

Briefing from HACAN East

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Independent report by CE Delft finds London City Airport has overestimated the economic benefits of expansion by as much as 50%

HACAN East commissioned the independent consultants CE Delft to assess the economic benefits London City Airport has claimed its expansion proposals will bring.

CE Delft are respected international consultants based in the Netherlands. They have done work for the European Commission, national governments, the aviation sector and NGOs. The main author of the report, Jasper Faber, is their Director of Aviation and Maritime Transport. The full report, *Review of the economic impact analysis of the expansion of London City Airport*, can be found at.....

In its draft Master Plan London City wanted to:

- Almost double the number of flights from their current level
- Get rid of the 24 hour weekend break when they are no flights
- Operate more early morning and late evening flights

London City claims these expansion proposals will bring economic benefits of £586 million. The CE Delft analysis found that the benefits cannot be more than £353 million.

It's final Master Plan, due to be published by the end of March, is expected to put on hold the last two proposals but proceed with the main one.

Comment from HACAN East

We find some of the omissions in the calculations London City has relied on to justify its expansion plan quite astonishing.

Noise is a major problem right now both for people close to the airports and those communities further afield, some of whom are also overflowed by Heathrow aircraft. According to the European Commission, London City impacts more people than any UK airport except Heathrow and Manchester. It impacts more people than Munich, Rome or Madrid. Yet London City excluded the economic costs of noise pollution when assessing its expansion proposals.

Climate is not costed either. This is a surprising omission at a time when climate change is at the top of the political agenda.

Jobs are critical for jobs. But London City is muddled on this key issue. Few, if any, of the jobs created will be filled by unemployed people. They are most likely to be taken by people moving from an existing job.

Our view is that London City need to go back to the drawing board in calculating any economic benefits of expansion.

Main Points from the Report

CE Delft identified key ways in which London City has overestimated the economic benefits:

- It fails to factor in the costs of noise, air pollution and climate change.
- It makes claims about the benefit to UK trade which it cannot back up. It provides no proof that the proposed growth will bring additional economic benefits to the wider UK economy. In particular the expansion is unlikely to lead to a net increase in business passengers at the national level.
- It confuses local and national economic benefits. For example, it argues (correctly) that expansion will create some additional local jobs but fails to acknowledge that most of these are likely to be filled by people moving from other jobs. In other words, expansion will result few, if any, new jobs at a national level. Yet it includes all the jobs created at a local level as a national economic benefit.
- It over-claims the number of jobs that would be created. There are three categories of jobs that can be created: direct; indirect; and induced. Direct jobs are the simplest to calculate; indirect jobs – those created in other companies as a result of airport expansion – can sometimes be estimated; but induced jobs – those created because people have more money to spend as a result of airport expansion – are very hard to calculate. The CE Delft report says that London City should not have included direct and induced jobs: “if every sector were to do this, a country’s GDP would be significantly overestimated.”
- It doesn’t make a distinction between the benefits to UK and non-UK passengers. This is important because benefits to UK passengers have a knock-on effect on the UK economy in the way benefits to non-UK passengers do not.

The table below illustrates how London City has overestimated the economic benefits of expansion:

Table 7 - Estimated economic impact of the Draft Master Plan on the UK economy

Impact (£ million, 2019 prices)	Annual benefit in 2035 (central scenario), undiscounted According to (ARUP, 2019)	Recalculated annual benefit in 2035 (central scenario), undiscounted According to CE Delft
User benefits - Journey time savings	58	Possibly smaller than 58
User benefits - Surface access benefits	10	10
Total user benefits	68	Possibly smaller than 68
GVA from direct employment	105	+ PM (not additional at national level)
GVA from indirect employment	28	+ PM (not additional at national level)
GVA from induced employment	28	+ PM (not additional at national level)
Total local impacts	160	+ PM (not additional at national level)
Trade impacts (high)	73	0 according to WebTAG
Productivity and economic growth	190	190
Move to more productive jobs	95	95
Total wider economic impacts	358	285
Air pollution	0	- PM
Noise	0	- PM
Climate	0	- PM
Total environmental impacts	0	- PM
Total	586	353 ± PM¹⁵