

Heathrow offers £3bn cost cut in bid to secure third runway

Heathrow is considering scrapping plans to tunnel the M25 under the new runway and constructing smaller terminal buildings. Heathrow is planning to cut up to £3 billion from its plans for a third runway as part of a last-minute attempt to win Theresa May's backing for airport expansion, *The Times* has learnt. The airport is preparing to shave almost a fifth off the project budget and accelerate the building process by 12 months to deliver more flights "quicker and cheaper". Revised plans include potentially scrapping proposals to tunnel the M25 under the new runway, axing a transit system to carry passengers around the airport in favour of buses and constructing smaller terminal buildings. Lord Deighton, the airport's new chairman, said the measures would speed up the construction process, opening the runway by late 2024, while keeping costs down for passengers. He insisted that landing charges could effectively be frozen in real terms under the plan, countering claims by airlines that fees could double with the building of a third runway. The move, to be announced at the end of the month, is being seen as an ambitious attempt to swing momentum behind Heathrow over Gatwick. It comes just weeks before the prime minister is expected finally to rule on the issue, more than 15 months after an independent commission delivered an overwhelming recommendation in favour of Heathrow. The reforms are also a response to criticism from Willie Walsh, the head of British Airways' parent company, who has repeatedly warned that Heathrow's "gold-plated" plans for a third runway would lead to sharp increase in the cost of flying. In his first interview since joining the airport in July, Lord Deighton, the former chief executive of the London Olympics organising committee, said it was working on a plan to "deliver the runway quicker and cheaper". "It's the natural next stage when you move from concept to design and delivery," he said. "You think, is there a smarter way to do this? This is exactly what we did with the Olympics. Do we really need that, or is it a luxury?" The third runway, to be built to the northwest of the existing airport, is projected to cost about £16.8 billion, opening by late 2025. Lord Deighton, a Conservative peer, who was commercial secretary to the Treasury for two years under George Osborne, said the airport was looking to reduce the budget by between "two and three billion". In a significant change, the airport is considering scrapping plans to place a 14-lane section of the M25 into a 600-metre tunnel under the new runway. He said the current tunnelling proposal was "quite expensive and takes some time, so we are looking at other ways of getting to that solution", including diverting it around the airport or possibly even some form of bridge. A £1 billion rail transit system could also be scrapped.