

**Doc. No.SSE/10/b  
Case Ref. 2032278**

Appeal by BAA Ltd and Stansted Airport Ltd following the refusal by Uttlesford District Council of planning application UTT/0717/06/FUL

## **Summary Proof of Evidence on behalf of Stop Stansted Expansion**

### **Employment and Housing Impacts**

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## 1 INTRODUCTION

### 1.1 Personal details

- 1.1.1 My name is Brian Ross and I appear at the Public Inquiry on behalf of Stop Stansted Expansion ('SSE'). Other members of SSE, particularly Mike Young, have assisted me in the preparation of this proof of evidence.

### 1.2 Qualifications and experience

#### Brian Ross

- B Com (hons), MBA, Graduate of Stanford Executive Programme;
- 25 years experience with UK plc in operations and corporate finance;
- 2.5 years in the PM's office advising on efficiency within Government;
- Now semi-retired, spend most time assisting SSE but also provide analysis and advice as paid consultant, including on matters relating to air transport.

#### Mike Young

- BA (hons) and a Fellow of the Institute of Chartered Accountants in England and Wales and hold the Financial Planning Certificate;
- Most of career with major international oil company in variety of senior management positions. Took early retirement six years ago;
- Moved to Uttlesford in 1991. Involved in a number of local organisations, including local parish councillor, director of a charity and SSE volunteer.

## 2 SCOPE OF EVIDENCE

### 2.1 Core evidence

- 2.1.1 Our evidence on the employment and housing impacts of the proposed development was originally set out in Chapter 8, Volume 1 of SSE's response to UDC, July 2006 [CD/201]. That evidence is superseded by our main proof of evidence [SSE/10/a] which incorporates more recent data and further analysis carried out since July 2006. This is a summary of our proof of evidence.

## 3 KEY ISSUES

### 3.1 Local dependency upon Stansted Airport

- 3.1.1 The employment and housing impacts of this proposal run counter to the objective of achieving sustainable development which 'is the core principle underpinning planning' (PPS1) [CD/92].
- 3.1.2 Between 26% and 37% of Uttlesford jobs would be airport-dependent if this application were to be approved. This would run counter to the objective in the Local Plan aimed at making Uttlesford less dependent upon Stansted for job opportunities.
- 3.1.3 Stansted is highly dependent upon Irish airline Ryanair which accounts for 66% of scheduled passengers. Easyjet accounts for most of the remainder.<sup>1</sup>
- 3.1.4 Stansted not only has a narrow customer base but also a poor financial track record:
- Stansted has the lowest profit per passenger within BAA and relies upon car parking and retail income to offset losses on aeronautical operations;
  - return on capital is only about 4.6% on net assets;<sup>2</sup>
  - about 75% of Stansted's operating profit stems from car parking.
- 3.1.5 Stansted has hitherto been shielded within BAA and has benefitted from cross subsidisation from Heathrow and Gatwick but, following the decision by the Office of Fair Trading to refer BAA to the Competition Commission for a full market investigation, there is a real risk of a break-up of BAA. If Stansted did not have the protection of BAA, its commercial vulnerability may well increase. That is not to say that we predict Stansted's imminent demise. However it would be prudent to hedge that risk because, if it were to materialise, there would be serious adverse economic and employment implications over a wide local area. Employment sustainability requires a broadly-based economy and from this standpoint it is not in the interests of long term sustainability to put more eggs into the same basket.

### 3.2 Quality of jobs

- 3.2.1 BAA suggests that 50% of the jobs created would be in managerial, professional, technical and highly skilled occupations<sup>3</sup> (SJs 1-5<sup>4</sup>). This seems remarkably high. We think of airports as generating jobs for check-in and security personnel, baggage handlers, shop and hotel workers, cleaning and catering staff, warehouse staff, cabin crew, airport management, administration/ secretarial staff, car park attendants, coach/taxi drivers, maintenance staff etc.
- 3.2.2 Even if BAA's 50% figure were accepted, this would still represent a significant mismatch with the local workforce. 79.6% of the Uttlesford workforce is in SJs 1-

<sup>1</sup> BAA 'Detailed Statistics' at [http://www.baa.com/assets/B2CPortal/Static%20Files/Top\\_airlines2005.pdf](http://www.baa.com/assets/B2CPortal/Static%20Files/Top_airlines2005.pdf) and CAA airport statistics.

<sup>2</sup> Annual Accounts for Stansted Airport Ltd ('STAL'), 2005/06. [CD/221].

<sup>3</sup> ES Vol 6: Table 13 [CD/9].

<sup>4</sup> Standard Job Classifications.

5; for the Stansted 'Inner Area' it is 68.9% and for the 'Outer Area', 69.9%. A jobs mismatch would create a conflict with one of the underlying principles of sustainable development i.e. achieving a balance between employment and housing and reducing/minimising the need to travel. This would exacerbate the problem of 'double commuting', whereby skilled/highly qualified local residents commute to London whilst Stansted recruits employees from London and overseas because it cannot find people locally to fill the jobs it has available.

### **3.3 Employment displacement impacts**

#### ***Luton Airport***

- 3.3.1 Encouraged by the policies set down in the ATWP<sup>5</sup> Luton Airport also has ambitious expansion plans. Both Stansted and Luton focus on outbound budget leisure travel and there is considerable overlap in their geographical catchment areas. In short, Luton and Stansted are in direct competition and expansion at Stansted would reduce the scope for expansion at Luton. Indeed, there are already hints that expansion at Luton may be delayed because of concerns about commercial viability if Stansted is allowed to expand in parallel.<sup>6</sup>
- 3.3.2 The employment impact of expansion at Luton would be more beneficial for the Region because Luton has far higher local unemployment than Stansted and is better placed to provide the labour force to fill the new jobs from its own local area. Stansted, on the other hand would need to increase its recruitment efforts in London and overseas.

#### ***Impact on regional tourism***

- 3.3.3 If BAA's application were to be approved there would be an additional financial outflow from the UK economy relating to international tourism of about £840m pa at 35mppa rising to about £1.75bn at 50mppa. If these additional overseas leisure trips were to be at the expense of domestic tourism about 27,000 jobs would be lost at 35mppa rising to about 56,000 at 50mppa<sup>7</sup>. Even accepting that the impact would not be purely substitutional, the number of jobs lost (many in rural areas) is likely to exceed the number of jobs created by the proposed development.

#### ***Discouragement of inward investment***

- 3.3.4 Studies repeatedly show 'quality of life' and 'availability of suitable employees' as of equal or greater importance than transport links in attracting inward investment. Expanding Stansted would reduce these attractions and would also increase road and rail congestion thereby discouraging inward investment which could bring greater diversity and more highly skilled jobs to the local area.

#### ***Displacement of employees in other industries***

- 3.3.5 If aviation continues to expand apace and is included in the EU carbon trading scheme, it will become the 'cuckoo in the nest', gradually forcing manufacturing businesses (or at least those which are energy intensive and need to compete

<sup>5</sup> [The Future of ] Air Transport White Paper, Dec 2003 [CD/.87].

<sup>6</sup> Luton Airport Draft Master Plan, October 2005 [CD/226], stated the intention to have a new runway operational by 2012. This is a relatively expensive project and it is understood that the business case has become problematic on the (risk-averse) assumption that Stansted expands in parallel. More details may be announced in the course of the Stansted Public Inquiry.

<sup>7</sup> Based on £31,000 per job – explained more fully in SSE/10/a.

internationally) to relocate overseas because the price of carbon permits will become unaffordable for them.

### **3.4 Impacts upon the local labour market**

- 3.4.1 ES Vol 6 [CD/9] inadequately explains the evidence used to project the future size of the workforce. BAA assumes a major increase in the available labour market but this is not supported by other evidence.

### **3.5 Housing impacts**

- 3.5.1 BAA has disregarded housing impacts but the proposed development would have significant implications

#### ***London recruitment***

- 3.5.2 About 7% of the airport's employees already commute from London and this would increase if the application were approved resulting in more long distance commuting contrary to the objective of reducing the need for travel.
- 3.5.3 This will also accentuate the need for more local affordable housing to reduce the need to travel and to provide opportunities for airport employees to integrate into the local community consistent with 'sustainable communities' principles.

#### ***Overseas recruitment***

- 3.5.4 A more recent development at Stansted has been the recruitment of employees from overseas. There needs to be proper (housing) provision for integrating these new members of our community. The current arrangements appear largely to depend upon private rented accommodation. Such temporary accommodation is not a sustainable arrangement and is already creating price and availability pressures in this sector. Expanding Stansted would accentuate these problems.

### **3.6 Commuting**

- 3.6.1 BAA has not provided projections for the impact of its proposed development upon employee commuting. If projections had been provided we believe these would clearly highlight a contradiction between the expansion proposals and the planning policy objectives set down in PPG13 [CD/106].

## **4 CONCLUSIONS**

### **4.1 The proposed development would:**

- 4.1.1 Result in over-dependency upon Stansted for jobs.
- 4.1.2 Provide the wrong type of jobs to an area of low unemployment.
- 4.1.3 Have significant employment displacement impacts because it would:
  - have adverse job displacement impacts upon Luton Airport;
  - create job losses in the domestic tourism industry;
  - make the local area less attractive for inward investment;
  - displace jobs in manufacturing and processing industries.
- 4.1.4 Have significant adverse implications for the local housing market.
- 4.1.5 Increase long-distance employee commuting.