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Civil Aviation Authority
Aviation House
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West Sussex, RH6 0YR.

By email only

To whom it may concern

HSPG response to CAP1819: Economic regulation of capacity expansion at Heathrow airport: consultation on early costs and regulatory timetable.

Please see below a response to this consultation by the Heathrow Strategic Planning Group (HSPG).

HSPG is a group of 14 local authorities, Local Enterprise Partnerships and the Colne Valley Regional Park CIC around Heathrow Airport. We are working together to maximise the benefits and minimise the impacts of Heathrow Airport expansion, regardless of members' individual support or opposition to such expansion. HSPG is mainly funded through a Service Level Agreement (SLA) with Heathrow Airport Ltd (HAL) to directly input into the evolution of the Development Consent Order (DCO) scheme/masterplan at pre-application stages. It also has some Government funding to support the production of some joint spatial planning work. HSPG members provide resource through staff and associated resources.

The current CAA consultation highlights the increased costs of the expansion project prior to HAL's receiving a DCO. These costs have increased significantly to a suggested total of £2.9 billion (in 2014 prices), consisting of over £500 million of Category B costs (up from £265 million) and £2.4 billion of early Category C costs (up from £750 million).

These are clearly a very significant increase, and we would agree with the proposals for more robust scrutiny, monitoring and some form of further controls or cap as the CAA are proposing. HSPG as a body has no specific comments to make on the detailed proposals for cost recovery and further regulation, although individual members are likely to wish to respond. There are, however, three general points we would like to highlight.

Firstly, HSPG members want to ensure that the expansion project, if it goes ahead, is sustainable and viable. HAL has stated (executive summary paragraph 7) that although early costs are rising, the overall expansion costs remain relatively static. Given the level of increase in the early costs, HSPG encourages the CAA to scrutinise the future costs submitted by HAL carefully and robustly to ensure the estimates are still realistic, and therefore the project is viable. As such, we would agree with

more regular monitoring of costs and estimates. We would also ask for more transparency on costs, and as such believe the “Steer” report should be made public. Local communities have been subject to many years of uncertainty and delay in terms of decisions and progress on the expansion project. It is vital that there is assurance that the project will be viable and deliverable to provide as much clarity and certainty as possible.

Secondly, the consultation highlights that the CAA has asked HAL to identify if and how costs could be reduced if timescales for completion of the runway were put back by one year. HSPG members would encourage this approach with caution. HSPG supports allowing more time for HAL to improve their planning, create further detail and consult with local communities on the detail of their plans. Whilst members do not want to see further unnecessary delays, if a year’s delay allows for better planning, better value for money and less sunk costs, then this has to be carefully assessed as an option.

Finally, the most important issue for HSPG members. There is concern that if costs are escalating at this point, there will be a significant push from the CAA and other stakeholders for HAL to carry out further value engineering and cost cutting across the rest of the expansion project. While it is right that there is robust scrutiny of all costs and the scheme delivers value for money, this value should not be judged in purely monetary terms. It is vital that the project maximises the benefits to the local community and delivers a legacy commensurate with the scale of the project and its impact. An impact which, for example, involves the loss of around 1,300 acres of Green Belt. It needs to ensure mitigations and compensations are in place to minimise the negative impacts on local communities, and that measures to minimise these impacts and improve quality of life are holistic and not cut back. As an example, a holistic approach to green infrastructure and improved public transport accessibility are both vital to maximise benefits and reduce impacts. These areas provide significant value in themselves to the economy and quality of life of the sub region. Securing a legacy and benefits to the community must not be sacrificed in the face of pressure to reduce costs.

I hope that the above consultation response is helpful, please do not hesitate to contact me with any queries.

Yours sincerely,



Lucy Owen
HSPG Executive Director on behalf of HSPG (members below)

Full HSPG members:

- ❖ Bucks County Council
- ❖ Colne Valley Park CIC
- ❖ Enterprise M3 LEP
- ❖ London Borough of Ealing
- ❖ London Borough of Hounslow
- ❖ Runnymede Borough Council
- ❖ Slough Borough Council
- ❖ South Bucks District Council
- ❖ Spelthorne Borough Council
- ❖ Surrey County Council
- ❖ Thames Valley Berkshire LEP
- ❖ Bucks TV LEP
- ❖ Royal Borough of Windsor and Maidenhead
- ❖ Elmbridge Borough Council