

Appraisal Framework

Observations

April 2014

1. Introduction

- 1.1. This document comprises a series of observations made by the Mayor of London's aviation team upon the Commission's recently published Appraisal Framework. They are made in light of the Commission's consultation, and the changes that have been made to the Framework as a result.
- 1.2. The Mayor submitted a full response to the Commission's Appraisal Framework consultation in February. The Mayor's response asked for the Commission to consider a number of issues.
- 1.3. A number of positive improvements have been made to the Appraisal Framework, and these are welcomed. However there are a number of aspects of the Framework which continue to cause concern and have room for improvement. This document is intended to provide an overview of these issues.

2. Issues which continue to cause concern

- 2.1. **As the Commission use its Appraisal Framework to assess schemes, it must:**
 1. **Focus its sights far beyond 2030.** The Commission's assessment continues to focus on too short a time-frame. We are very pleased to see that the Commission has added a new objective '*Maximising benefits in line with relevant long-term strategies for economic and spatial development*'. However, the Mayor's London Plan looks 20-25 years ahead. His emerging infrastructure plan looks ahead to 2050. To properly understand the impacts of each scheme in the way that is described, the Commission need to adopt an equivalent outlook.

The Commission's retention of delivery objective two '*to have the equivalent overall capacity of one new runway operational by 2030*' is at odds with this new objective. It also risks undermining the Commission's entire work programme and purpose. We must not toil to deliver a one new runway. This will only put us in the same wretched position again, in 10 years time.

The difficulties and uncertainty associated with forecasting our needs many decades ahead are fully understood. However, the benefits which new aviation capacity could yield, and the lengthy process new capacity investments require

mean that a many-decade strategy is critical. The Government's previous 2003 Aviation White Paper looked 30-years ahead. The lack of progress since that Paper was published should drive the Commission to take a similar stance as a minimum. A high value must be assigned to those schemes which can meet a wide range of potential aviation market and demand outcomes.

- 2. Ensure that schemes are designed and developed to meet its objectives.** The Commission have identified a number of sensible objectives. These include surface access objective one '*to maximise the number of passengers and workforce accessing the airport via sustainable modes of transport*', and environment objective one '*to minimise and where possible reduce noise impacts*'. The scheme design and development process must oblige promoters and the Commission to design ambitious and credible schemes which can best meet the objective in question (for instance a surface access proposition that delivers a step change in public transport service quality, capacity and connectivity, rather than one which makes do).

The Commission must avoid focussing purely on what is cheapest and easiest to deliver. Its appraisal module tests should be applied to the more ambitious variants of schemes, and this will reveal whether they remain affordable and cost-efficient. To conduct its work efficiently, and identify the best schemes to pursue, the Commission should consider the adoption of targets which schemes must achieve.

- 3. Ensure that all short-listed schemes are assessed to the same timescale, and on a like-for-like basis.** This includes an Inner Thames Estuary option if the Commission decides to add it to their short-list in September. This is the only way to ensure a fair and impartial process. A consultation with mismatched timescales would be invalid. The Commission's assertion in paragraph 1.10 that an Inner Estuary option '*would be subject to the same process... although not necessarily to the same timescales*' confirms these concerns.

The revised Appraisal Framework shows little evidence that the Commission have recognised the need to adopt a more intelligent and accurate method of presenting options side-by-side. Not only must we see the worst-case impacts of all options identified (the environmental impacts of fully, rather than partially utilised new runways for example), but it is clear that the capacity, resilience, and performance of runways will differ markedly between different locations. The Commission's assessment must begin to reflecting this.

- 4. Assess options against standard 'do nothing' baseline, and consider the introduction of a separate 'enhanced' baseline.** Getting the baseline right is particularly important where the currently proposed base case changes significantly from the current situation. For example, the Commission plan to include '*all short-term recommendations made by the Commission in its Interim*

Report' in its baseline (as described in paragraph 5.18). There has been no response from the Government endorsing these recommendations, nor has the requisite level of consultation, trialling and assessment been conducted.

It is recommended that the Commission adopt a true 'do-nothing' baseline as its central case, and that any testing of schemes against potential changes deemed likely could be done against a clearly defined and justified 'enhanced' baseline.

The Commission must fully recognise the impacts of changes that will occur independently from the policy interventions and infrastructure outcomes that are the subject of its work. The London Borough of Hounslow is for example, currently planning to build several hundred new homes under Heathrow's flightpaths. The Brighton Mainline, serving Gatwick, is forecast by Network Rail to be over capacity in 2031, with current and planned improvements, and without any airport expansion.

5. **The Commission must not place undue weight on short-term, private sector led solutions.** While there will be a large role for the private sector, in terms of construction, financing and operations, in any new airport infrastructure, it would be a mistake for the focus of the Airports Commission's work to be on the short term needs of investors, rather than on the national interest, particularly if those investors have a vested interest in current airport infrastructure. And the Commission should accept that there are certain types of transport infrastructure, particularly road and rail, which, by providing wider benefits, are recognised as being financeable only by the public sector and should therefore be scored quite separately in assessing the overall costs of the project. The Commission must also remember that the monetisation of the full, wider-reaching and long-term benefits, though solid and real, will be very difficult to capture through a pure business case analysis and there will be many regeneration effects to set against construction debts in addition to airport and surface access revenues.

6. **The positive gains of additional airport capacity cannot be accompanied by undue and unnecessary negative impacts.** The Commission's recognition in its reworded environment objectives that adverse impacts such as noise and air quality impacts of aviation can be reduced is very much welcomed. However, appropriate weight must be given to all who will be affected by the negative impacts of aviation, despite not necessarily being users.

The methodology that the Commission proposes to use to assign a value to noise impacts for example, will offer a helpful guide to the relative performance of options. However in light of the lack of consensus around aviation noise exposure and its impacts, it must not be taken to represent the entirety of the negative impacts aviation noise can have.