8 SOCIO-ECONOMIC IMPACT

8.1 Introduction

8.1.1 This chapter provides an assessment of the socio-economic impact of LCY and the likely future impact in 2010 both with and without the planning consent being sought.

8.1.2 It is based on work undertaken in 2005 (hereafter referred to as the 2005 Study) by York Aviation LLP and the University of East London (UEL), London East Research Institute, who undertook a detailed economic and social impact assessment of LCY as part of the Airport's master planning process. The broad scope of this work was to examine the impact of LCY on the regeneration of the Docklands area of London, including the social, cultural and economic aspects, and to project how continuing growth of the Airport will contribute as an agent of social and economic change to the regeneration of the wider Thames Gateway area. The work from the 2005 Study has been supplemented by further information provided by LCY to update the employment impact estimates to a new 2006 baseline.

8.2 Planning Context

The Future of Air Transport White Paper

8.2.1 The Government published its White Paper: The Future of Air Transport in December 2003 following a long period of consultation. The ATWP sets out a framework for the sustainable growth of UK airports and notes that smaller airports have an important part to play in the future provision of airport capacity in the South East by providing services to meet local demand and thereby relieve pressure on the larger airports.

8.2.2 The White Paper notes the economic importance of the aviation industry as follows:

"Britain's economy is in turn increasingly dependent on air travel. One third of our visible exports, by value, now go by air. Exports of services, which depend on the ability to travel by air, make up a further eight per cent of our national income. Around 25 million foreign visitors a year contribute to a

tourist industry that directly supports more than two million jobs; two thirds of these visitors come by air. Businesses coming to Britain are attracted by our good air links, and airports are a magnet for other forms of development. In an increasingly competitive global marketplace, Britain's continuing success as a place in which to invest and do business depends crucially on the strength of our international transport links." (8.1)

"The aviation industry itself makes an important contribution to our economy. It directly supports around 200,000 jobs, and indirectly up to three times as many. In a tough competitive environment, UK airport operators and UK-based carriers of all types are leaders in their fields, whose success brings significant economic benefits to this country." (8.2)

8.2.3 The White Paper also notes that smaller airports, such as LCY, have an important role to play in the future provision of airport capacity in the South East and have a valuable role in meeting local demand and contributing to regional economic development.

"Airports are an important focus for the development of local and regional economies. They attract business and generate employment and open up wider markets. They can provide an important impetus to regeneration and a focus for new commercial and industrial development." (8.3)

The ATWP is also specific about the potential of LCY to continue to grow and to serve particular business markets, as described in Chapter 3: Planning Policy and Regulatory Context.

The White Paper Progress Report

8.2.4 In December 2006, the Government published a Progress Report on the White Paper, which reaffirms the policies previously set out and provides an update on developments in the industry since the publication of the White Paper in 2003. It also restates the importance of the economic benefits that derive from air transport.

8.2.5 In reaffirming the importance of airports to regional economies, the White Paper Progress Report quotes a study by Oxford Economic Forecasting (OEF), published in December 2006, which provides evidence for the importance of airports to the economy:

"According to the latest research by Oxford Economic Forecasting (OEF), access to air services is an important factor for 25 per cent of companies across the whole economy in influencing where they locate their operations within the UK. Access to these services also affects the decisions by 10 per cent of companies as to whether to invest in the UK at all." (8.4)

"The aviation industry makes a significant contribution to employment and investment in the UK economy. It is itself a substantial employer, providing around 200,000 jobs directly and many more indirectly. The industry also contributes around £11 billion directly to the economy (approximately 1 per cent of UK economic activity)." (8.5)

8.2.6 Annex A of the ATWP Progress Report refers specifically to LCY, noting that:

"The airport continues to be an important factor in local regeneration, business development, transport and tourism infrastructure."

The London Plan and Economic Development Strategy

8.2.7 The London Plan was published in February 2004 and is currently being reviewed. It identifies East London as the Mayor's priority area for development, regeneration and infrastructure improvement, and for development as London's gateway to mainland Europe. The sustainable development of LCY is supported within this context as described in Section 3.3 of Chapter 3: Planning Policy and Regulatory Context.

8.2.8 In commenting on the Airport's Draft Master Plan in June 2006, the Mayor noted that:

"…it should be recognised that the airport makes a significant contribution towards the local economy and its planned growth would be a major driver towards the regeneration of the area." (8.6)

8.2.9 The Mayor concluded that:

"the proposals contained in the LCY masterplan will need to weigh the economic benefits of growth in LCY capacity to London's economy – and that of the Thames Gateway in particular – against the disbenefits of amenity loss or diminution, environmental harm, and loss of development capacity in the London Thames Gateway area." (8.7)

8.2.10 The London Economic Development Strategy, published in January 2005, also notes that:

"London's external transport links are vital. In particular, its twin roles as an international transport hub and gateway to the wider southeast region and rest of the UK need to be supported and developed. Over the life of this Strategy this is likely to include ensuring adequate airport capacity, while ensuring that additional provision required to meet London's needs is appropriately located (including the new capacity to support regeneration of the Thames Gateway) and that its environmental effects are acceptable." (8.8)

Local Authority Policy

8.2.11 LCY is located in the London Borough of Newham, and regeneration is central to the Council's overall vision for the Borough, which states that:

"By 2010 Newham will be a major business location, a place where people choose to live and work."

8.2.12 The Council's UDP, adopted in June 2001, is reflective of this vision and views the Airport as a major strategic asset to the borough, acting as an incentive to development and employment, although it acknowledges that such benefits need to be weighed against the environmental impact of the Airport. This is described more fully in Section 3.4 of Chapter 3: Planning Policy and Regulatory Context.

8.2.13 Newham's more recent response to the Airport's Draft Master Plan reaffirmed the position set out in the UDP, noting that:

"Without prejudice to any future decisions the Council may make in this respect, it is likely that this crucial balance between the positive impacts of the airport in regeneration, transport and employment terms and the potentially negative impacts in terms of the environment, amenity, congestion and effects on development land will continue to apply in policy terms." (8.9)

8.2.14 In February 2006 Newham published initial drafts of the Local Development Framework (LDF) which will eventually replace the UDP. As part of the draft LDF an Area Action Plan for the Royal Docks and Thameside West was also published, which identifies development opportunities within the Royals. This states that the preferred option for the City Airport Development Zone is:

"Support for measures to enhance existing Airport facilities, without compromising the local or Borough-wide environment quality or amenities nor affecting the development of other sites. The Draft Area Action plan will distinguish between the development site, the runway and the existing terminal building. The Airport has now been in operation for several years and has contributed to the physical regeneration of the area." (8.10)

8.2.15 Consultation with other adjacent boroughs and regeneration agencies, including Tower Hamlets, Leaside Regeneration, Greenwich, Barking & Dagenham, and Bexley, was undertaken as part of the 2005 Study. All were supportive of the Airport's continued development and of its role in the regeneration of local areas, subject to appropriate mitigation of environmental impacts. More recent responses to the Master Plan suggest that this position has not changed. For example, Tower Hamlets responded to the Airport's Draft Master Plan stating that:

"In general, it is considered that LCY is of strategic importance to Tower Hamlets and has formed part of the assets which have provided a catalyst for investment in the borough, particularly in the Isle of Dogs. The Council supports the development of the LCY Master Plan to manage the impacts and benefits of growth. Although it has no legal basis it does provide a useful indication of the operator's intentions and outlines some of the implications of the airport's continued development and growth." (8.11)

8.2.16 In its recent response to the Airport's Draft Master Plan, the City of London Corporation noted that:

"Research commissioned by the Corporation (8.12) *has shown that air travel is of critical importance to businesses within the City of London and that the most important aviation improvement that City businesses would like to see is improved surface access to airports"* (8.13).

8.2.17 The research also identified LCY as the second most important airport, after Heathrow, for business travellers starting their journey in the City of London

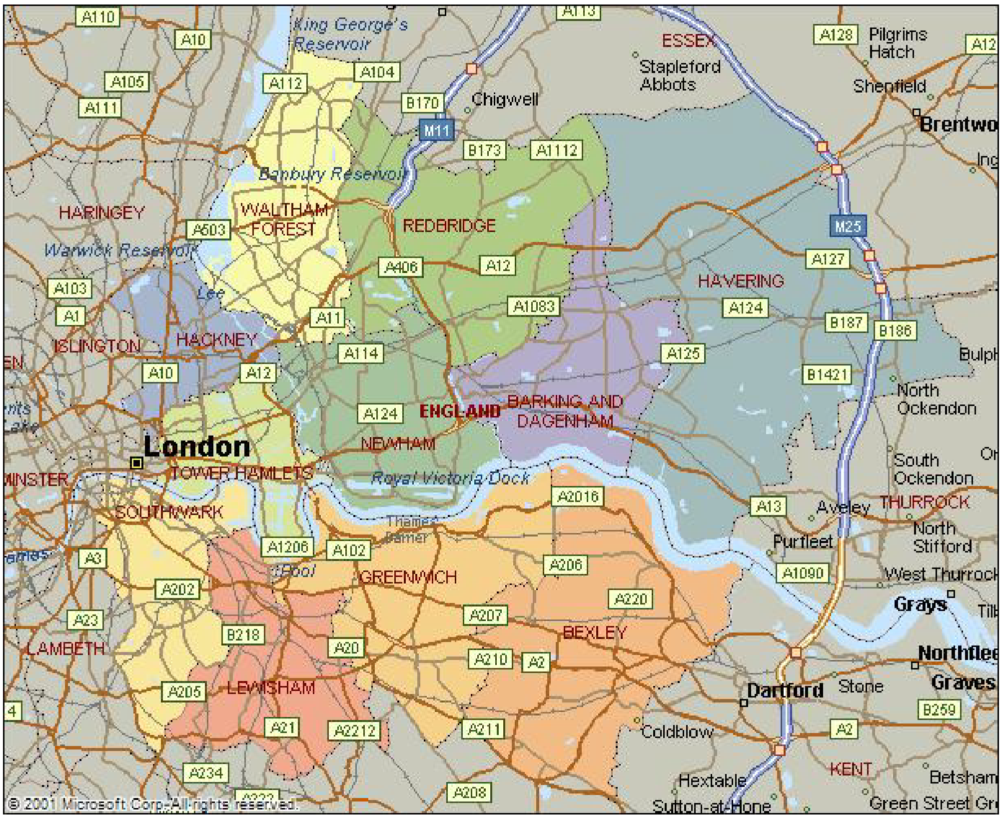
8.3 Methodology

Economic Impact

8.3.1 Estimates for the baseline employment and income impact of LCY are derived from a survey of on-site employers undertaken for the 2005 Study by York Aviation. This survey data, which provided data relating to the 2004 calendar year, has been updated to 2006 by reference to current data related to on site employment (using security pass data) provided by LCY and by making appropriate adjustments where necessary, for example to allow for the fact that not all security pass holders are based at the Airport. Estimates for indirect and induced impact have been made by applying the same multipliers derived from the survey results for 2004. Income estimates have similarly been factored up at 2004 prices 'pro-rata' to the employment growth.

8.3.2 A 'Core Study Area' was defined for the purposes of examining employment impact, based on definitions in the Airport's Section 106 Agreement indicating that the area which could be expected to experience the greatest direct economic impact from the Airport. This area encompasses Barking and Dagenham, Bexley, Greenwich, Hackney, Havering, Lewisham, Newham, Redbridge, Southwark, Tower Hamlets, and Waltham Forest, and is shown in Figure 8.1 below.

Figure 8.1: Core Study Area



8.3.3 The overall approach adopted to estimate the economic impact of LCY is based on a framework of four categories of effect, as set out in Table 8.1 below.

Table 8.1: Framework of Economic Impact Analysis

Impact Category	Definition	Examples
Direct On-Site	Employment and income and wholly or largely related to the operation of LCY and generated within the Airport Operational Area.	Airport operator, airlines, handling agents, control authorities, concessions, freight agents, flight caterers, hotels, car parking, aircraft servicing, fuel storage.
Direct Off-Site	Employment and income wholly or largely related to the operation of LCY and generated within an approximate 20-minute drive-time of the Airport.	Airlines, freight agents, flight caterers, hotels, car parking.
Indirect	Employment and income generated in the chain of suppliers of goods and services to the direct activities.	Utilities, retailing, advertising, cleaning, food, construction.
Induced	Employment and income generated by the spending of incomes earned in the direct and indirect activities.	Retailing, restaurants and entertainment.

Source: York Aviation

8.3.4 Employment estimates are based on full-time equivalents (ftes), where full-time employees are counted as one unit, and part-time employees are counted as 0.5 of a unit. Seasonal employees were counted as 0.5 (full-time) and 0.25 (part-time). Full-time is taken to mean more than 30 hours per week, and part-time is taken to mean less than 30 hours per week.

8.3.5 It should also be noted that all estimates of employment and income set out in this chapter are 'gross', in the sense that they do not take account of:

- 'deadweight' - the economic activity that would continue to exist even in the absence of the Airport;
- 'displacement' – the economic activity that is displaced from elsewhere by the existence of the Airport.

8.3.6 The employment and income impact of LCY at 2010 has been estimated on the basis of the following:

- the baseline data for 2006;
- two scenarios of future growth by the year 2010: one without planning consent, in which the ATM cap remains as at present and passenger throughput is restricted to an estimated 2.5 million passengers per annum (mppa) by 2010; and one with planning consent, in which a total movement cap of 120,000 applies, including Jet Centre movements, and passenger throughput grows to an estimated 3.9mppa;
- an assumption that the number of direct (on and off-site) jobs per million workload units per annum (8.14) will fall by 2% per annum in the 'with consent' scenario, as a result of productivity gains. Although the growth in labour productivity at UK airports lies typically between 2% and 3% per annum, the lower of these figures has been used in relation to LCY, in the light of the relatively low employment productivity at the Airport experienced in the last two years: and,
- an assumption that the 'without consent' scenario would offer less scope for labour productivity gains as passenger throughput grows at a much slower rate; in this case a productivity figure of 1% has been used.

8.3.7 As described in Chapter 2: Methodology there are likely to be approximately 95,000 scheduled (airline) movements plus a further 25,000 unscheduled (Jet Centre/GA) movements, by 2010 under the Proposed Scheme, and the potential impacts of this mix of aircraft forms the primary assessment case. It is possible, however, that variations to this split of movements between scheduled and unscheduled operations could occur, depending on changes in commercial demand. Any such variation could impact on the forecast passenger throughput of 3.9mppa at 2010, depending on the precise mix of aircraft size and average load factors at that date. The employment and income impact could therefore vary with any significant change to passenger throughput at 2010 as a result of a change in the ratio of commercial movements to Jet Centre movements within the overall cap of 120,000 movements. A test of the sensitivity of the employment and income impact to such variations is undertaken in the 'Assessment of Effects' section below, by considering the impact of different mixes of movements and the consequent impact of a lower or higher throughput of commercial passengers.

Wider Economic Impact

8.3.8 As well as the direct, indirect and induced employment supported, the economic benefits generated by an airport can also be assessed in terms of the global connectivity it provides, and the way in which this connectivity acts as a magnet for a wide range of economic and social activities. This effect is usually termed the catalytic impact of an airport.

8.3.9 The mechanisms through which this catalytic impact can operate include the following:

- as an important element in company location decisions, the presence of an international airport can be an important factor in:
  - attracting new investment from outside the area, and especially companies from overseas;
  - retaining existing companies in the area, whether they had previously been inward investors or indigenous operations;
  - securing the expansion of existing companies in the face of competition with other areas;

- promoting the export success of companies located in the area by the provision of passenger and freight links to key markets (although it is acknowledged that the market for the carriage of airfreight at LCY is relatively small) ;

- enhancing the competitiveness of the economy, and the companies in it, through its fast and efficient passenger and freight services;

- in encouraging the growing number of mobile workers to locate their homes and businesses within an area by providing connectivity to key destinations;

- attracting inbound tourism, including both business and leisure visitors, to the area.

8.3.10 Whilst it is possible to make robust quantitative estimates of the direct, indirect and induced impacts of airports, the same is not the case in relation to catalytic benefits. The reason for this is that the catalytic benefits include areas where outcomes are dependent on a wide range of factors and it impossible to isolate what is specifically attributable to the proximity of an airport rather than to a wide range of other factors. Nevertheless, catalytic benefit is becoming an increasingly significant factor in the economic impact of an airport. This is because the wider impact of an airport is seen by policymakers and other stakeholders as being, in the context of high employment and the types of jobs generated, potentially even more important than the readily quantifiable direct, indirect and induced employment and income impacts.

8.3.11 In the context of the close interrelationship between the growth of LCY and the development of Docklands more generally, it is important to consider the extent to which growth of the Airport can keep pace with the overall projected growth of activity in the Docklands/Thames Gateway London area. If the Airport was not able to expand its operations to keep pace with projected employment growth in its catchment area, there would potentially be implications for sustaining that rate of growth. Hence, the wider economic and social impact of the Airport has also been assessed by considering the implications of the Airport not being able to expand to meet the demand arising from growth in population and employment in the neighbouring boroughs.

8.3.12 This has been done by considering the implications in terms of the additional journey time costs imposed on displaced air travellers from LCY's catchment. These potential passengers would have to use alternative London Airports with added journey time penalties. In addition, the connectivity offered to businesses in the area in terms of convenient frequent access to a range of European points, measured through 'value connectivity', would be reduced relative to other locations where the air service offer from nearby airports was growing.

8.3.13 These measures can be taken as a proxy for the effect that continuing movement limits would have on the productivity and competitiveness of local businesses and hence on the contribution which the Airport can make in future to supporting the growth objectives for the Thames Gateway London area. The specific methodology used is set out below.

Journey Time Penalties

8.3.14 Journey Time Penalties have been calculated by taking as a base the current distribution of passengers in the Airport's catchment area and allocating the existing mix of passenger types to the catchment area districts for future years. An assumption has been made in doing this that the mix of passengers, in terms of the proportion of business, leisure, UK and foreign passengers using the Airport in future years will remain the same as now. The allocation is then factored by expected changes in employment in the key sectors for business passengers (i.e. districts with higher growth in employment in key sectors, compared with the average, will make up a growing proportion of traffic) and for relative changes in population, using data from the DfT's TEMPRO (Trip End Model Presentation Program) [8.15] Model, which provides trip-end, journey mileage, car ownership and population/workforce planning projections.

8.3.15 This gives a base matrix of passenger origins and destinations by passenger type wishing to use the Airport at 2010 under both scenarios. It has then been assumed, for the purpose of this analysis, that if the current movement restriction remained in place, passengers unable to use LCY because flights are not available will choose alternative London area airports, according to the preferences exhibited in the most recent (2006) CAA Survey data [(8.16)].

8.3.16 The increased journey times to these alternative airports have then been calculated using Autoroute, but adjusting standard assumed speeds to take into account road congestion in London. Although all airports have stringent targets for increasing the volume of public transport use in future, it is difficult to factor modal split into the analysis without detailed modal shift projections for each airport from each district. The analysis is therefore based on road times only.

8.3.17 In order to assess the value of these changes in journey time, the values of time derived from those used by the Department for Transport (DfT) in considering the benefits to users from the provision of additional airport capacity during the preparation of the Future of ATWP have been used, factored up to take account of real increases in these values as incomes rise, less the effect of inflation. At current prices, time is valued at £60.78 per hour for UK business travellers, £69.71 for foreign business travellers and £10.17 for leisure travellers.

8.3.18 The results of this analysis are set out in the Assessment of Effects section below.

Value Connectivity

8.3.19 A measure of 'value connectivity' has been developed by York Aviation to assess the importance of different airports to the global connectedness of an area. This measure assesses the relative contribution of an airport to the 'connectedness' of an area: in other words, how well connected an area is relative to competitor cities or localities, and how important growth of an airport will be to improving the competitiveness of the location as a place to do business. It is a proxy for measuring how well an airport supports wider business development in its catchment area. The measure looks at the range and frequency of services offered at an airport, the value of these services in terms of connecting to key business or trade centres and the accessibility of the city or town to each airport. The measure has been applied to the 16 boroughs making up LCY's principal catchment area.

8.3.20 The value connectivity index is based on:

- the available scheduled services at the five London Airports (namely, London Heathrow, London Gatwick, London Stansted, London Luton, and London City);
- the frequency of these scheduled services (Eurostar services have not been taken into account);
- a scoring of the destinations served based on the classification of world cities developed by the Globalisation and World Cities Network (GaWC) at Loughborough University (8.17) ;
- the time taken to access each airport from each district

8.3.21 The results of this analysis are set out in the Assessment of Effects section below.

Social Impact

8.3.22 The social impact of LCY has been considered from the point of view of the way in which the Airport engages with the local community and the effect this has, as well as the way in which the Airport is perceived by the local community.

8.3.23 An analysis of the social impact of the Airport was conducted by the London East Research Institute (LERI) based in the University of East London (UEL), as part of the 2005 Study. The major part of this work comprised a large scale community-based questionnaire, which was circulated to 500 respondents across a number of areas selected on the basis of the proximity to the Airport, in order to sample a mixture of housing and demographic types. This was supplemented by a number of in-depth interviews and a series of Focus Groups held with local people.

Significance Criteria

8.3.24 There are no universally accepted significance criteria relating to socio-economic impacts and so the extent to which an impact can be considered significant or otherwise is a matter of judgement. However, to ensure that the assessment of impact is undertaken in as structured a manner as possible, the impact criteria set out in Table 8.2 below have been developed to be applied to the analysis that follows.

Table 8.2: Impact Assessment Criteria

Degree of Significance	Criteria
Substantial Beneficial	The effect is beneficial and an important consideration at the regional or district level. For example, the development will play a role in achieving regional or local economic and social objectives.
Moderate Beneficial	A beneficial effect at the local level, but the gains are less pronounced/ measurable at the regional or district level.
Minor Beneficial/Adverse	These effects may be raised as local issues but are unlikely to be of importance in the decision making process. Nevertheless, they are of relevance in the implementation of the the Scheme and the consideration of mitigation or compensation measures.
Moderate Adverse	An adverse effect at the local level, which may be ameliorated through mitigation measures. The development may have a noticeable, but not substantial conflict with a particular economic or social objective.
Substantial Adverse	Adverse effects which are likely to be important considerations at a regional or district level. For example, the development is in direct conflict with a particular economic or social objective.
Not Significant/Negligible:	No effects to conditions, which are beneath levels of perception, within normal bounds of variation or within the margin of forecast error.

8.4 Baseline Conditions

The Study Area Economy & Labour Force Characteristics

8.4.1 This section briefly analyses the characteristics of the local authorities in the Study Area, in terms of the economically active labour force and unemployment rates, compared with the rest of London.

8.4.2 The unemployment claimant count as measured by the Office of National Statistics shows the number of people who were unemployed and claiming benefits as a percentage of the working age population and is shown is Table 8.3. The average rate for the Core Study Area is 3.8%, compared with 3% for London as a whole. Newham's rate is 4.9%, at the higher end of the range for the Area, and Tower Hamlets has the highest rate within the Area at 5.6%.

Table 8.3: Claimant Count Percentages in the Study Area: Year to May 2007

Local Authority	Claimant Count Percentages
Barking & Dagenham	3.7%
Bexley	1.9%
Greenwich	3.4%
Hackney	5.4%
Havering	1.8%
Lewisham	3.9%
Newham	4.9%
Redbridge	2.7%
Southwark	4.3%
Tower Hamlets	5.6%
Waltham Forest	4.2%
Average Study Area	3.8%
London	3.0%

8.4.3 According to the 2004 Index of Multiple Deprivation, Tower Hamlets ranks as the most deprived borough in London and Newham as the fourth most deprived in London. Tower Hamlets is the fourth most deprived in England and Newham the eleventh most deprived. Seven of the eleven local authorities in the Study Area are listed within the top 50 most deprived districts in England.

8.4.4 The skills profile of the Study Area for 2005 is shown in Table 8.4 below. The Study Area had a lower percentage of qualified people of working age in all areas from NVQ Level 1 to 4 when compared with London as a whole, and a higher percentage of people with no qualifications at all. In each of Barking & Dagenham, Hackney, Newham, Southwark, and Tower Hamlets, almost a quarter of the working age population had no qualifications at all.

Table 8.4: Skills Levels (people of working age) in the Study Area Jan 2005 – Dec 2005

Local Authority	NVQ Level 4 or above	NVQ Level 3 or above	NVQ Level 2 or above	NVQ Level 1 or above	Other qualifications	No qualifications
	%	%	%	%	%	%
Barking & Dagenham	15.1	27.2	41.9	61.5	13.7	24.6
Bexley	19.2	38.5	60.7	79.5	8.0	12.5
Greenwich	28.4	43.9	59.4	72.3	12.6	15.0
Hackney	27.5	37.3	48.2	56.1	18.7	24.8
Havering	17.7	35.1	54.4	74.3	8.5	17.1
Lewisham	30.2	43.6	56.0	68.3	17.2	14.3
Newham	20.4	30.2	44.6	56.2	19.5	24.2
Redbridge	32.7	45.8	61.6	73.4	13.8	12.5
Southwark	39.3	49.8	58.8	66.1	9.5	24.2
Tower Hamlets	27.9	38.7	47.5	57.4	17.9	24.5
Waltham Forest	22.6	32.2	49.3	59.7	20.7	19.6
Total Study Area	26.1	38.9	53.4	66.0	14.6	19.2
London	33.3	46.7	59.9	70.4	15.1	14.3
Source: ONS/Nomis Labour Market Statistics						

Characteristics of Current Passenger Demand

8.4.5 In order to understand the economic and social importance of LCY to business and tourism in London, Civil Aviation Authority (CAA) survey data for 2006 has been used to examine the types of passengers using LCY and their journey origins and destinations. This data was prepared from sample interviews with passengers using the Airport, although it does not cover passengers using the Jet Centre for business aviation trips.

8.4.6 In terms of the types of passengers using LCY, Table 8.5 shows that 64% of passengers are travelling for business purposes, which is substantially higher than the average for other UK airports, with Heathrow recording 44% of passengers as flying for business purposes. Around 40% of passengers were foreign residents, of whom around 60% were travelling for business purposes.

Table 8.5: Percentage of Passengers at London Airports Travelling for Business

	Percentage of Passengers Travelling for Business
LCY	64%
London Heathrow	44%
London Luton	20%
London Gatwick	17%
London Stansted	18%
Source: CAA 2006 Data	

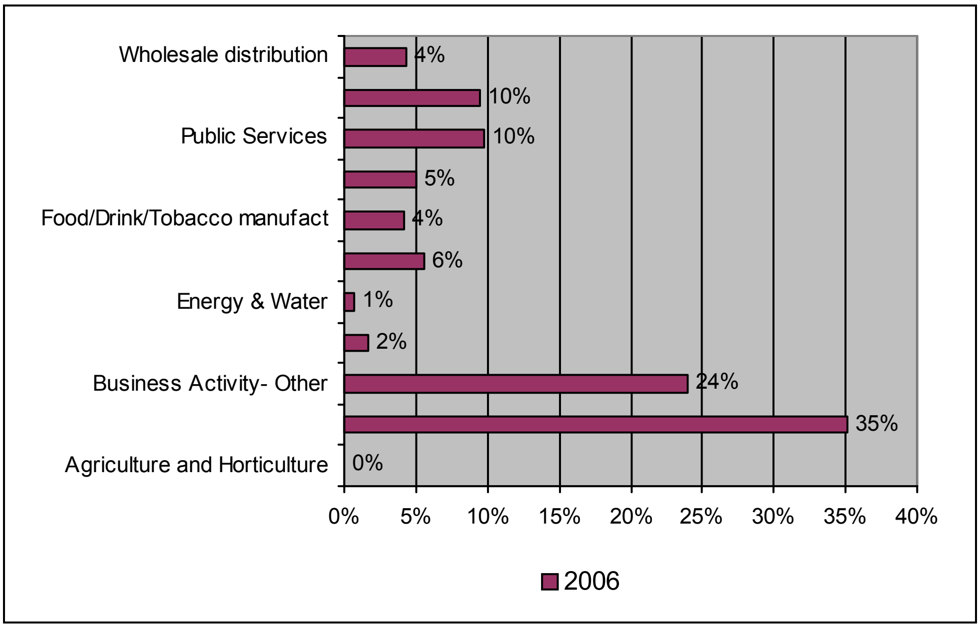
8.4.7 Some 78% of passengers using LCY in 2006 were from socio-economic groups A and B, well above the national averages. Even at Heathrow, only 56% of air passengers come from these two socio-economic groups. The socio-economic distribution of passengers using the London Airports in 2006 is set out in the Table below.

Table 8.6: Distribution of Socio-Economic Groups using London Airports (2006)

	London City	Gatwick	Heathrow	Luton	Stansted	National Profile
A	25%	9%	17%	11%	7%	4%
B	53%	31%	39%	34%	32%	22%
C1	18%	38%	32%	35%	39%	29%
C2	2%	16%	8%	10%	12%	21%
D	1%	5%	3%	8%	8%	16%
E	1%	2%	1%	2%	2%	8%
Source: LCY & CAA 2006 Data						

8.4.8 Figure 8.2 shows the main business of business travellers using LCY in 2006. This shows that some 35% of passengers were employed in the banking and finance sector.

Figure 8.2: Main Business of Business Travellers using LCY in 2006



Source: LCY and CAA Data

8.4.9 Overall, the profile of passengers using LCY highlights the important business-related role of the Airport, particularly in terms of the key business and financial services sectors strongly clustered in and around Canary Wharf and the City of London. As well as providing services to key business centres, the Airport has a role in serving markets, particularly related to the business and financial services sectors.

Current Employment

8.4.10 The current employment and income estimates for 2006 are summarised in the Tables below:

Table 8.7: Baseline Employment Impact in 2006 (FTEs)

Year	Direct	Indirect	Induced	Total
2004	1,101	208	136	1,445
2006	1,501	284	185	1,970
Source: York Aviation				

Table 8.8: Baseline Income Impact in 2006 (£ millions)

Year	Direct	Indirect	Induced	Total
2004	£32.0	£7.0	£4.5	£43.5
2006	£43.6	£9.5	£6.1	£59.3
Source: York Aviation				

8.4.11 These updated employment estimates suggest that LCY currently supports 1,501 direct jobs, 284 indirect jobs and 185 induced jobs within the Core Area referred to above, making a total of 1,970 full time equivalent jobs. This represents an increase of around 500 jobs overall since the original 2004 survey or some 35% within the period 2004 to 2006, which is a powerful demonstration of the way in which the extremely rapid growth of passenger traffic over recent years is reflected in increased employment benefits in the surrounding economies of the area.

8.4.12 The income supported in the Core Area is estimated to have risen from a total of £43.5m in 2004 to around £59.3m in 2006 (at 2004 prices).

8.4.13 Passenger throughput over the same period has risen from 1.67mppa in 2004/5 to 2.38mppa in 2006, with employment density remaining steady at approximately 600 jobs per million passengers. This suggests that there has been little scope for employment productivity gains within that time, which may be accounted for by the step change increases in the number of jobs based at the Airport by new or growing airlines, including the basing of aircraft and crews at the Airport.

8.4.14 Table 8.9 shows the structure of on-site employment at LCY, based on the survey data from the 2005 Study, and compares this structure with the results of a study carried out by York Aviation for the Airports Council International (ACI EUROPE), covering 58 airports across the continent [8.18].

Table 8.9: Structure of On-Site Employment at LCY

Employment Category	LCY (%)	ACI Europe Study (%)	Variance (%)
Airport Operator	20	14	+6
Airline/Passenger Handling	29	64	-35
Freight/Cargo	1	1	0
Concessionaires	15	12	+3
Control Agencies	10	6	+4
Other (e.g. Jet Centre, Fuellers, Air Traffic Control)	25	3	+22
Total	100	100	-
Source: York Aviation and ACI EUROPE			

8.4.15 There are proportionally less aircraft based at LCY than would typically be found at most other airports, especially those included in the ACI EUROPE study, which explains the large variance in the number of people working for airlines and in passenger handling. However, this variance could reduce in future as more airlines base crews at LCY.

8.4.16 Whilst no analysis of occupational grouping by skill level was undertaken for the 2005 study, the majority of direct jobs at the Airport are likely to require either basic skills or skills at Level 1 & 2, with a few managerial jobs at a higher level. The Airport invests in its employees by providing comprehensive training and development programmes to its staff.

8.4.17 The Airport aims to provide employment opportunities for local people and particularly residents of Newham, who currently make up around a third of the workforce on the Airport site. The Airport also has a representative on the London Borough of Newham Access to Jobs Forum, which works to reduce barriers to employment experienced by Newham residents.

8.4.18 Table 8.10 shows the geographical distribution of residence of on-site employees by local boroughs, based on the survey data collected from the 2005 Study.

Table 8.10: Residence of on-site workforce

Area	Percentage of Workforce
Barking & Dagenham	8%
Hackney	3%
Havering	6%
Newham	30%
Redbridge	6%
Tower Hamlets	5%
Waltham Forest	2%
South of River	6%
Elsewhere in London	12%
Essex	16%
Kent	3%
Elsewhere in UK	4%
Notes: 'South of the River' is Southwark, Lewisham, Greenwich and Bexley Total may not sum due to rounding	
Source: York Aviation	

The Economic Importance of the Jet Centre

8.4.19 LCY's proximity to Canary Wharf and the City makes it an ideal point of departure and arrival for business aviation users and this sector of the Airport's market has seen substantial growth in recent years. Total business aviation movements at LCY in 2006 came to 13,076, an increase of 35% over the figure for 2005. The Airport's Jet Centre provides a dedicated facility for business aviation users close to the heart of London financial districts.

8.4.20 Fractional ownership of business aircraft has also become increasingly popular in recent years. This is the industry term for what might also be described as 'timeshare' ownership of business aircraft by a number of individuals or companies, as European companies have begun to appreciate the advantages offered by private transportation. Fractional ownership aircraft now account for approximately 55% of the Jet Centre's business.

8.4.21 A common characteristic of all types of business aviation is the ability to fly at short notice, to a bespoke schedule and itinerary, and to airports that may not be served by commercial scheduled flights. This flexibility is a key feature of business aviation and makes it less a luxury than a high value business tool.

A recent study [8.19] by the CAA supports this interpretation and states that general aviation (GA), of which business aviation is a part:

"…can and does provide air transport services that are not available from commercial airlines, both in terms of the airports that can be flown to and from, and the timing of the services offered. GA undoubtedly plays a positive economic role in the provision of these services, in particular the provision of high value services."

8.4.22 Other advantages of using business aviation include:

- more productive use of time whilst in the air;
- shorter journey times resulting from proximity to place of origin or destination;
- less congested airports;
- privacy;
- security.

8.4.23 These advantages are becoming increasingly economically valuable to large companies as the pressure on commercial airports becomes greater and the time it takes to process passengers through check-in and security increases. It is no longer the case that business aviation is a preserve of the rich and famous, or even of the company chairman. Companies are now increasingly able to make a clear business case for the use of business aviation, by evaluating the increased productive use of time and resources against the cost of the flight. Operators report that, increasingly, it is groups of middle managers as well as senior executives that can justify the use of a business jet to fulfil a complex itinerary, very often at an overall cost saving, and the huge growth in the market generally and especially in the market for fractional ownership is testament to this.

8.4.24 A recent study by Eurocontrol [8.20], the European Organisation for the Safety of Air Navigation, set out to understand the growing business aviation market from the perspective of air traffic management. The report notes that for large multi-nationals requiring frequent transfers of staff between offices not linked by scheduled services, or remote factory locations with poorly developed transport infrastructure, the cost and time savings generated by using business aviation make it a real commercial proposition, not a luxury; in 2005, nearly 100,000 airport pairs were flown by business aviation in Europe and, of these, only 5% had a scheduled alternative.

8.4.25 Business aviation is a strong and rapidly growing global market, and the business case for making use of this mode of transport is becoming ever more powerful. For international businesses, fast convenient air travel is essential and an inability to access such a resource can fundamentally influence company location decisions. The Jet Centre at LCY is therefore providing an economically important package of services for business aviation users and is the only fixed base operator (FBO) actually in London. This makes it a key attraction to the users of corporate aircraft, being only six miles from the heart of London with easy access to the City and Canary Wharf. The surrounding road network also allows users to reach the A406 and M11 within 10 minutes.

Contribution to the Wider Economy

8.4.26 The economic importance of airports stems not only from the fact that they are major generators of economic prosperity, but also because they can act as catalysts for a wide range of other economic and social activities. This catalytic impact can operate in a number of different ways, but it is generally not possible to quantify such impact in the same way that direct benefits can be quantified. The Airport continues to be an important factor in local regeneration, business development, tourism and transport infrastructure and its impact is felt beyond its immediate catchment.

8.4.27 As part of the 2005 Study to inform the LCY Master Plan, York Aviation sought the views of a number of local organisations on the wider economic impact of the Airport, some of which are summarised below:

- The London Development Agency, instrumental in part financing developments in the Royals, such as Silvertown Quays and the Thames Barrier Park, felt that the Airport has a contributory role to play in these developments as part of the infrastructure that creates a critical mass of development in the area;

- Gateway to London, the inward investment promotion arm of the Thames Gateway Partnership, considered that the existence of the Airport is vital to efforts to attract new investment to the area and stated that “we would have had 80% less success in attracting new office developments if LCY did not exist.”

- Canary Wharf Management Company made it clear that proximity to LCY was a fundamental part of its marketing strategy to new prospective tenants and was important in terms of giving the initial investors confidence in developing large-scale offices in the area;

- The Royal Docks Partnership, representing key landowners and developers in the area, was established to take forward the regeneration of the Royal Docks. The Partnership considered it important that the Royals establishes a ‘sense of place’ and identity, differentiating itself from Canary Wharf, if it is to succeed in attracting new businesses, and that the Airport has the potential to make a significant social contribution to this sense of place;

- The Docklands Business Club, representing Docklands-based businesses as the local arm of the London Chamber of Commerce and Industry, thought that contribution of the Airport is widely recognised by local businesses in terms of the benefits to regeneration and to local employment. It is seen as a good employer and as a ‘good friend’ to the community.

8.4.28 Support for the Airport is also widespread through the London business community. The Confederation of British Industry noted the importance of LCY as an essential part of the infrastructure of Canary Wharf and Docklands, whose importance can only grow as those areas develop. Its continued existence and development was regarded as essential if London is to retain its position as a leading financial centre, with an increasing proportion of the business activity centred in Canary Wharf. The London Chamber of Commerce and London First for Business were also supportive of the expansion of the Airport.

8.4.29 More recently, in responses to the Airport's Draft Master Plan, the following comments were made in relation to the importance of the Airport to the business community and to London's standing as a world city:

"LCY is an important part of the infrastructure serving the business community in East London and the City. According to responses to the 2005 Canary Wharf Transport survey (by Steer Davies Gleave, 30 November 2005) 34% of business trips by air emanating from Canary Wharf were via LCY (compared to 43% using Heathrow and 13% Gatwick)……The airport provides a useful service to the business community based here and while the absolute numbers are not huge the convenience due to proximity and ease of access is a significant advantage over the alternatives." (Letter from Canary Wharf Group PLC to LCY 30 May 2006)

"Aviation links play a critical role in contributing to the UK's competitive advantage and in maintaining London's position as a world city. Therefore the CBI supports the sustainable expansion of airports…….The airport is a major employer in Newham which is one of the most deprived boroughs in London. LCA makes an important contribution to the growth of local economy by providing employment that closely matches the skills base of local people…… The CBI believes its development will enhance London's position as a World City; enhancing international connectivity to support businesses in the City and Canary Wharf in particular." (Letter from the CBI to LCY 26 July 2006)

"As the capital's largest business membership organisation, the London Chamber of Commerce and Industry has long acknowledged the important contribution that aviation makes to both London's economy and its status as a world city." (Letter from the London Chamber of Commerce & Industry to LCY 1 August 2006)

8.4.30 ExCeL (the Exhibition Centre for London) opened in November 2000 with the aspiration to become London's premier exhibition and conference venue. ExCeL advertises the proximity of LCY on its website and stated that the Airport was "a big bonus", affording easy access to inbound visitors from abroad.

8.4.31 Tourism development is also a priority in East London, with the focus in the first instance of encouraging more visitors to London to also visit East London. The presence of LCY is seen as a key strength in this regard.

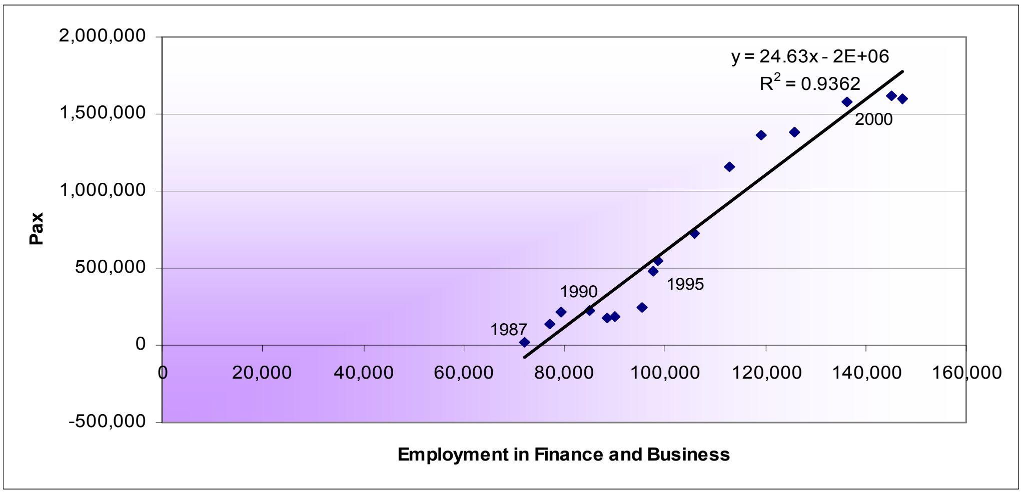
8.4.32 Overall, the Airport was consistently described as a valuable local asset and a significant factor in the regeneration of the local area. It is not generally seen as the principal driver of local regeneration, but rather as an integral part of a wider picture of regeneration initiatives and certainly as an important element of the local transport infrastructure.

8.4.33 The Docklands Light Railway (DLR) extension to LCY was opened in December 2005 and now affords reliable surface access to the Airport for airline passengers and airport visitors and staff, with connections to the Airport from Bank in about 20 minutes and from Canary Wharf within 14 minutes. It is also estimated that the connection will help to reduce car journeys by an estimated half a million a year. In February 2004, the Government gave the go-ahead for a further extension of the DLR to Woolwich Arsenal, which will make a substantial contribution to the accessibility and regeneration of Woolwich town centre and the Royal Arsenal site, bringing residents closer to job opportunities at the Airport and in Canary Wharf and the City, while also attracting businesses from much further afield.

8.4.34 Another key factor in terms of the economic importance of LCY is the extent to which its growth as an airport is intertwined with the growth of both population and employment in the neighbouring boroughs. This is illustrated by the extent to which residents of boroughs such as Tower Hamlets make use of the Airport for both business-related and a proportion of leisure air travel.

8.4.35 For the 2005 Study, York Aviation examined the relationship between growth in passenger traffic at the Airport since it opened and growth in employment in the business and financial services sectors in the four adjacent boroughs of Newham, Tower Hamlets, Greenwich and Southwark. The strong correlation between growth in employment in these sectors and the growth of the Airport is illustrated in the Figure below. It is not possible to distinguish whether the Airport has driven employment growth locally or vice versa. However, clearly the two are inextricably linked.

Figure 8.3: **Relationship between passenger traffic at LCY and growth in employment in the business and financial services sectors in the 4 adjacent local boroughs**



Source: York Aviation

Current Value of Connectivity

8.4.36 The value connectivity index for short haul air service connections provided to each borough by each of the London Airports in 2006 is set out in the Table below. The indices show the relative contribution of each airport to the connectedness of each borough and the relative overall connectedness of each borough [(8.21)]. Whilst the dominance of Heathrow is clear, the importance of LCY in providing global business connectivity is greater than the other London Airports, even in the Cities of London and Westminster and in Kensington and Chelsea.

Table 8.11: **Connectivity provided by LCY to Core Catchment Boroughs, at 2007 Frequencies, compared with other London Airports**

District	London City	London Gatwick	London Heathrow	London Luton	London Stansted	Total
Barking	3,319	2,169	6,846	869	1,433	14,636
Bexley	3,319	2,530	8,516	869	1,376	16,610
Camden	3,221	1,773	11,370	1,240	1,376	18,980
City of London	3,364	2,260	11,370	1,108	1,376	19,477
City of Westminster	3,221	2,260	11,967	1,240	1,227	19,915
Greenwich	3,484	2,409	9,948	869	1,376	18,086
Hackney	3,319	1,773	10,607	1,147	1,483	18,329

District	London City	London Gatwick	London Heathrow	London Luton	London Stansted	Total
Islington	3,272	1,934	11,139	1,212	1,433	18,990
Kensington & Chelsea	3,167	2,260	11,967	1,147	986	19,527
Lambeth	3,221	2,530	11,370	1,063	986	19,171
Lewisham	3,364	2,339	10,297	869	1,227	18,096
Newham	3,484	1,773	9,948	1,063	1,568	17,836
Redbridge	3,272	2,062	9,548	1,147	1,605	17,634
Southwark	3,272	2,260	11,139	1,011	1,124	18,806
Tower Hamlets	3,446	1,934	10,607	1,011	1,433	18,431
Waltham Forest	3,167	2,333	10,700	1,233	1,762	19,195
Source: York Aviation						

The Airport's Engagement with the Local Community

8.4.37 The Airport is highly proactive in engaging with the local community and is held up as an example of an organisation that makes a significant contribution to the regeneration of East London. In 2006 the Airport won the Docklands Business Club's 'Corporate Support for the Local Community' award. The various areas in which the Airport is active in the community are outlined below.

8.4.38 In Education, the Airport encourages local people to strive for 'Education Excellence'. This programme focuses on preparing local people for employment through activities related to basic skills, raising personal aspirations and assisting with the transition from education to employment. The work experience programme at the Airport has been running for many years and is offered 48 weeks of the year. The Airport is also giving £100,000 to support Newham students through Higher Education over the period 2004 to 2009.

8.4.39 The Airport also supports a variety of Health & Fitness projects that promote an active lifestyle and social interaction through team sports.

8.4.40 The Airport supports a range of community initiatives and local charities, including Richard House Children's Hospice, the first children's hospice in London, which has grown considerably since its opening. Numerous events involving large numbers of Airport employees have been organized to raise funds. In the past few years the Airport has donated well over £50,000 to Richard House, making it one of the top five donors. Proceeds from the annual Fun Day, which attracts over 10,000 local people and is in its 11th year in 2007, are also donated to Richard House. In addition to this, match funding is provided to Airport employees who participate in activities such as the London Marathon, to raise money for their chosen charity.

8.4.41 The Airport also supports a wide range of local employment initiatives which aim to provide employment opportunities for local people, particularly for residents of Newham, but also for residents of other boroughs in the Core Area. A local employment agency (Reed) works with the Airport to achieve this. An Airport Careers Booklet provides information and guidance to those looking to work on-site at the Airport, and is aimed particularly at local students although it is also accessible to anyone seeking employment at the Airport. As a private employer eager to ensure that employment opportunities are made available to local residents, the Airport has a representative on Newham's Access to Jobs Forum, which works to reduce the barriers to employment experienced by Newham residents. The Airport has recently initiated a relationship with 'Workplace', Newham's one-stop shop for local employment: vacancies at the Airport are fed through to Workplace to increase the number of local applicants.

8.4.42 The presence of the Airport in the south of Newham has attracted public transport services to the area and communities in Silvertown and North Woolwich are now directly connected to the London Underground network through stations such as King George V, LCY, Pontoon Dock, and West Silvertown, making services, facilities, recreational activities and job opportunities much more accessible. The extension of the DLR to Woolwich Arsenal south of the river, planned to open in 2009, will expand these opportunities.

8.4.43 The Airport makes it a priority to communicate with local residents and community groups, welcoming a two-way information exchange. Formal dialogue is achieved through consultative bodies established to monitor all aspects of the Airport's operations. They are a means for supporting community participation and responding to queries regarding the day-to-day activities of the Airport. The Airport's community newsletter (Runway News) is delivered to 15,000 homes three times a year. The Airport's Community Relations Manager also sits on the Steering Group of the Royal Docks Community Forum.

The Social Impact of the Airport as perceived by the Local Community

8.4.44 The social impacts of LCY on its surroundings are to some degree bound up with the economic impact detailed above. However, impacts on the social dimension extend beyond the economic into issues of everyday experience and evaluation. The local community's perception of the social and cultural importance of the Airport was evaluated through the survey work undertaken by UEL as part of the 2005 Study.

8.4.45 A separate Health Impact Assessment (HIA) is to be submitted as a supporting document for the current application. This provides further information on public perceptions of the Airport, perceived risks and associated health issues.

8.4.46 The attention to noise as a social issue rather than a purely environmental one was an ongoing preoccupation of the survey respondents (the environmental effects of air and ground noise are discussed in Chapter 6 of the ES). While noise is not widely reported as an acute issue, it is perceived as a key factor in LCY's social impact. However, 79% of respondents to the questionnaire did not themselves necessarily experience noise as an immediate problem and overall, only 20.3% of respondents mentioned noise as a specific, immediate and present problem for them. Respondents sometimes found it was hard to distinguish the broad and complex social impacts of the Airport from the particular issue of noise. This further explains why noise features prominently in the analysis and understanding of the Airport's social impact. To a lesser extent, the smells produced by aircraft operations aviation odours constitute an additional impact.

8.4.47 A significant corollary here, especially given the reported majority for whom noise is not an immediate problem, is that the extent and maintenance of the local communities' acceptance of noise and other potential or actual effects can serve as an important indication of the Airport's relative success in managing its broader social impact; in other words, its success in maintaining a good or acceptable relationship with its local communities.

8.4.48 There are different perceptions of noise depending on a resident's age profile and property type, and their length of residence in the area. Younger residents are more accepting of the Airport than older residents. The 2005 York Aviation/UEL reported that the Airport can act as an attractor for those wishing to buy property in the area. During an interview, a local estate agent stated that "*the Airport has, in the past, been a selling point for some types of properties, with investors persuaded that it will appeal to the young professional renters (preferred as tenants), or at least will serve as a significant emblem of the area as 'up and coming', so offsetting any concerns about noise or other forms of local disruption".*

8.4.49 Those who rent are less concerned about noise than those who own property, as was highlighted by two other estate agents interviewed in the 2005 study. The estate agents reported that airport noise is rarely a problem for their existing tenants and that people considering moving to the area rarely consider the airport a reason not to move in. Long-term homeowners are more favourably disposed to the Airport, however, they are also more concerned about its future expansion.

8.4.50 In terms of mitigating the noise impact, providing homes with noise protection was seen as important. Responses also suggested that scrupulous adherence to agreed times of operation is an important and recurrent concern, and therefore, potentially, the most crucial factor to maintain and successfully manage. In interviews and focus groups there was a fuller acknowledgement of the Airport's good performance in keeping to its agreed limits.

8.4.51 Survey responses also suggested that there were some perceived benefits of being near a development where, by necessity, the immediate area is always likely to be relatively clear of tall enclosing buildings. Respondents clearly valued this spin-off benefit, with the Airport, like the river, serving to create a feeling of space.

8.4.52 Respondents were asked to provide an overall assessment of whether or not they saw the Airport as a good or a bad neighbour. The Airport has an obligation established in planning agreements to be a good neighbour and it has clearly achieved some successes in this area. The results are summarised in Table 8.12.

Table 8.12: Good Neighbour/Bad Neighbour Perceptions & the Noise Effect

	Percentage of sample	Perception of noise as a problem
Overall good neighbour score	56%	Of the 56% of respondents considering the Airport to be a good neighbour, less than 1% cite a problem with noise
Overall bad neighbour score	7.8%	Of the 7.8% of respondents considering the Airport to be a bad neighbour, 54% cite noise as a factor in this judgement
Overall bit of both score	27.8%	Of the 27.8% of respondents who are ambivalent about the Airport, 36% cite noise as a "neighbourliness" problem
Overall don't know score	7.8%	n/a

8.4.53 The Airport's role in the community is also coloured by the extent to which local people actually make use of it, either as passengers or as visitors. Those who do so appear to have a marginally better sense of its role as a good neighbour. Although the Airport is often perceived as being for business use, or as an 'outpost' of Canary Wharf, there is also a real perception that it serves the local community through spin-off benefits.

8.4.54 Transport infrastructure improvements were perceived in the survey work as the strongest positive impact generated by the Airport. Employment is also a positive factor, although the perceptions of the Airport as an employment generator are not as strong as might be expected, with only 15.1% of local respondents citing future jobs as a positive impact. Nevertheless, it was also acknowledged that the Airport generates significant secondary benefits in terms of attracting business activity into the area, such as hotels.

8.4.55 There is a growing perceived tendency towards short-term residency in the area. Partly as a result of the acquisition of property as a financial 'buy-to-let' asset. There is also a trend for local residents to move out of the area (further east), having improved their social status through local employment opportunities, such as those offered by the Airport, and looking to buy larger homes or start a family. Others move away because of rising property prices in the local area. As a result, there is an increasingly dynamic population in the local area.

8.4.56 Those interviewed were in no doubt that the Airport's community strategy makes 'good business sense' and that its success is 'good for business'. Many of the interviewees thought that the Airport genuinely wanted to be a good neighbour and part of the community; as one interviewee commented "if they weren't genuine, local people would see through it".

8.5 Assessment of Effects

The 2010 Scenario 'Without Consent'

8.5.1 The employment and income estimates for the scenario without planning consent are set out in the Tables below. This scenario assumes passenger throughput of 2.5mppa at 2010.

8.5.2 A labour productivity rate of 1% has been assumed in this case, which is lower than average rates at other airports. However, it is felt that such a rate is more realistic given that very low growth in passenger throughput in this scenario will afford less opportunity to make productivity gains when comparing labour input with the numbers of passengers handled.

Table 8.13: Employment Impact in 2010 (FTEs) without Planning Consent

Year	Direct	Indirect	Induced	Total
2004	1,101	208	136	1,445
2006	1,501	284	185	1,970
2010	1,548	293	191	2,032
Source: York Aviation				

Table 8.14: Income Impact in 2010 (£ millions) without Planning Consent

Year	Direct	Indirect	Induced	Total
2004	£32.0	£7.0	£4.5	£43.5
2006	£43.6	£9.5	£6.1	£59.3
2010	£47.8	£10.3	£6.7	£64.8
Source: York Aviation				

8.5.3 These estimates show that there is likely to be minimal growth under the 'Without Consent' scenario, generating only around 62 jobs and just over £5m of income, compared with the current baseline.

The 2010 Scenario 'With Consent'

8.5.4 The employment and income estimates for the scenario with planning consent are set out in the Tables below. This scenario assumes passenger throughput of 3.9mppa by 2010.

8.5.5 A labour productivity rate of 2% has been assumed in this case, which is at the lower end of the average growth in labour productivity at UK airports, which lies typically between 2% and 3% per annum. However, this figure is considered realistic in the light of the relatively low growth in actual employment productivity at the Airport experienced in the last two years (0.65%): This may have been the result of step changes in employment that arise when a new airline opens a route and bases new operating crew at the Airport. Such a low level of productivity is unlikely to persist in the future. However, given that based airlines are planning further expansion of operating crew at the Airport which is likely to result in similar step changes in employment, the level of labour productivity in relation to passenger growth is not likely to be high going forward.

Table 8.15: Employment Impact in 2010 (FTEs) with Planning Consent

Year	Direct	Indirect	Induced	Total
2004	1,101	208	136	1,445
2006	1,501	284	185	1,970
2010	2,277	430	282	2,989
Source: York Aviation				

Table 8.16: Income Impact in 2010 (£ millions) with Planning Consent

Year	Direct	Indirect	Induced	Total
2004	£32.0	£7.0	£4.5	£43.5
2006	£43.6	£9.5	£6.1	£59.3
2010	£76.5	£16.5	£10.8	£103.8
Source: York Aviation				

Conclusions relating to Employment Growth

8.5.6 The results of the above analysis suggest that if the planning consent were granted, LCY would support some 957 more jobs overall in the Core Area and some £39m more income by 2010, compared with the 'no consent' scenario, outlined in Table 8.17.

Table 8.17: Comparison of Employment and Income of 'With' and 'Without Consent' Scenarios

	2010 Without Consent	2010 With Consent	Difference
Employment Impact (FTE's)	2032	2989	957
Income Impact (£ millions)	64.8	103.8	39

Sensitivity Tests

8.5.7 As noted earlier, it is estimated that there will be approximately 95,000 scheduled (airline) movements plus a further 25,000 unscheduled (Jet Centre) movements by 2010 under the Proposed Scheme, and the potential impacts of this mix of aircraft by 2010 forms the primary assessment case. It is possible, however, that variations to this movement ratio could occur depending on changes in commercial demand, and any such variation could impact on the assumed forecast passenger throughput of 3.9mppa at 2010, depending on the precise mix of aircraft size and average load factors at that date.

8.5.8 The sensitivity of the employment and income impact with planning consent has been tested to consider the impact of a variation in the ratio of scheduled (airline) movements to unscheduled (Jet Centre) movements as follows:

Table 8.17: Potential Variations in movement ratios within the 120,000 overall limit

	Lower Scheduled	Primary Case	Higher Scheduled
Scheduled Movements	85,000	95,000	105,000
Jet Centre Movements	35,000	25,000	15,000
Total	120,000	120,000	120,000

8.5.9 It has further been assumed that overall passenger throughput, which is the primary driver of the employment and income estimates, would vary from the primary case of 3.9mppa to 3.5mppa in the lower case and 4.3mppa in the higher case.

8.5.10 The results of this sensitivity test are set out in the tables below.

Table 8.18: Sensitivity of Employment Impact in 2010 (FTEs) with Planning Consent

Year	Direct	Indirect	Induced	Total
2010 Low	2,043	38 6	253	2,682
2010 Primary Case	2,277	430	282	2,989
2010 High	2,510	475	310	3,295
Source: York Aviation				

Table 8.19: Sensitivity of Income Impact in 2010 (£ millions) with Planning Consent

Year	Direct	Indirect	Induced	Total
2010 Low	£66.9	£14.4	£9.4	£90.7
2010 Primary Case	£76.5	£16.5	£10.8	£103.8
2010 High	£82.2	£17.7	£11.6	£111.5
Source: York Aviation				

Wider Economic Benefit

8.5.11 As noted previously, whilst it is possible to make robust quantitative estimates of the direct, indirect and induced impacts of airports, the same is not the case in relation to wider economic (catalytic) benefits. Nevertheless, catalytic benefit is becoming an increasingly significant factor in the economic impact of an airport, as a result of its effect being seen by policymakers and other stakeholders as being, in the context of high employment and the types of jobs generated, potentially even more important than the readily quantifiable direct, indirect and induced employment and income impacts.

8.5.12 The analysis of the current importance of the Airport to the business community and the regeneration of the Docklands area as set out in the Baseline Conditions above, demonstrate that the continuing growth of the

Airport is of fundamental importance to sustaining confidence in the economic success of the businesses it serves by providing global connectivity.

8.5.13 The development of the Airport and the changing face of Docklands have been concurrent and, although it could not be claimed that the regeneration of Docklands and the establishment of the strong business and financial services cluster at Canary Wharf was only made possible because of the existence of LCY nearby, it is clear from an analysis of the history of development in the area that confidence to invest has been underpinned in part by the Airport's presence and growth. Without the Airport, the costs to business and to residents in terms of access to air travel would have been substantially greater, with obvious implications for the productivity of business enterprises and their decisions to locate in the area.

8.5.14 Although it is not possible to quantify all of the wider economic benefits that would accrue from the Airport's ability to continue to grow as envisaged by the Proposed Scheme, it is possible to assess the journey time penalties and the value of the connectivity provided by the Airport compared with the existing limits.

Journey Time Penalties

8.5.15 The effect on the ability of the Airport to contribute to wider economic development can also be evaluated by considering the implications of the Airport not being able to expand to meet the demand arising from growth in population and employment planned for the neighbouring boroughs. This can be measured through the implications in terms of the additional journey time costs imposed on displaced air travellers; these passengers would have to use alternative London Airports with resultant increases in journey times. These potential journey time penalties that would arise without the planning consent being granted have been calculated using the methodology set out earlier in this Chapter.

8.5.16 The annual value at 2010 of the additional surface journey time costs if the planning consent were not granted, is set out in Table 8.20 below.

Table 8.20: Additional Annual Surface Journey Time Costs of passengers displaced from LCY at 2010 under the 'no consent' scenario (£million)

	UK Business Passengers	Foreign Business Passengers	UK Leisure Passengers	Foreign Leisure Passengers	Total
2010	£23.9m	£13.4m	£2.4m	£1.3m	£41.0m
Source: York Aviation and CAA 2006 Data					

8.5.17 The cumulative annual journey time penalties between 2008 and 2010 would equate to a Net Present Value of £87m.

Value Connectivity

8.5.18 Were consent not to be granted, the air connectivity offered to businesses in the area in terms of convenient frequent access to a range of European points, as measured through 'value connectivity' and explained in the Methodology section, would be reduced relative to other locations where the air service offer from nearby airports was growing. These measures of connectivity can be taken as a proxy for the effect that continuing limits would have on the productivity and competitiveness of local businesses.

8.5.19 Table 8.21 sets out the expected growth in the value connectivity added by LCY in 2010, both with and without the planning permission being sought. If the movement limit remains at the current limit then the connectivity may increase by around 2%. This will come at the expense of the overall number of destinations, as less significant destinations may be lost in order to support relatively low growth in frequencies to existing destinations. With an increased movement limit, the connectivity provided by the Airport to each Borough could grow by around 13% as new services and increased frequencies to key destinations are added to the route network. This is a significant increase over a 3 year period.

Table 8.21: Relative change in 'value connectivity' provided by LCY in 2006 and in 2010 with and without planning consent

Scenario			
	2007	2010	
District	Current	Without Planning Consent	With Planning Consent
Barking	3319	3448	3739
Bexley	3319	3448	3739
Camden	3221	3347	3629
City of London	3364	3495	3789
City of Westminster	3221	3347	3629
Greenwich	3484	3619	3924
Hackney	3319	3448	3739
Islington	3272	3399	3686
Kensington & Chelsea	3167	3290	3568
Lambeth	3221	3347	3629
Lewisham	3364	3495	3789
Newham	3484	3619	3924
Redbridge	3272	3399	3686
Southwark	3272	3399	3686
Tower Hamlets	3446	3580	3882
Waltham Forest	3167	3290	3568
Source: OAG, LCY & York Aviation			

Social & Cultural Impacts

8.5.20 The 2005 Study demonstrated that it is widely recognised in the local community that the frequency of flights will increase, and few of those interviewed wished to curtail such development, although strong opinions were expressed about how the expansion should be managed. These included the necessity to retain the same curfews for flights (i.e. no flying at night and no increase in times aircraft are allowed to fly during the weekend), expanded secondary glazing/sound insulation, and more efforts to reduce the odour of aviation fuel.

8.5.21 All the community stakeholders interviewed presumed that there would be an increase in local employment associated with the expansion of the Airport. This would be particularly important in the light of the fact that new housing is planned and more people will be seeking local employment. To maximise the employment potential for local people, interviewees expressed the need to:

- continue with the strong focus on raising educational standards through work with local schools;
- explore ways of opening up internship and employment opportunities for young people who have limited skills or who have never worked;
- improve access to employment opportunities for those with disabilities.

8.5.22 There were some indications that the prevailing ‘positive’ or ‘indifferent’ evaluation of LCY could change if there are significant increases in number of flights or hours of operation. Although 60% of those surveyed in the 2005 Study believed the Airport will be seen as an asset to the area in the future, 36.1% anticipated possible problems. This will make continuing the development of strong links with the local community even more important and further embedding the ‘social responsibility’ approach of LCY even more deeply into its business ethos, to ensure that genuine community involvement can be sustained over the long term.

8.6 Conclusions

8.6.1 From this analysis it can be concluded that the economic impact of the proposed development would be a substantial beneficial effect in the context of the definitions set out in Table 8.2.

8.6.2 It can also be concluded, from the work undertaken as part of the 2005 Study, that the overall impact on the local population in terms of their attitudes to the Airport is likely to be negligible in terms of the way in which the community see the Airport and the social benefits it brings, providing that the environmental impact of the Airport continues to be carefully managed in close engagement with the local community.

8.7 Mitigation and Enhancement

8.7.1 Given the beneficial economic effect of granting the application, and the proactive community and employment initiatives already in place at LCY additional mitigation is not required.

8.8 Residual Effects

8.8.1 In the absence of any additional mitigation or enhancement, the residual effects remain as described above.

8.9 References

8.1 The Future of Air Transport White Paper, December 2003, para 2.5

8.2 The Future of Air Transport White Paper, December 2003, para 2.6

8.3 The Future of Air Transport White Paper, December 2003, para 4.24

8.4 The Future of Air Transport Progress Report, December 2006: Para 4.14

8.5 The Future of Air Transport Progress Report, December 2006: Para 4.19

8.6 GLA Planning Report, 7 June 2006, para 28

8.7 GLA Planning Report, 7 June 2006, para 68

8.8 Sustaining Success: Economic Development Strategy for London, January 2005, para 3.2.1

8.9 Letter from London Borough of Newham to LCY dated 31 May 2006

8.10 Draft Preferred Options for Royal Docks & Thameside West Area Action Plan, para 4.9.1

8.11 Letter from Tower Hamlets to LCY dated 13th June 2006, paras 5.1.1 and 5.1.2

8.12 Aviation Services for the City of London, Oxford Economic Forecasting, December 2002

8.13 Letter from The City Planning Officer to LCY dated 30 May 2006

8.14 One workload unit is equal to the movement of 1 passenger or 0.1 tonnes of freight through an airport

8.15 Department for Transport's forecast data for transport planning purposes

8.16 CAA

8.17 Cities such as Paris and London score highest in Europe, closely followed by Frankfurt and Milan. Other European cities such as Brussels, Geneva and Madrid also score highly. UK cities such as Manchester, Edinburgh, Glasgow and Leeds also score well, as they are beginning to develop some of the attributes of World Cities.

8.18 ACI EUROPE and York Aviation, The Social and Economic Impact of Airports in Europe, January 2004

8.19 Strategic Review of General Aviation in the UK, CAA, July 2006

8.20 Getting to the Point: Business Aviation in Europe', Eurocontrol, May 2006

8.21 As explained in the methodology section, the indices themselves have no specific meaning as this is a relative measure: a higher value indicates increased connectivity.