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| Committee(s) Planning and Transportation – <i>for information</i> Policy and Resources Court of Common Council | Dated: 8 September 2015 24 September 2015 15 October 2015 |
| Subject: City of London Corporation Aviation Policy | Public |
| Report of: Town Clerk | For Decision |

Summary

This report sets out the City of London Corporation's policy positioning on the issue of UK aviation capacity since 1996. It notes that the City Corporation has consistently supported expansion in aviation capacity and, in light of the recent Airports Commission, recommends that Members adopt an aviation policy position to inform, as far as possible, the Government's response to the Airports Commission. The report also recommends that the Policy Committee provide financial assistance to the *Let Britain Fly* campaign so that it may continue to make the case for the expansion of airport capacity in London and the South East ahead of the expected Government response the Airports Commission's recommendations at the end of this year.

Recommendations

Members of the Planning and Transportation Committee and the Policy and Resources Committee are asked to,

- Note the City of London Corporation's positioning on UK aviation policy to date;

Members of the Policy and Resources Committee are asked to,

- Agree that an additional £10,000 be allocated to the *Let Britain Fly* campaign from the Committee's Policy Initiatives Fund, 2015/16, allocated to the *Events* section of the Fund and charged to *City's Cash*.
- Agree the following policy position be recommended to the Court of Common Council for approval:

The City of London Corporation is clear that the lack of airport capacity in the South East of England has been needed to be addressed for a number of years. Not only because it is integral in maintaining the City of London's preeminent position a leading financial centre, but it is also essential for the creation of jobs and growth across wider London and the rest of the UK.

Our own research backs this up showing that airport capacity remains one of the key factors necessary to achieve the forecast of 145,000 jobs being

created in Central London in the next ten years. Furthermore, additional reports we published on the issue of aviation capacity in both 2002 and 2008 highlight its potential impact on the wider economic performance of the City. The latter found that 82 per cent of businesses regarded Heathrow as 'critical' or 'very important' to their organisations.

Following the publication of the Final Report of the independent Airports Commission, led by Howard Davies, in July 2015, the City of London Corporation supports the main recommendation for the expansion of Heathrow through the building of a third runway.

If the City is to continue to compete on the global stage then the financial and professional services firms based in the UK need to be able to do business globally. They especially need to be easily able to travel to emerging markets where economic opportunity is abundant. As the Commission made clear, Heathrow can provide that capacity most efficiently and effectively.

The City of London Corporation also agrees that expansion should not come at a cost which ignores the measures that the Airports Commission highlighted, in their entirety, which help address the negative impact on the local environment, air quality and communities.

As with the Commission's view, we urge the Government to make a quick decision on the Commission recommendations and keep to their commitment on an announcement before the end of the year.

Main Report

Background

1. The City of London Corporation has engaged in the debate regarding UK national aviation policy since the 1930s when it purchased land for a City of London Corporation airport at Fairlop in Essex. More recently, engagement since the late 1990s has consisted of consultation responses and the commissioning of research to establish the requirements for UK aviation policy in the context of maintaining London as the world's leading international financial and business centre.
2. Since 1996 the City of London Corporation has consistently supported and endorsed proposals that have sought to increase aviation capacity in the south east of England, provided they are accompanied by the requisite surface transport infrastructure and appropriate environmental safeguards. A summary of policy positions adopted by the City Corporation on aspects of UK aviation capacity is included as an appendix.

Current Position

3. The Airports Commission was established in September 2012 with the remit to examine the need for additional UK airport capacity and recommend how that need could be met in the short, medium and long term. The Commission (often

referred to as the Davies Commission, after its Chairman) produced its final report in July 2015. It concluded that a new northwest runway at Heathrow airport, a westerly extension to the existing northern runway at Heathrow, and a new runway at Gatwick, all presented credible options for expansion, but nevertheless concluded emphatically that a new northwest runway at Heathrow Airport, allied with a package of measures to mitigate its environmental and community impacts, presented the strongest case for increased airport capacity in the south east of England. Should the Government choose to expand capacity at Heathrow, the City of London Corporation would seek to ensure that appropriate environmental measures were put in place to protect City managed open spaces.

4. The Airports Commission noted that London airport capacity has been a UK public policy issue for over 50 years. For the last 20 of those, the City of London Corporation has consistently supported expansion of some kind or other at a variety of existing London airports. Now that the Commission has reported to government with an emphatic recommendation for increasing London's airport capacity through a new runway at Heathrow, and in anticipation of the government's final decision on airport capacity, which is expected by the end of 2015, the City of London Corporation has the opportunity to endorse the Commission's recommendation and reflect the needs of the City's business community and London's role as the world's leading international financial and business centre.
5. Therefore it is proposed that the City of London Corporation adopt the policy position outlined in the recommendations above. The statement reflects the positioning adopted by the City Corporation to date, the evidence it has gathered through its commissioning of research, the needs and requirements of City businesses, and the evidence-led recommendations of the Airports Commission.

Let Britain Fly

6. Members are also asked to provide further financial assistance to the *Let Britain Fly* campaign. *Let Britain Fly* is a business led campaign that argues for expansion of airport capacity in London and the South East to protect and enhance Britain's status as a global aviation hub. The campaign is led by London First who also provides the secretariat for the campaign; other affiliates include the City Corporation, the Institute of Directors, the London Chamber of Commerce and Industry, Canary Wharf Group, the Federation of Small Businesses, Aberdeen Asset Management and Harrods. The campaign has made a very positive contribution to the debate on airport capacity through a successful programme of events, political engagement and media activity.
7. In October 2013, the Policy and Resources Committee made a contribution of £25,000 to assist in the establishment of *Let Britain Fly*. The campaign is now requesting a further £10,000 of funding from each of its main supporters to help maintain momentum in the run up to the Government's response to the findings of the Davies Commission, which is expected before the end of the year.

8. This report therefore recommends that the City Corporation contribute a further £10,000 to the *Let Britain Fly* Campaign, funded from the Committee's Policy Initiatives Fund, 2015/16, allocated to the *Events* section of the Fund, and charged to *City's Cash*. The current uncommitted balance available within your Committee's Policy Initiatives Fund, 2015/16 amounts to £389,300, prior to any allowance being made for any other proposals on today's agenda.

Corporate & Strategic Implications

9. The Comptroller & City Solicitor, Director of Open Spaces, Director of Public Relations, Director of Economic Development and the Director of the Built Environment have been consulted on this report and their comments incorporated.

Conclusion

10. The City of London Corporation has been engaging consistently with the issue of UK aviation capacity since 1996. Now that the Airports Commission has reached a comprehensive recommendation for expansion and expansion at Heathrow in particular, members are recommended to adopt a policy position so that the case for increased aviation capacity can be made as strongly as possible ahead of the Government's decision on expansion at the end of this year.

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Appendix – City of London Corporation’s Positioning on UK Aviation Capacity

11. In September 1996, the Policy and Resources Committee resolved to support the construction of Terminal 5 at Heathrow Airport, and for the construction of Crossrail to ensure easy surface access to Heathrow from central London. This approach was endorsed by the Planning and Transportation Committee in December 2001.
12. In October 2002 the Planning and Transportation Committee noted that City Corporation-commissioned research indicated overwhelming support from the City business community for expansion of aviation capacity at Heathrow. The Committee agreed a consultation response to the Secretary of State for Transport’s consultation on airport capacity in the south east of England that called for the creation of increased capacity at Stansted and Gatwick alongside increased capacity at Heathrow. Supplementary responses to the consultation by the City Corporation included a call for environmental safeguards to ensure the protection of Epping Forest, and, in June 2003, endorsement of a proposed extra runway at Gatwick provided it was accompanied by the necessary surface access infrastructure.
13. In February 2004 the Policy and Resources Committee and the Planning and Transportation Committee considered the government’s subsequent White Paper on aviation capacity and welcomed its commitment to airport expansion in the south east, and called on central government to expedite detailed proposals for airport expansion and surface access enhancements as soon as possible.
14. In June 2007 the Planning and Transportation Committee authorised a response to BAAs consultation on improved surface access to Stansted airport that called for improved public transport access to the airport alongside environmental safeguards to mitigate any adverse effect on Epping Forest.
15. In February 2008 the Policy and Resources Committee and the Planning and Transportation Committee approved an interim response to the Government’s *Adding Capacity at Heathrow* consultation that stressed the critical importance of good aviation services, allied with surface transport access, to City businesses. In that context, the City Corporation supported additional capacity at both Heathrow and Stansted.
16. In July 2008 the City of London Corporation commissioned and published research by York Aviation on *Aviation Services and the City*. The report concluded that expansion of capacity at London’s airports was crucial, and that development of additional capacity at Heathrow in particular was essential. That research also established that 82% of City businesses surveyed regarded Heathrow as critical or very important for their organisations.
17. In January 2011 the City of London Corporation commissioned and published research by York Aviation on *Aviation Services and the City – 2011 Update*. Its

recommendations included an endorsement of the need to revisit the potential for an additional runway at Heathrow.

18. In September 2011 the Policy and Resources Committee and the Planning and Transportation Committee authorised a response to the Department for Transport's scoping document on aviation capacity that broadly supported increased aviation capacity, particularly at Heathrow. The response expressed the view that

...a new hub airport could offer a possible long-term solution and should be considered in the forthcoming Government aviation policy review. However, London and the UK cannot afford to stand still while our rivals across the globe are building for the future and other short and medium term options also need to be covered in the review including such measures as revisiting the addition of a third runway at Heathrow, expansion of London City Airport, mixed mode operations at Heathrow, the development of high speed rail and the addition of runway capacity at either Stansted or Gatwick...

19. In December 2012 the City of London Corporation commissioned and published research by York Aviation on *London's Air Connectivity* which concluded that access to and from the City for emerging markets such as India and Latin America was dependent on an airport acting as a global hub for these routes. Heathrow accounted for almost 85% of transfer passengers in 2011, across four London airports surveyed (Heathrow, Gatwick, Stansted and Luton).
20. In February 2013 the sum of research commissioned by the City Corporation was submitted to the London Assembly's Transport Committee's investigation into London's airport capacity. The submission concluded that, whilst London was not losing connectivity in the short term, lack of investment would not leave the UK best placed to engage with emerging economies worldwide.