



Unite Response to the Economic regulation of the new runway and capacity expansion at Heathrow airport: consultation on CAA priorities and timetable

1 Introduction

- 1.1 This response is submitted by Unite the Union, the UK's largest trade union with 1.5 million members across the private and public sectors. The union's members work in a range of industries including manufacturing, financial services, print, media, construction, transport, local government, education, health and not for profit sectors. Unite represents over a quarter of a million transport workers who are involved in every aspect of moving people and freight around the UK and many more in the manufacturing, support and supply chain. In addition, following the merger of UCATT in January 2017 with Unite, the union now represents all construction trades.
- 1.2 In this response Unite intends to stress the importance of Heathrow Airport Limited (HAL) delivering this new capacity as swiftly and cost efficiently as possible without breaching promises to its customers or staff.

2 Key issues

Priority issue 1: HAL must develop a scheme design to further the interests of consumers by engaging in a transparent and effective way with airlines and other stakeholders on the potential options, costs and value for money.

- 2.1 Unite believes that transparency is an increasingly difficult area in the civil aviation industry that needs to be tackled. Comparing inclusive service provisions can become very difficult if only the headline figures are provided without providing details of what additional costs and penalties will be applicable. Airlines require the confidence to know that their services will happen when they want them to happen and with no hidden costs.
- 2.2 Heathrow Airport Limited (HAL) should not forget in any oversight procedure the potential effect on the staff of HAL and its contractors. Unite believes that any discussions that engage the staff at every stage over the proposals and development of the expansion, can led to cost and time savings in the long run.

Priority issue 2: HAL must develop robust cost estimates and we need to develop regulatory arrangements to incentivise HAL to deliver the project in a timely and efficient way.

- 2.3 Given certain the delays and disruptions that occurred during the construction of Terminal 5, and the improved delivery of terminal 2 development Unite would also like to see the airport expanded as soon as is physically possible, within a known budget. More so given the timetable slippage that has already occurred in the political arena.

- 2.4 In the last few months, Unite has already noticed the net migration of growth away from Heathrow as additional capacity demand requires slots at other London airports, resulting in the spread of congestion, delays and cancellations, especially when bad weather strikes¹.

Priority issue 3: HAL must develop proposals for efficient financing and we need to develop the regulatory framework in a way consistent with efficient financing, affordability and financeability.

- 2.5 Unite believes that the expansion project should be properly costed and provision made for unforeseen issues. In addition the clear interface of public and private financing and investment should be transparent. Such proposals should not rely on the provision of contracts where workers are on minimum wage or working hours that could induce fatigue and the potential costly mistakes that can and will arise as a result. Unite understands the need for oversight and would suggest that a seat at the table should be available for a representative from the union.

Priority issue 4: HAL must develop coordinated proposals for existing operations (i.e. for the H7 price control) 2 alongside its proposals for the new runway and capacity expansion, so that its overall business plan is affordable and financeable.

- 2.6 Unite agrees that the proposals need to fit around pricing controls but for such a project of this size and benefit to both the operators and the nation that there needs to be some reasonable flexibility built into the budget, and a clear understanding of public funding commitments particularly relating to associated and related transport infrastructure.

***whether the four key priorities identified above are the right priorities for us to adopt in developing the regulatory framework for the new capacity at Heathrow;
whether the key themes identified above (under each of the priority issues) as areas of focus for our work on developing the regulatory framework during 2017 are appropriate; and***

- 2.7 Unite believes that the four key priorities are right for the CAA to adopt when addressing the budgetary constraints of the new development but in doing so, the CAA should ensure there is an acceptable level of worker representative involvement. Unite does not believe, however, that these issues are the only ones that need to be considered when addressing the capacity of the new Heathrow.

any gaps in the priority issues or key themes and any more detailed points that stakeholders want to make at this initial stage on the more detailed discussion in Chapters 4 and 5.

- 2.8 Unite believes that although the construction project may create significant increases in pollution, there is no reason why the construction project should not incorporate as many environmentally beneficial features as possible including the provision of a far more sustainable logistics model than simply relying on traditional haulage to bring materials to the site. Whilst the delivery of the 2012 Olympic Park is an example of how a project can be delivered under budget and ahead of time there were significant issues and failures in the area of environmental logistical plans. Several opportunities were missed to save even more money and for fill the goal of creating the most environmentally sustainable games ever.
- 2.9 Whilst a site on such a scale will require lorries and other construction vehicles to travel around the site to deliver workers and freight from A to B there is no reason why the existing freight terminal, that was used for Terminal 5, could not be utilised to bring the required materials to the construction site if a logistical plan was drawn up.

¹ See Appendix 1

- 2.10 Such a plan could reduce the strain on the existing road infrastructure around the already congested junction between the M4 and M25. By liaising with rail freight companies freight terminals could be utilised to co-ordinate freight transport to the site on a series of trains from each corner of the UK if required loaded with the loads from several road vehicles. Such a hub and spoke model would also relieve the long distance road network from the additional demands that such a construction would create and ensure that the materials are delivered on time as opposed to being stuck in traffic. The benefits to the road haulage sector would also mean that the drivers can begin and end their day in their own beds as opposed to layby's next to busy roads or lorry parks.
- 2.11 Unite would therefore suggest that there is a financial incentive to keep the volume of greenhouse gas emissions to a minimum.

3 Summary

- 3.1 The expansion of Heathrow airport is long overdue and has been set back over 15 years as a result of the project being used as a political football as opposed to an asset of national pride and importance not just for the UK but for the whole of Europe. The delays caused by successive governments and their enquiries have resulted in a project that will cost substantially more than it would have, if the authorities provided permission earlier. As with the creation of Terminal 5, these successive delays will cause a capacity crunch that will lead to the capacity of all London airports being exceeded if growth continues at its current pace. In addition delays add to uncertainty regarding planned labour utilisation, which along with the potential impact of 'Brexit', could impact on the availability of skilled labour required for such a project.
- 3.2 The 2012 Olympic Park is an example of how a project can be delivered under budget and ahead of time but it was a disaster in the area of environmental logistical planning. Numerous opportunities to save money and the environmental footprint were missed that could have been realised if a body such as a large multi industrial trade union were involved at the start.

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