

WHAT'S DRIVING LONDON CITY'S EXPANSION PLANS

HACAN East chair John Stewart assesses the plans set out in the Master Plan, looks at London City's new strategy and asks whether it will succeed

8th July 2019

London City is proposing to almost double the number of flights using the airport (1). In percentage terms, that is a bigger increase than Heathrow is aiming for with its third runway.

In order to drive through this scale of expansion, the East London airport has had to up its game. Its aim is to promote London City as a major player on the aviation scene. It is no longer content to be London's 'other' airport, the niche business airport, a sideshow to the headline-grabbing Heathrow. It now wants to portray itself as a key driver of the regional economy.

The Canadian-led consortium which bought the airport in 2016 has replaced nearly all the top management team. It is now commonplace for London City to host key receptions at the party conferences. It was a sponsor of the recent Evening Standard business awards. Only last week it hosted The Future of Aviation conference.

This new approach has a clear purpose: to persuade a wide range of decision-makers to back its expansion plans.

So, what's the driving force behind City's expansion plans? And what is its strategy to achieve its expansion and will it succeed? Those are the three questions we consider.

What's driving the expansion plans?

It stems from the £2bn the current owners of the airport forked out when they bought the airport in 2016. The high figure took the markets by surprise. The owners need a return on that investment. Historically, London City has been mainly a business airport. For many years business passengers made up over 60% of its total (the average for UK airports is less than 20%) but last year business passengers accounted for just 50% of passengers and the Master Plan predicts that will fall to 36% by 2035.

The airport expects the *actual* number of business passengers to increase over the coming years but these business passengers tend to be concentrated into the morning and evening rush hours. To make best use of the rest of the day the new owners want to attract more leisure passengers. Most of the additional flights it wants would operate in the 'off-peak' periods and at weekends: it wants to drop the 24 hour closure at weekends - it was only given permission to open in the late 1980s on condition that there were no planes between 12.30pm Saturday and 12.30pm on Sunday because of the large numbers who live very close to the airport. The density of the population around London City exceeds that of any other airport in the UK.

London City wants to attract 'premium' leisure passengers. It can't offer budget flights because Ryanair and EasyJet planes are too big to use the airport. It plans to build on the income profile of its existing users who have the highest mean annual income of any UK airport: business passengers, £94,000; leisure passengers £92,000.

The Consortium which bought London City also owns Bristol Airport. Robert Sinclair, the newly-installed CEO at London City, came from Bristol Airport where he had been CEO for nine years. It is assumed that Sinclair, a man with a background in business and finance, has been brought in to steer expansion. Indeed, shortly after he was appointed, Sinclair revealed his intentions in a press interview laying out the expansion plans, only to quickly back-track saying they were just 'options' when he realized they might not be universally popular.

London City's Master Plan, published just over a week ago, confirmed the 'options' Sinclair talked about. It wants to almost double the number of flights from current levels. This would involve seeking planning permission to lift the current annual cap of 111,000 a year. It also wants to get rid of the weekend respite period and to fly more planes in the early morning and late evening. City has no night flights and has no plans to introduce them.

London City's new strategy

I suspect most national politicians regard London City as a 'nice to have' airport – somewhere convenient for business people from Zurich or Luxembourg to get to City or Dockland for a meeting – but not a national economic asset like Heathrow.

London City has set out to change that image – and thus win support for expansion - by attempting to portray itself as a key driver, maybe even *the* key driver, of the economic development of East, NE and SE London. How important it *actually* is to the economy of the region still has to be independently assessed but it is the message it is using to try and promote itself as an airport which is critical to the economy.

It is taking its message not only to national politicians but to local authorities in its region in order to convince them it is in their interest to back expansion. It is a central part of its new strategy to woo them in this way. It has set up meetings with most of the local authority leaders and chief executives. It understands it has a lot of ground to make up because it has had an uneasy relationship with many of these local authorities.

Ever since it opened in the late 1980s a number of local authorities have been fully aware of the new noise their boroughs experienced but have been less certain about its benefits to their residents. London City is not like Heathrow which employs 76,000 people and which a lot of local people use to fly for business or on holiday. City employs only around 3,000 people and, because its fares tend to be higher than other South East airports, most local people have never flown from it. The relationship with the boroughs was not improved by the airport's poor record in consulting with them on key decisions.

As part of its strategy to position itself as a key regional player, London City has also begun to make wider links. It is lobbying for a Crossrail station to be built in the vicinity of the airport. It has joined the coalition to improve rail links to the new developments at Ebbsfleet in Kent. No longer is it content to be seen as a niche airport primarily serving Dockland the City.

Will the new strategy work?

It is worth repeating that its claims to be a key driver of the regional economy have yet to be independently assessed and tested. And until they are, we do not know whether they stand up or are just clever marketing by airport owners needing to recoup a return on the price they paid for the airport. For the airport a lot rides on whether its claims stand the test of careful and informed scrutiny.

However, what is noticeable by its absence from the strategy and from the Master Plan is any real attempt to get the local communities impacted by the airport onside. I wrote in an earlier piece: *“You could be an aviation enthusiast, a frequent flyer or a climate denier and still be critical of London City Airport’s draft Master Plan published just over a week ago. How can an airport in this day and age propose to double flight numbers, remove weekend respite, increase early morning and late evening flights and offer the communities impacted nothing in return?”*

On the face of it, London City is taking a huge risk in sidelining community concerns. It is difficult to gauge how aware the new owners and the chief executive, whom they installed, are aware of the risk. The fact that the Master Plan puts so much emphasis on the introduction of cleaner and less noisy planes suggests that they know there is the potential for community and environmental opposition but my sense is they have underestimated it.

My reading of the situation is this: London City is banking on its ability to build up a large enough coalition of local and national politicians (including many local authorities) as well as business people which buys into its strategy that it is a key driver of the regional economy for it to be able to override local and environmental opposition.

The airport, though, in its Master Plan has been careful to make an exception for the communities closest to the airport. It has guaranteed that (because of the introduction of cleaner and less noisy planes), the noise and pollution affecting these communities will not worsen with expansion. The CEO Robert Sinclair, when I have seen him in action, does seem to have a genuine empathy with these communities but it is also an astute move. Most of these communities are in the London Borough of Newham, the planning authority that would need to approve any application for expansion.

It is communities further away from the airport that will get nothing but more planes out of the expansion. I suspect Robert Sinclair doesn’t really believe there is too much of a noise problem in these areas. My worry is that he has concluded from the low number of complaints the airport receives that those disturbed by noise are a loud but unrepresentative minority who can be sacrificed in the interest of the wider employment and economic benefits London City claims expansion will bring.

What a mistake! Airport after airport will tell you that complaint figures in themselves are not a reliable indication of the impact the planes have on local communities. I would suggest this is particularly so in the case of London City. It overflies some of the poorest and most ethnically diverse communities in the UK. It flies over streets of people crammed into squalid, rented accommodation, often migrants newly arrived in London. This is not the demographic that is likely to fire off an email of complaint.

I wonder, too, if any new chief executive can really appreciate the depth of latent anger there exists amongst so many in the community about the way they have been treated by the airport over the years. It is a relatively new airport, just over 30 years old. Many residents lived in the area long before the airport was built. They were promised it would be small, operating only ‘whispering jets’. They feel cheated as promise after promise has been broken by an airport they rarely if ever use. Many are furious about the way London City concentrated all its flight paths in 2016 without properly consulting them. And now they are being asked to accept an expansion package that not only offers them next-to-nothing in return but actually takes away some of the conditions which were imposed to make their lives more bearable.

Although, of course, everybody under the flight paths is not disturbed by the noise, it can be forgotten that London’s ‘other’ airport impacts more people than any UK airport bar Heathrow and Manchester. According to London City’s noise action plan 74,000 people live with its noise zone (as defined by the EU).

It is still early days, but the level of community and local authority mobilizing against the expansion proposals within a week of them being announced suggests that London City may have underestimate the level of opposition they have generated.

And Extinction Rebellion is hovering! Although the Master Plan acknowledges London City has climate change responsibilities and is keen to fulfil them, it will cut little ice with the environmental activists who will simply see it as an airport which is planning to nearly double its flights, largely for the benefit of wealthy passengers, at a time of climate emergency.

London City has adopted a high-risk strategy:

- It is banking on convincing decision-makers to buy into its as yet untested view that it is a key driver of the regional economy and to accept its assessment that it will be able to attract enough ‘premium’ leisure passengers to make its expansion viable;
- It believes those arguments are strong enough for it to downgrade – even come close to dismissing – the concerns of local communities at a time there is much latent anger at the way they have been betrayed by the airport in the past and are not prepared to be messed round with again;
- And it is pressing ahead with this growth at a time when there is a growing rebellion against the climate change impacts of aviation.

Only time will tell if it will pull it off, but what’s certain: it will be in for a very bumpy ride.

(1). The London City Master Plan, currently out for public consultation, where all its plans are outlined:

https://assets.ctfassets.net/ggj4kbqgcch2/2mPk96XvzYbi3gJiSB6kbQ/8348be50e732fb0aa1daba2fb18b9516/p01-85_LCY_MP_Final_Reduced.pdf