Airport. Two thirds of respondents supported plans to expand the

airport, while 75% thought that the business benefits from growing Stansted were either 'Very important' or 'Important'.

4.4 In terms of the output of those working in the region, the East of England has one of the highest long-term growth rates in the UK. The East of England has the 3rd highest level of GVA per worker of the English regions. However, levels are much closer to regions such as the South West and East Midlands rather than the more productive London and South East. It is important to note that Stansted is part of London Airport network and a key to the success of the Greater South East. These three regions of London, South East and the East of England account for 41% of the Gross Value Added in the UK. The competitiveness index suggests that these three regions are performing well in terms of the UK average. However, it is important to consider the relative position of the Greater South East to Europe as the UK is facing increasing globalisation.

4.5 We outline below the four key areas which demonstrates the strong economic and employment benefits of Generation 1 contrary to the Council's refusal reason 9:

- Economic Benefits
- Employment and Skills
- Surface Access
- Environmental Mitigation

Economic Benefits

4.6 The application provides evidence of how and why Generation 1 can contribute significantly to the economic development of the East of England in Volume 5 "Economic Effects" of the planning application.

4.7 EEDA believes there are significant economic benefits which warrant the granting of planning consent for Generation 1. This reflects the views expressed in the ATWP and its progress report to increase the capacity of the London airport system by firstly maximising the capacity of the one runway at Stansted which is critical to the Greater South East and the UK's success as a whole.

4.8 The application notes the complexity and importance of multiple factors contributing to the economic development of which the airport is one. As a result EEDA stress that the economic benefits of the expansion will require encouragement and interventions if we are to realise its full potential. We would encourage BAA to continue its existing activities such as the Business Forum and Meet the Buyers events, which can be enhanced in the light of the further expansion of the airport. EEDA would support BAA to continue to promote positive impacts by linking the benefits of airport growth to the local economy.

Business Location

4.9 Generation 1 will positively influence the location decisions of air intensive industries. This is confirmed by research undertaken by Oxford Economic Forecasting in 2006⁴ which states that access to air service is an important factor to 25% of companies across the whole economy in influencing where they locate their operations within the UK. Indeed access to air services also affects the decisions by 10% of companies as to whether to invest in the UK at all.

4.10 Stansted already serves more European destinations than Heathrow with 14 domestic and 124 European destinations. Over time we would expect these routes to be strengthened as well as the addition of further European destinations. However, besides connections to European regions, regular scheduled services to the United States, particularly New York and the East Coast of America, is the main connection valued by business travellers. Generation 1 has greater potential for long haul flights including those to the Far East which would bring significant benefits to the region in terms of business connectivity and the potential location of business in the London/ Stansted / Cambridge corridor. For example the USA is the UK's largest single export market accounting for £29billion or 16% of total UK exports. Opening of such routes would increase the potential for business location decisions to be influenced by an expanding and growing airport particularly in those sectors that are sensitive to air links and particularly those in the service industries and high tech knowledge based sectors. These sectors account for about one third of employment within the East of England.

⁴ Oxford Economic Forecasting - The Economic Contribution of the Aviation Industry in the UK. December 2006.

Air intensive sectors include:

- Businesses with international headquarters or branch plans
- High technology sectors including computing and software design, Research & Development and banking, financial and insurance services
- High value and just in time manufacturing processes.

Foreign direct investment

4.11 Generation 1 is vital to maintaining the competitiveness of the East of England economy internationally and promoting its attractiveness to foreign investors as a location for their UK and European businesses within the Region, including within the Uttlesford District Council area. It is also important that we support the international connectivity required by the foreign owned businesses in the region.

4.12 East of England International (EEI) delivers UK trade and investment services to regional businesses wanting to trade internationally. EEI also provides advice to overseas owned companies wanting to establish a presence or expand in the East of England. It operates as a sister organisation of EEDA. In the EEI Business Plan for 2007/2008, it is stated that “International business is essential to the region’s prosperity. The region’s economy has a strong international dimension – home to many multinational, foreign owned facilities and with strong connections of “local” businesses in sectors which are global in outlook e.g. ICT, life sciences, energy, financial services.” (page3). The report goes on to note that “This region has a population of more than 2,000 subsidiaries of foreign companies, accounting for 30,000 jobs. Many of these are major multinationals and include powerful corporations such as Coca-Cola, Lockheed Martin, Lotus, Perkins Engines, TUI, Unilever, AXA, Ford, Indesit, Sanyo, Microsoft, TK Maxx and Xerox, who collectively employ 18,000 people across the East of England” (page 17).

4.13 The results achieved over the past 9 years are summarised as follows: 111 successful expansion or retention projects; 9140 new or safeguarded jobs; an average of 82 jobs per project. In the EEI Chief Executive’s Report for the twelve months to 31 March 2006, it is stated that a total of 47 projects were undertaken which accounted for a total of 2,282 jobs, of which nearly 84% were new jobs with the remaining 16% being jobs saved through the continued presence, expansion or relocation of companies (page 5). On average a total of around 48 jobs were created or saved per project. A

breakdown of the projects by sector shows that almost 65% of the jobs created or saved fell in the categories of ICT/Technology, Life Sciences, Automotive and Business Services (source Annex 1 to report).

4.14 It should be noted that information material published jointly by UK Trade and Investment and EEI identifies the importance of air services to the economic activities being examined. Some illustrative examples of importance of air services are detailed below.

- Toshiba Research Europe (ref. 04/P/18) - Toshiba Research Europe is one of a network of globalised corporate-level R&D organisations. “Communication links from Cambridge are also good. International flights to Japan from London Heathrow Airport are available, with a wide range of European destinations on offer from London Stansted Airport”; it also notes that “The location of the TREL on the Cambridge Science Park has been excellent: allowing access to the outstanding pool of technical knowledge, sharing University facilities, assisting with Department funding and enabling fast communication to London, Europe and Japan.”
- In the literature dealing with Software and Services (ref.04/P/47) the following is stated in respect of “Direct access to an international market” – “The East of England offers the perfect location for accessing customers and partners throughout Europe. Almost all of Europe’s leading IT markets can be reached in under two hours from any one of the international airports serving the East of England such as London’s Heathrow, City, Luton and Stansted. The region’s two main airports, Stansted and Luton are UK’s fourth and seventh busiest airports respectively. This fast and direct access to Europe makes the East of England an ideal springboard into Europe especially when combined with the fact that the British IT market is a popular European test market.”
- These aspects are repeated in the literature dealing with Technology (ref. 04/P/44) – the section relating to airport access is prefaced by the statement that “Smart North American and Far East companies, which recognise the potential in Europe, are setting up research and development, sales and technical support operations in the region. A significant majority of these companies choose the UK because of the pool of labour, common business language and business culture.”

4.15 In addition, submissions made by EEI in support of the planning application (Letter 31 July 2006) outline examples of inward investment decisions which have been influenced by the services available from Stansted. EEI's work with over 200 potential inward investors each year demonstrates that air transport links are crucial to their decisions on location both in terms of passenger access and freight delivery to world markets. EEI were involved in the establishment of AES Laboratoire from France at Stansted, creating 11 new high value jobs in the bio-technology and pharmaceutical industry. The easy accessibility of French and other European destinations from Stansted was a determining factor in locating this business in close proximity to the airport. Following the acquisition of BAA plc by Ferrovial, Stansted itself is now a manifestation of foreign direct investment.

4.16 In 2005 the region saw the establishment of ExecuTRACK Software Ltd, a personnel management software developer from Germany (6 new jobs), and Inion, a manufacturer of biodegradable medical implants from Finland (25 new jobs) at Takeley. In respect of ExecuTRACK the Managing Director has stated that: "The UK is an important market for us and offers huge potential. This region is renowned internationally for its clusters of knowledge-based businesses where people are the key asset and therefore talent management is very important. Proximity to these companies and London Stansted Airport for ready availability of regular flights to Dusseldorf were two key factors." (04/P/41)

4.17 Stansted is important for the ICT and Biotechnology clusters in Cambridge and Great Chesterford, and makes a direct and material contribution to the neighbouring Essex, Cambridgeshire and Hertfordshire economies. There are clear and demonstrated economic and employment benefits a growing and successful airport.

4.18 The continued development of Stansted has enabled firms to continue to operate within the region, for example Pointsec Mobile Technologies; this Scandinavian company first established itself in the Cambridge Cluster in 2001 but more recently has relocated to offices in Newmarket. The company's Managing Director is quoted as saying that "All our new product development still takes place in Sweden and expansion of routes has enabled us to benefit from low-cost fares to a wide range of destinations". (ref. 04/P/41)

Freight

4.19 Stansted is the UK's third most important cargo airport, after London Heathrow and East Midlands, with a tonnage in excess of 237,000 transported in the year to March 2006 worth circ £7.5 billion per annum. This includes significant freight access to China which is a major UK Government trade target market. Stansted also provides access to many charter freight operators servicing just-in-time delivery to customers. Three major express carriers, Fedex, TNT and UPS, use the airport for time-sensitive deliveries and Stansted is the base of Volga-Dniepr and Ruslan Airlines, global specialists in outsize and heavylift cargo.

4.20 No additional cargo tonnage is expected in the 35 mppa case compared to the approved 25 mppa case – cargo tonnage will remain at 600,000 tonnes. However the 35 mppa case is based on a lower limit of Cargo Air Transport Movements (CATMs). Condition 'ATM1' of the current planning permission provides for 22,500 CATMs per year. Generation 1 application seeks planning permission for up to 20,500 CATMs per year.

4.21 EEDA's Freight Scoping Study⁵ suggests that air freight is continuing to increase particularly in relation to south east where similar constraints to passengers at other south east locations exist.

4.22 EEDA would wish to ensure that the Freight Industry continues to be accommodated fully to meet the needs of that sector at Stansted. The recent East of England Freight Scoping Study (Stage 2 report) indicates that airfreight activity at the regions airports is expected to grow. This is based on two primary factors:

“Stansted is already a major hub for the express logistics providers, and we should therefore expect further growth in airfreight activity at the airport, in terms of cargo volumes handled and aircraft movements, given that this is the fastest growing sector of the market”.

“Secondly, runway capacity at the two largest London airports, Heathrow and Gatwick, will become more constrained and landing 'slots' for all types of aircraft

MDS Transmodal Limited 2006 ⁵ East of England Freight Scoping Study - Stage 1 and Stage 2 report - EEDA

will become more difficult to find. This will ultimately lead to dedicated air freighters being 'squeezed out' of Heathrow and Gatwick, and this growing sector of the market having to seek capacity at other airports in the UK. Given that the south east of England is the largest air cargo market, the airfreight operators will consequently demand capacity at other airports in the south east of England, leading to increased airfreight activity at those airports. In the case of the East of England region, this implies Stansted and Luton Airports, and possibly Southend Airport”.

4.23 BAA is monitoring the growth in cargo throughput at the Stansted. The difference in forecasts between 25mppa and 35mppa which takes place is that whilst there is a small reduction in CATMs, there is no overall reduction in tonnage as there is the potential to fly “bellyhold” cargo on an increasing number of long haul services that will be achieved through the expansion of the airport. It is understood that BAA forecasts for Stansted take account of the increasing pressure on all cargo movements at both Heathrow and Gatwick. On this understanding, EEDA is therefore content that the freight industry can continue to be accommodated within the replacement new condition of 20,500 CATM's proposed by Generation 1.

International tourism

4.24 The UK is 6th in the world for international visitors (28 million visitors per year) spending £13 billion. Stansted is the second largest point of entry into the UK and is vitally important for the region's tourism sector. An additional 400,000 foreign leisure passengers are expected to the East of England in the 35 mppa case compared to the 25 mppa case. There are significant opportunities to capture both foreign leisure and foreign business travel arising from this application.

4.25 Generation 1 will also result in increasing numbers of business passengers. The economic benefits to the region of expansion are considerable and clearly much of this will derive from increasing business travel. The Environmental Statement Vol 5 Economic Effects comments that there will be 300,000 more business trips per year to/from East of England with 35 mppa rather than 25 mppa. Expansion will create new international routes and allow growth in the number of flights to and from existing routes; we would expect a large proportion of these to be 'business' routes creating business passengers.

4.26 The London 2012 Olympics is expected to provide a number of opportunities for Stansted, as a nominated Olympic Airport. Notwithstanding that the Games themselves will be of relatively short duration, nonetheless the international impact and spin offs of the 2012 London Olympics are considered to be significant and potentially long lasting.

4.27 Clearly, there are a number of assumptions and assessments made in concluding the Economic benefits. In developing interventions to capitalise on the growth of the airport and to assist in monitoring we would encourage BAA to work with partners to update and develop sectoral forecasts in the future.

Employment and Skills

4.28 The following comment is based on Volume 6 of the BAA Stansted application "Generation 1 Environmental statement: Employment and housing effects" (CD/9). The application provides an assessment of the employment impact of the proposed expansion to the 35 mppa case. The assessment examines the current nature of employment at Stansted and forecasts future employment in 2014 in the 25 mppa and 35 mppa cases.

4.29 Stansted employment in relation to total local employment is summarised in the following table. The employment data is based on the 2003 Stansted Airport Employment Survey (CD/181) which covered 8,987 airport employees, some 85% of the 10,600 working within the airport boundary in 2003. Survey results have been factored up to the 10,600 airport on-site direct employees. The 2002/2003 Employment Survey is the latest detailed survey. Information is presented for two areas:

- An Inner Area around the airport consisting of Uttlesford, East Hertfordshire, Braintree and Harlow, and
- An Outer Area consisting of Chelmsford, Epping Forest, Colchester, St Edmundsbury, South Cambridgeshire and Cambridge.

Item	Year	Inner Area	Outer area	Total
Airport employment of local residents	2003	6,910 = 65.2% of 10,600	1,470 = 13.9% of 10,600	8,380
Population	2001	409,000	771,000	1,180,000
Economic Activity rate ¹	2001	72.5%	69.7%	70.6%
Economically active	2001	214,000	396,000	610,000
Employment	2003	180,400	386,000	566,400
Average gross earnings: residence-based	2003	£25,900 pa	£24,100 pa	£24,800 pa
Average gross earnings: workplace-based	2003	£21,700 pa	£20,800 pa	£21,100 pa

¹ Those in employment or actively seeking employment as a proportion of the population aged 16-74 years

4.30 Thus, 28% of Stansted's workforce is resident in Uttlesford, 18% in East Hertfordshire, 17% in Braintree and 6% in Harlow. For the Inner Area only, the airport provides jobs for 3.2% of the local labour force and accounts for 3.8% of local jobs. For the whole area, the airport provides jobs for 1.4% of the local labour force and accounts for 1.5% of local jobs.

4.31 Stansted Airport is within the London-Stansted-Cambridge-Peterborough (LSCP) Corridor Growth Area, one of four growth areas that are covered by the Government's Sustainable Communities Plan. The broad aim is to deliver significant levels of growth in housing and employment in a sustainable manner. Within the Secretary of States Proposed Changes to the Draft East of England Plan, the Central and North Essex area has a requirement to deliver 42,000 jobs between 2001 and 2021. EEDA consider this to be a significant but achievable challenge, provided the potential of its assets is maximised. It is likely that the overall contribution required from Stansted's expansion is key to the delivery of that target.

4.32 Of particular importance is the relationship between employment and housing, on which the Draft RSS14 is largely predicated. The RPG14 Housing and Alignment

Study⁶, which informed Draft RSS14, identified broad alignment between workers and jobs across the region. However, at a sub-regional level, there was some misalignment, particularly in the Stansted/M11 Corridor sub-region. Here there was identified an existing surplus of workers over jobs, which would worsen over the period to 2021. Interventions need to be made to alleviate this notional misalignment in the sub-region and the growth of Stansted is one of the fundamental mechanisms for doing so. As such, BAA through the Employment Forum, involvement with partnerships and with support to academic institutes such as Harlow College, seeks to develop an understanding of demands for labour resources, identify areas of un utilised labour supply and the facilities for providing those seeking employment initial training enabling employment at the Airport. EEDA support such initiatives by BAA.

Employment Forecasts

4.33 EEDA is satisfied with the forecasting method used as it is based on a similar method as that used in the 15+ application⁷ with some minor adjustments. As such it works from a previously 'approved' method which has been proven to be robust within the data limitations.

Forecasts of total airport-related employment are summarised in the table below.

Scenario	Employment					Value
	Direct on-airport	Direct off-airport	Indirect	Induced	Total	£ million pa
2003	10,600	300	1,100	2,900	14,800	310
2014 – 25 mppa	14,350	300	1,200	3,600	19,400	406
2014 – 35 mppa	16,800	400	1,700	4,300	23,200	483
Difference: 35 – 25 mppa	2,450	100	500	700	3,800	77

4.34 Direct on-airport employment has been forecast by BAA by category of employment and type of airport activity. Higher productivity growth has also been allowed for in the 35mppa case.

⁶ Roger Tym & Partners (2004) *RPG14 Housing and Alignment Study*, for EERA and EEDA.

⁷ BAA Stansted's planning application submitted in August 2001 to increase it's passenger throughput level from the existing 15 mppa to 25 mppa.

4.35 Direct off-airport employment, in hotels for example, is expected to remain small since planning policies dictate that airport-related activity should be located within the airport boundary. Indirect employment has been estimated from surveys of airport companies' local purchases, and induced employment has been estimated by applying a multiplier of 0.24 to the direct and indirect airport employees resident in the study area.

4.36 The difference in airport-related employment at 35 mppa rather than 25 mppa is forecast to be around 3,800 jobs, worth £77 million per year. This represents around 10% of the increase in jobs in the Central and North Essex Area identified in the emerging Regional Spatial Strategy.

4.37 There have been a number of studies that have examined the employment and economic impacts of the airport. As an example we can illustrate the Halcrow work⁸. In Table 1 below we compare the total employment figures provided by BAA with the Halcrow study on Stansted:

Table 1 Comparison between BAA and Halcrow Assessments of Employment

Employee Type	BAA	Halcrow
Direct	17,200	16,900
Indirect	1,700	3,700
Induced	4,300	5,600
Total	23,200	26,100

4.38 This shows that the total employment forecast by Halcrow would be 26,100, nearly 3,000 workers higher than those forecast by BAA. What is clear is that the employment impacts are significant and may indeed increase beyond that anticipated by BAA forecasts.

Productivity

4.39 The overall employment forecasts for the 35mppa case are for 23,200 jobs compared with 19,400 jobs in the 25 mppa case. Given that the majority of these totals

⁸ Halcrow (2004) *Employment Implications of a Second Runway at Stansted Airport*, report for GO-EAST and EEDA.

are accounted for by direct on-airport employment, it is important that the productivity assumptions are robust and clearly evidenced.

4.40 The historic productivity rates at Stansted have been particularly high, 15%, compared to a national average of 1.5% productivity growth. The latter being the productivity rate adopted in the analysis. Sensitivity testing of the productivity assumption would provide a set of scenarios. For example the Halcrow study provides a central, low and high scenario where direct job productivity is calculated based on the assumption of a productivity growth rate of 1.75%, 1.25% and 2.25% p.a. respectively.

Stansted's Regeneration Role – Skills

4.41 One of the principal areas that will receive significant levels of growth within the LSCP Corridor is Harlow. This has been identified as a Priority Area for Regeneration in the Regional Spatial Strategy. For EEDA, part of the ability to deliver the employment figures will be dependent on the ability of people in Harlow to access airport jobs and increase Harlow's contribution to Stansted's labour supply beyond the 6% contribution at present. The Harlow Regeneration Strategy⁹ identifies the need for improved integration between the employment base and local skills. With Stansted providing a growing proportion of this employment base, there is therefore a significant need to ensure that its jobs are made available to the workforce of Harlow.

4.42 There are two elements to delivering this. The first is ensuring that people have certain basic skills and are able to be trained in any particular skills required by the airport. The second is ensuring that they can physically access jobs at the airport.

4.43 In respect of the first element, EEDA has already identified a package of measures to improve basic level skills in Harlow. This includes the Investing in Communities programme which is based upon three broad areas; employment, skills and enterprise and supports programmes to deliver solutions to local community needs. However, there is also a need for workers required by Stansted Airport to be trained on certain skill areas. EEDA understands that BAA has developed a Skills Forum and it would wish to engage with BAA to commit to interventions that will ensure that this skills strategy adequately tackles the needs in the key regeneration areas,

⁹ PACEC and Halcrow (2005) *Harlow Regeneration Strategy*, ODPM Growth Area Programme.

principally Harlow. In addition, BAA has funded an accredited course at Harlow College and is involved in a number of partnerships issues seeking to maximise recruitment from areas of labour surplus and unemployment. Reference has already been made to these as an exemplar for partnership delivery of employment opportunities. EEDA would support the development of further initiatives.

4.44 Secondly, we see that a key responsibility of BAA will be to work with the local authorities and transport providers to agree a package of measures that will enable people to access jobs at the airport from Harlow and other key local towns. We are aware that companies on the airport currently employ some of their workforce from North London. It is understood that BAA propose to continue to support employment strategies as part of any consent and EEDA would wish specific attention to be applied to Harlow to maximise positive regeneration benefits.

4.45 It is clear that there are significant and sustained economic and employment benefits which support national, regional and sub regional objectives. This is contrary to the Council's decision and refusal reason 9.

Surface Access

4.46 The surface access analysis is provided in Volume 11 of the Environmental Statement (CD/14). Principally, the overall approach of supporting public transport improvements, travel planning, walking and cycling certainly lies within the grain of current national transport policies and planning and is supported by EEDA. In supporting the growth of Stansted, EEDA is also clear that it is essential that the development recognises the importance of securing appropriate and timely implementation of key infrastructure projects in order to meet the needs of development and to link it to regeneration and growth in the region. Interventions to improve surface access and greater access to business and tourist information at the airport should be supported and secured to encourage positive local links and to key locations in the region such as Cambridge, Peterborough and Norwich.

4.47 In respect of the impacts of forecast passenger growth, the analysis provided in the ES relies on two key assumptions. The first relates to a higher increase in the growth associated with the 25 mppa case for the September peak over and above that assumed for the year as a whole (a 26% rather than 20% increase). The second

relates to an increase in the proportion of transfer passenger traffic for the 35mppa case (a 17% rather than 10% increase). We understand from BAA that this methodology has been developed in full cooperation and endorsement of local and strategic transport partners, which we would support. We would also highlight the successful implementation of Stansted's Transport Strategy and its continued delivery.

4.48 The 35mppa (enhanced) case is put forward as the means of securing greater public transport mode share. The Stansted Express enhancement needs to accommodate an additional 15% passenger volume with the other public transport proposals (Standard Rail, buses and coaches) contributing far more (an increase of 60% over the 25 mppa case). It is essential the new services should capture this additional market to avoid risks of further road congestion.

4.49 BAA and Stansted Airport methodology for identifying new and enhanced services is well tested and has proven to be successful. The bus and coach strategy was developed and agreed through the Bus and Coach Working Group of the Transport Forum and BAA have committed £2million to support the development of Coach and Bus Strategy for G1 and to pump prime services where required.

4.50 EEDA wish to ensure that transport provisions improve employee access to the airport from surrounding areas as access to labour is a key business location criterion. One of EEDA's principal concerns is access to jobs at the Airport from Harlow and other local towns. Harlow has benefited from airport jobs and the access to them provided by bus route 510 and direct rail services in recent years. The proposed increased frequency on bus route 510 – from every 30 minutes to every 20 minutes this summer will also improve access between Harlow and the airport together with its hours of operation extended and the provision of new vehicles. Access to jobs at the airport from Harlow was enhanced by the December 2005 change to the Stansted Express service – which gives Harlow 3 or 4 fast trains to the airport per hour. So the surface access provision which would allow Harlow to continue to benefit from the airport is proposed in the application.

4.51 The expectation is that frequencies on other existing bus routes will increase and services earlier in the morning will be provided to meet employee needs. A new bus route from north east of the airport is proposed. Continuation of current travel planning procedures including Airport Travelcards and the dedicated travel plan called

'Airport Commuter to Stansted' should encourage the continued use of these bus services and limit the number of staff who drive to the airport.

4.52 Again there is a significant opportunity for an implementation strategy for delivering the required public transport improvements including exploration of bus priority and exemplar bus transit schemes. Moreover, there is reliance placed on the Central Trains franchise in providing key east/west capacity. EEDA consider that it is entirely appropriate that the inquiry is satisfied that relevant public transport providers and transport authorities ensure that a sufficient package of measures will be implemented to both access for employees but more broadly provides increased accessibility linking Stansted to other regional cities such as Cambridge, Peterborough and Norwich to support the capture of economic benefits for regional businesses.

4.53 Generally, in EEDA's view, there is an opportunity to demonstrate a clear and concerted effort to build on earlier successes and ensure that far more employees use public transport.

Efficient use of Resources

4.54 One of EEDA's central aims is for economic growth in the region to be sustainable. The RES states that:

"The region needs to plan positively and sustainably to capture the economic and social benefits of airport growth,....while ensuring that, as far as possible, adverse impacts, notably environmental impacts, are minimised and mitigated."

Accordingly, Goal 8 of the RES aims for the region to be an exemplar for the efficient use of resources. Specifically this relates to:

- Progressing the development of environmental goods and services businesses.
- Promoting the adoption of resource efficiency and environmental good practice principles.

4.55 There are significant opportunities arising from the current application to capture resource efficiency savings and environmental benefits. The current plans to develop and promote public transport links to the airport and identifying opportunities for walking and cycling will contribute to minimising the overall environmental impact of

airport growth, providing that these new services capture the increases in passenger volume. In addition, the development of new buildings and other hard infrastructure give rise to opportunities to demonstrate sustainable construction methods and help meet high environmental standards in the quality of new facilities.

4.56 The increased profile of climate change puts a number of sectors under the spotlight, particularly transport which has seen an overall rise in carbon emissions over the medium term. The increases in air passenger transport has been a very high profile area of the recent debate on climate change albeit that aviation is still a very small part of overall UK emissions. EEDA therefore recommends that BAA develops a Carbon Management Strategy to sit alongside its current environmental management systems. The purpose of the Strategy would be to not only profile current carbon mitigation activities during airport operation and growth, but to also predict future carbon emissions in the light of improvements in aircraft efficiency, new technologies and fiscal policy over the medium to long term. The Strategy would also give stakeholders a realistic forecast of the overall contribution of future aviation growth to climate change during the current and future growth of the airport.

4.57 Generally, EEDA would wish to emphasise how important it is that the expanded use of the single runway and accompanying developments demonstrates efficient use of resources and is sensitive to the environmental concerns associated with air transport.

5. Conclusions

5.1 EEDA argues that there is both demonstrated national and regional policy support for the maximum use of the one runway at Stansted (Generation 1). The expansion of Stansted through the granting of consent to amend the two planning conditions will explicitly support the implementation of the Government's The Future of Air Transport White Paper (endorsed by the subsequent the Future of Air Transport White Paper Progress Report). Additionally the significant economic and employment benefits of the development will support the achievement of Government Public Service Agreement (PSA) targets. Regionally, support is given to Generation 1 by the emerging East of England Plan (RSS14) which is reaching its final stages of completion and complements the region's objectives as stated in "A Shared Vision the Regional Economic Strategy for the East of England". (RES)

5.2 EEDA believes there are significant convincing and demonstrated economic benefits which warrant the granting of planning consent for Generation 1 and contrary to the views expressed by the Council. There are economic and employment benefits including:

- Generation 1 is vital to maintaining the competitiveness of the East of England economy internationally and promoting its attractiveness to foreign investors
- Generation 1 would increase the potential for business location decisions to be influenced by an expanding and growing airport particularly in those sectors that are sensitive to air links.
- Stansted is the UK's third most important cargo airport and a key asset for freight serving London.
- Generation 1 will have significant benefits on tourism figures into the UK. An additional 400,000 foreign leisure passengers are expected to the East of England in the 35 mppa case compared to the 25 mppa case.
- The difference in airport-related employment at 35 mppa rather than 25 mppa is forecast to be around 3,800 jobs, worth £77 million per year. This represents 10% of the increase in jobs in the Central and North Essex Area identified in the emerging Regional Spatial Strategy. Such employment growth can have a positive impact upon the regeneration of Harlow, an identified priority area for regeneration.

5.3 In supporting the growth of Stansted, EEDA is also clear that it is essential that the development recognises the importance of securing appropriate and timely implementation of key infrastructure projects in order to meet the needs of development and to link it to regeneration and growth in the region.

5.4 There are significant opportunities arising from the current application to capture resource efficiency savings and environmental benefits. The current plans to develop and promote public transport links to the airport and identifying opportunities for walking and cycling will contribute significantly to minimising the overall environmental impact of airport growth. EEDA therefore recommends that BAA

develops a Carbon Management Strategy to sit alongside its current environmental management systems.

5.5 EEDA is clear that it wants to see that appropriate aviation infrastructure is planned in accordance with the Air Transport White Paper and that any proposals provide infrastructure, maximise economic and social benefit while trying to minimise the impacts on the environment. EEDA therefore supports the appeal by BAA for planning permission to be granted Stansted Generation 1.