

NEW ECONOMICS FOUNDATION

GATWICK AIRPORT DCO: ADDITIONAL INFORMATION

Written by: Dr Alex Chapman

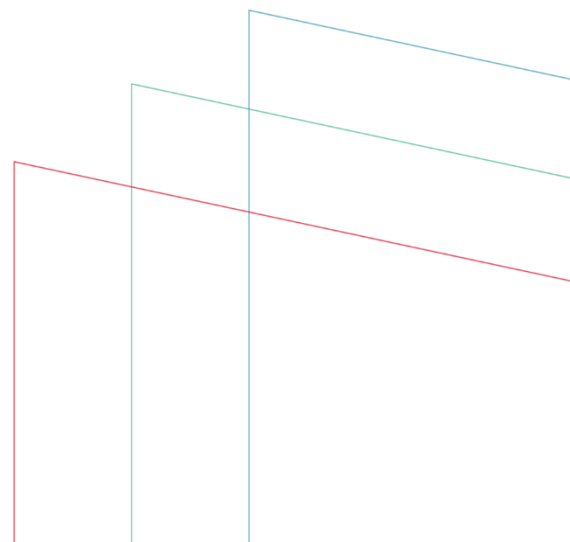
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NEW ECONOMICS FOUNDATION **ADDITIONAL** **INFORMATION RESPONSE**

1. This document

- 1.1. This document provides the New Economics Foundation's (NEF) comments on the additional information provided by GAL on the 24th April 2025 in response to the Secretary of State's letter on the 27th February 2025.
- 1.2. The key documents referred to herein are:
 - C3-015a: Cover Letter sent by GAL to the Secretary of State dated 24th April 2025
 - C3-015e: Annex 4 – other matters, annex to the cover letter sent by GAL

2. Greenhouse gas emissions

No error in ExA report

- 2.1. NEF strongly disagrees with GAL's claim that there is a "serious error" (p.9) in the ExA's analysis of the greenhouse gas (GHG) emissions arising from the proposed development.
- 2.2. In fact, in our view, GAL have misunderstood and misrepresented the ExA's conclusions, and glossed over the ExA's rational concerns with the robustness of GAL's GHG emissions assessment.
- 2.3. GAL claim (p.9, C3-015a) that the ExA have "relied on" the forecast Sixth Carbon Budget emissions share of 3.4% presented by GAL for the whole airport in error. GAL imply that the ExA used this figure not realising that it relates to the entire airport's emissions rather than just the additional emissions from the proposed development.
- 2.4. The ExA did not make an "error" when using this figure. Para 8.4.106 (the paragraph which GAL direct us to) and Para 8.5.12 of the ExA report explicitly recognises that the figure relates to "the entire airport and not just the Proposed Development". As such, the ExA were clearly fully aware what the figure related to.

- 2.5. GAL are also incorrect in their claim that the ExA have “relied on” (Cover Letter p.9) their 3.4% figure in coming to their conclusion that “the 5% threshold is likely to be reached for the project as a whole” (ExA para 8.4.109). This is not the case, the ExA does not rely on this figure.
- 2.6. In fact, the ExA raise concerns with the validity of the 3.4% figure, and set out a number of reasons why it is unfit for use in applying the IEMA guidance. In paragraph 8.4.109 the ExA point to “doubts about the applicant’s assessment that the project would result in a 3.459% contribution in the Sixth Carbon Budget” (ExA report, p. 147). In the same para they also raise their concern that the 3.4% figure only relates to the period up to 2037 and share their concern about a “rise beyond 2037”. Rather than having relied on this figure, the ExA have expressed concerns about its utility, and have had to make a judgement in the absence of perfect quantitative data.
- 2.7. In Annex 4 (C3-015e) paras 7.7.-7.13 GAL go on to raise further concerns about the approach taken by the ExA. In this section, particularly para 7.10, GAL relies on their interpretation of IEMA guidance. At this point it is worth noting that the 5% threshold/test is something mentioned by IEMA in their guidance on greenhouse gases, but it is only a component of guidance and one way in which contextualisation of the significance of GHG emissions can be assessed. It is not a test, to be applied without the application of the other aspects of the guidance on contextualisation – in particular, the Box 3 significance criteria, which assign “major adverse” significance to a project which locks in GHG emissions and where those emissions do not make a meaningful contribution to the UK’s trajectory towards net zero (a different test from materially affecting the UK’s carbon budget,). The ExA properly applies this approach (even though GAL does not), in its conclusions in paras 8.5.10 and 8.5.13.
- 2.8. There is no policy that a nationally significant infrastructure project will only be significantly harmful in climate terms if it produces GHG emissions reaching the indicative threshold of 5%. The ANPS, at its key para 5.82 makes no reference to this threshold. There is no requirement on the ExA to rely on this test.

2.9. In short, GAL claim that IEMA guidance, where it sets out the 5% indicative threshold, focuses on contextualisation against UK carbon budgets, but that the ExA have raised concerns about emissions outside of UK budgets. We believe this line of argument is flawed for three principal reasons:

- IEMA guidance and the ANPS pre-date the Finch judgement and other policy developments such as the NNNPS2024 which have significantly changed the way downstream effects, whole life carbon, and well-to-tank emissions must be viewed. The ExA were right take into account these recent developments.
- The ExA's decision to exercise discretion in their approach to contextualising emissions by giving weight to emissions outside the carbon budgets is endorsed by the IEMA guidance itself, which states: "It is down to the practitioner's professional judgement on how best to contextualise a project's GHG impact." (p.27).
- Contextualising non-carbon emissions and inbound flight emissions which are outside of the UK carbon budgets clearly presents additional considerations. On this matter, IEMA state "Where quantified carbon budgets or a net zero trajectory is lacking, a more qualitative or policy-based approach to contextualising emissions to evaluate significance may be necessary. In these instances, uncertainty and the likelihood of effect should be discussed." (p.28). Again this highlights the right of the ExA to exercise their discretion and apply a qualitative judgement to decide that the significance threshold was met.

Conclusion on GHGs

2.10. As a matter of fact, the final conclusions on greenhouse gases presented by the ExA at paras 8.5.13-8.5.14 and 23.2.2 make no reference to the 3.4% figure, and make no reference to the 5% threshold from IEMA. That is explained by the ExA's concerns about the robustness of that figure, which the ExA explain in earlier parts of their Report. As shown above, the ExA decision is completely compliant with IEMA guidance.

2.11. The ExA are right that the proposed development is contrary to paras 5.70 and 5.83 of the ANPS. The ExA are right to have taken the Finch and West

Cumbria cases and the CBDP into consideration. The ExA are right that the landscape has changed since previous airport decisions assigned ‘neutral weight’ to greenhouse gas emissions. The ExA are correct to assign a significant adverse effect to greenhouse gases.

- 2.12. NEF’s only point of contention with the ExA is their rationale for assigning only “moderate” weight to greenhouse gases against the proposed development in the planning balance. Given that the proposed development would lead to one of the largest net negative impacts on the climate of any decision taken in the UK in the 21st century to-date; also given that no mitigations are proposed that would remove that impact, and no mitigations at all are in place for non-carbon greenhouse gases; we believe the impact should have been assigned “major” weight against the proposed development.

3. Economic benefits

- 3.1. GAL are unhappy with the ExA’s decision only to assign “moderate weight” to the claimed economic benefits of the scheme rather than a higher level of positive benefit.
- 3.2. GAL say that the ExA “does not explain why this attracts only moderate weight” (Annex, C3-015e, para 6.6).
- 3.3. However, GAL have ignored the point raised by the ExA about the absence of a standardised methodology for assessing effects, and the lack of defined standards or thresholds for assessing the significance of socioeconomic effects (ExA para 10.3.1). The ExA are right to point to this issue, which NEF believes requires addressing by policymakers in future policy updates. Within this context, the ExA have approached economic impacts as they saw fit.
- 3.4. Notwithstanding this methodological issue, GAL overstate the level of economic benefit attributable to the scheme. GAL claim that “The TAG-compliant National Economic Impact Assessment [AS-164] identified welfare benefits with a Net Present Value of £15.2bn”. The ExA have declined to comment on the extensive discussion on the TAG method that took place between IPs during the examination. But, as set out by NEF repeatedly, the TAG assessment presented by GAL was deeply flawed. The claimed Net

Present Value of £15.2bn is not based on a sound assessment, for the reasons set out by NEF in its submissions (see for example NEF's Deadline 10 submission). NEF presented its own assessment based on the TAG method showing that the scheme's forecast impact is negative. In summary, correction of GAL's own modelling to align it with TAG best-practice leads to a net present value to society of -£1.2bn while NEF's own central case leads to a value of -£4.5bn.

- 3.5. The economic benefits of the proposed scheme are very weak. There has been no growth in business-purposes travel nor air freight volumes since 2006, despite significant growth in overall passenger volumes. This indicates that UK business has moved away from reliance on air travel. The UK operates a very large and growing tourism deficit that is exacerbated by airport expansion and takes household spending out of UK highstreets and sends it abroad. A large body of recent academic research suggests the economic growth/productivity impact of airport expansion in this context is at best weak, and at worst actively unhelpful.
- 3.6. At this inquiry and the others cited by GAL, these cold realities have been ignored by decision makers who have preferred to rely on general statements made in government policy, much of which is considerably out-of-date and not reflective of the latest evidence.
- 3.7. The ExA is more than justified, in taking account of the latest evidence which was placed before it, to take a different approach from previous decisions and to take account of more recent evidence. Indeed, NEF's position is that it would be rational to give little weight to the claimed economic benefits, because they are weak.