

AS PROVIDED FOR UNDER SECTION 100B(4) OF THE LOCAL GOVERNMENT ACT 1972, THE CHAIRMAN IS OF THE OPINION THAT THIS REPORT SHOULD BE CONSIDERED AS A MATTER OF URGENCY BY REASON OF SPECIAL CIRCUMSTANCES WHICH ARE THAT ARRANGEMENTS NEED TO BE MADE FOR THE COUNCIL TO RESPOND TO THE GOVERNMENT'S CONSULTATION PAPER ON AIR TRANSPORT DEVELOPMENT (SECOND EDITION) BEFORE THE DEADLINE FOR COMMENTS WHICH IS 30TH JUNE 2003.

PAPER NO. **03-596**

WANDSWORTH BOROUGH COUNCIL

CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

25TH JUNE 2003

EXECUTIVE – 30TH JUNE 2003

Report by the Chief Executive and Director of Administration on a proposed response to the Government's revised consultation on "Future Development of Air Transport in the United Kingdom: South East Region".

SUMMARY

This report presents a proposed response to the Government's revised consultation on airport runway expansion for the South East, now including options for one and two extra runways at Gatwick, which had been deliberately omitted from the consultation exercise last November. The Council had responded to that, recommending Gatwick options be included.

The report shows the Gatwick options can contribute up to two thirds of the expansion in air traffic demand forecast by 2030, and offer low costs and good transport links to Victoria and the M25. However a second new runway would have limitations caused by its proximity to Horley, permitting take-off and landing to the West only.

Other developments on the options debate include an important publication by the Institute for Public Policy Research (IPPR) which supports many of the Council's concerns about environmental costs, and the need for a full cost-benefit evaluation. A discussion paper from the Treasury and Department for Transport (DfT) on taxing airlines to reflect their pollution and to help achieve sustainability is also noted.

The proposed response echoes many points in the previous Council response, pointing out the strong case against Heathrow options (now strengthened by the relatively limited costs and environmental difficulties with the Gatwick options). Also the Council's request for a full cost benefit appraisal, including the real costs of noise and pollution, congestion, employment and other secondary effects, with all transport infrastructure included in an equal and fair manner, is stressed. Stansted is seen as close to Gatwick in terms of attractiveness: both offer the scope for flexible development which could be necessary if traffic growth slows with the introduction of taxes on flights to reflect their environmental pollution.

**Recommendations**

1. The Corporate Resources Overview and Scrutiny Committee are recommended to support the recommendations in paragraph 3.
2. If the Overview and Scrutiny Committee approve any views, comments or additional recommendations on the report, these will be reported to the Executive for consideration.
3. The Executive are recommended to:-
  - (a) inform the Government that it considers the South East Regional Airport Study (SERAS) report – though broad and impressive in terms of sites sifted – is flawed by virtue of its failure to attempt to bring all costs and benefits together, including the real economic benefits of each site to the UK economy, and should therefore be restructured, recalculated and reissued before any White Paper is produced;
  - (b) agree that with the significant weight of opinion now pointing to the Government’s demand forecasts as optimistic, they should be recalculated, not only to reflect a maturing in the trends of recent years for aggressive fare-cutting, but to take account of the need to introduce taxes to reduce emission, noise and airport-induced congestion;
  - (c) strongly reject proposals for further expansion at Heathrow (despite the strong and highly resourced lobbying from the airlines and BAA) on the grounds of high hidden costs due to congestion and pollution, totally unacceptable noise nuisance, an overheated local economy and planning unsuitability;
  - (d) agree that in the context of lower demand growth, Gatwick options are supported, as they offer attractive flexibility for slow incremental additions to capacity in conjunction with Stansted, and because Gatwick has great advantages of excellent transport links, developable at limited costs and with relatively low environmental impact in contrast to Heathrow.
  - (e) agree that Cliffe has attractions in terms of its regeneration potential and good transport link potential, but requires a major Government commitment to make it happen, through provision of the necessary Thames Gateway infrastructure, and the necessary housing investment.
  - (f) agree to submit these comments to the DfT, together with the original response (subject to any late minor amendments the officers may need to make);
  - (g) note the publication of the joint Treasury/DfT discussion paper on the use of economic instruments to effect sustainability in the air transport industry, and delegate to the Chief Executive the drafting of an appropriate response based on relevant agreed Council policy; and

- (h) agree with the Leader's proposal that he write to the Chancellor of the Exchequer, drawing attention to the Council's continuing concern that the SERAS evaluation is inadequate, being based on a very limited and unfair selection of costs and benefits, inclusion of international benefits in spite of Treasury guidance to the contrary, and omission of any assessment of secondary investment costs and local benefits, the costs of environmental impacts, and many other important factors.

### **Introduction**

4. The Government consulted on its seven regional plans for airport capacity development in the latter half of 2002, including options for the South East of England. The Council responded to this consultation on the basis of Paper No. 02-965, considered by this Overview and Scrutiny committee on 20th November 2002 and approved by the Executive on 2nd December 2002. The recommendations from that report are attached as Appendix 1 herewith, and it will be noted that recommendation (i) was to:-

“agree to recommend to the Government that a second full runway at Gatwick should not be ruled out as an option, either before or after 2019 and to note that Gatwick has strong advantages of possessing a good transport infrastructure and established base of operation”.

### **Inclusion of Gatwick Options**

5. Subsequently, after the consultation closed at the end of November 2002, a legal challenge was made against the Government's decision to exclude the second full runway options at Gatwick, and this was successful. The Government were compelled to reconsult on this revised basis which they did in February 2003, publishing a second edition of their consultation paper. This now includes full details of new runway options for Gatwick and consequential amendments to summary evaluation tables and other sections of the report. This Second Edition consultation report is available on the Department of Transport website, and a copy has been placed in the Members' Room. The essential information on the new options and their evaluation against various criteria is summarised below.

### **Other changes since November 2002**

6. Since the Council determined its response along the lines identified in the appendix, there has been continued and vigorous debate on the need for, and best locations for, additional runway capacity in the South East. These have included extensive comments on the viability or otherwise of a new four runway airport at Cliffe in Kent, debate on the reality of including high-growth demand projections for air traffic based on the 'predict and provide' principle, when there are growing pressures for environmental protection measures and an early end to the advantageous nil-tax regime for aircraft fuel, and various studies on the likely employment impact of capacity growth at the various sites. Comments on all of these new areas of debate are included also in this report. Finally, fresh conclusions are drawn and revisions and additions to the original recommendations are proposed.

**GATWICK – OPTIONS FOR ONE AND TWO NEW RUNWAYS**

7. Gatwick is currently a single runway airport North of Crawley in West Sussex, with two terminals and good road (M23) and rail [Victoria direct line] links to London. The original SERAS study included, as an appendix only, outline details for two expansion options: a wide spaced runway parallel to the existing runway, and also a close parallel runway. The main report and the summaries of the various options did not include these two Gatwick options, but stated because BAA had signed a planning agreement with West Sussex County Council not to construct a second runway at Gatwick before 2019, no additional capacity could be achieved before 2024, and to include options which could only contribute at such a late date would create unnecessary blight and anxiety.
  
8. The 2nd edition SERAS report includes not only full details of the wide spaced and close parallel runways, but also the option of two new wide spaced runways. Wide spaced runways have greater capacity as they allow independent mixed-mode operation i.e. each runway can accommodate aircraft arriving and departing. For close parallel operation segregated mode operation only is possible i.e. one runway is used for departures only and the other for arrivals only. These new options allow for a new wide spaced runway in 2011 or later and a second in 2018 or later, providing for up to 115 million passengers per annum (mppa) compared with the current use of 32 mppa. A difficulty with the maximum two new runway option is that while one would be the wide spaced parallel runway to the South, as previously envisaged, the second would be to the North of the current runway and directly West of the town of Horley. It could only operate to and from the West, to avoid overflying Horley, thereby reducing capacity.
  
9. The impact of the various options is as follows:-

**TABLE 1 – 1 and 2 extra runways at Gatwick**

	Passenger Capacity Mppa	Residents suffering Noise above 57dBA ('000)	Employment (000's)
Current Use 2000	32	9	43
Current Capacity (2030)	40	9	38
1 close-spaced new runway	62	10	51
1 wide parallel new runway	83	23	64
2 new runways	115	31	92

**Road and rail access**

10. As mentioned, Gatwick already has good road and rail access, and improvements to these are already planned. These are considered adequate for the close parallel runway, although enhanced capacity might be necessary at some points on the rail network to cater for expected users. With two new runways extra airport express trains and infrastructure improvements to accommodate them would be needed around Croydon and at the London terminus. Two extra runways would also require widening of the M23 between junctions 8 and 10 and on the airport spur.

**Air quality, noise and regional planning impacts**

11. In environmental and ecological terms, the two runway options would remove six Grade II\* buildings and 18 Grade II listed buildings, plus part of the conservation area of Charlwood Village. The two runway option would also impinge on three sites of Nature Conservation Interest and the Glovers Wood site of Special Scientific Interest (SSSI).

**Noise disturbance and air pollution**

12. As regards noise impacts, at the 57dBA level, two additional runways would include 22,000 extra residents within the noise contour by 2030 compared with 54,000 extra for the short runway at Heathrow. For air quality, pollution by Nitrogen Dioxide (NO<sub>2</sub>) above the mandatory 2010 EU limit would affect 3,800 people by 2030 with one extra runway, and up to 7,000 residents with the two runway option. This compares with a prediction of 35,000 extra residents exposed to EU exceedence of NO<sub>2</sub> by 2015 with one short runway at Heathrow, for a much smaller increase in runway capacity with that option.

**Employment generation**

13. The employment impact of two new runways would be fairly significant, creating some 49,000 extra jobs by 2030 on top of the current level of some 43,000. The SERAS report points out that this number would not be available in the local labour market, although it is suggested the road and rail improvements needed would permit a wider influx of labour from the Brighton-Gatwick-Croydon corridor, sufficient to accommodate the need. However a recently reported study for West Sussex County Council by Berkeley Hanover suggested this was unlikely to be adequate and there would be pressure for local developments to meet these employment needs and two new towns the size of Crawley, or one of 200,000 population would be needed. This would seem an excessively pessimistic forecast to provide 49,000 jobs with at least some significant contribution from the South London/Croydon and Brighton hinterland identified in SERAS.

**OTHER ISSUES RAISED IN RECENT DEBATE ON AIRPORT CAPACITY**

**Nitrogen Dioxide pollution forecasts for Heathrow**

14. Recently BAA have published their own views on the SERAS options strongly urging new runway capacity, but not at Cliffe. They had not responded to the November 2002 consultation. With their response they have included alternative technical modelling of NO<sub>2</sub> concentrations created by a third Heathrow runway giving markedly different results to the original SERAS modelling estimates of 35,000 residents affected above the EU limit by 2015. Their estimates seek to revise the number affected to 10,000 only. The BAA research has been strongly criticised by HACAN Clear Skies, on the grounds that it seeks to change the modelling methodology from that established for the Terminal 5 public inquiry. Furthermore, it should be borne in mind that actual NO<sub>2</sub> values at Heathrow are already excessive, with the environs of the airport exceeding the current National Air Quality Standard for NO<sub>2</sub> (40mg/cu.metre) by some 25%. The 2001 average was 53 mg/cu.metre. In addition to maintaining the best forecasting methods available, it is important in any event to assess options against their real health impacts rather than EU fines and exceedencies: NO<sub>2</sub> is a highly damaging pollutant which is associated with breathing impairment and the incidence of premature deaths, both of which need to be included and assessed in any cost-benefit evaluation of the options.

**Repositioning of the short Heathrow runway to the East**

15. It has been suggested by British Airways and others that some of the disadvantages of the Heathrow short runway option could be avoided by resiting the runway 200 metres to the East, thereby avoiding the need to demolish the Harmondsworth Tithe Barn, and also St. Mary's Church Harmondsworth. Although retention of these buildings is clearly of immense importance, it is not considered that the resiting of the runway (even if technically possible at economic costs) would have any significant effect on the huge overall disbenefits of an extra runway at Heathrow. The significant costs from this option in the cost benefit equation are the costs of noise pollution (estimated at some £0.7 billion by this Council) and higher employment, congestion and infrastructure costs at Heathrow, due to the local overdevelopment and lack of capacity (estimated at some £1.5 billion). There are also the new safety risks of having at least two runways operating in parallel over a densely populated area referred to in Paper No. 02-965. None of these elements are affected by any runway repositioning.

**Realism of unconstrained air traffic demand forecasts: the IPPR Study**

16. Since the close of the original consultation there has been considerable debate on the issue of air traffic demand forecasts, and the realism of assuming that current growth trends will continue. One of the most critical studies of the Government's assumptions was carried out by the Institute for Public Policy Research (IPPR) which challenged the wisdom of planning for significant new capacity, pointing out that to allow for its climate change impacts air travel will have its fuel subsidies removed, and made to bear the costs of the pollution it creates via the "polluter pays" principle in order to contribute to the Government's aim of

reducing carbon dioxide (CO<sub>2</sub>) emission and climate change. A European 'emission levy' is suggested. The IPPR study points out that the UK's target to cut carbon dioxide emissions to reduce global warming require an ambitious 60% reduction by 2050 and air industry emissions alone would breach this. New runways are therefore only likely to exacerbate problems.

17. The IPPR study also vindicates many of the points the Council and other authorities and bodies concerned with the environmental impact of air transport have been making. As well as suggesting the demand forecasts are overstated and very likely to be lower as environmental and social costs are passed back to operators, the study also argues the economic benefits of aviation growth have been overstated, and are in fact highly dependent on location. It also states the links between aviation infrastructure investment and wider economic productivity and benefits are unproven and may, if they do exist, be subject to diminishing returns. They further point out aviation growth in fact has a negative balance of payments impact and would increase the UK's tourism expenditure deficit with other countries.
18. As well as subjecting some of the claimed benefits to scrutiny, the study also highlights many of the secondary and less tangible costs that the Council has repeatedly drawn attention to in calling for a complete cost benefit analysis. The study makes the point that the important economic costs, such as congestion on surrounding roads and the costs of providing secondary infrastructure (housing, schools etc.) are ignored. It draws attention to the distortions in the market for travel caused by the aviation industries tax exemptions and subsidies (e.g. from airport retailing). It also emphasises that as access and user charges do not reflect the costs of congestion or noise disturbance, there is perversely no financial incentive for operators to divert to less congested and intrusive locations, or for surface travel to develop and win long distance business on a level playing field with airlines.
19. The study proposes a number of remedies, including noise levies and compensation payments to those affected, plus statutory powers of enforcement of noise and air pollution limits as part of an integrated pollution control system. This could include also permits for emission control (in line with a direction on emission control the EU is already planning), and an NO<sub>2</sub> levy, as charged in Sweden, which would cover emissions from ground transport as well as aircraft. The study also stresses the need for tougher public safety assessments of airport operations and new capacity.
20. Other studies and commentators have also emphasised the likelihood that aircraft operators will need to be constrained by economic measures as part of European and international initiatives on environmental protection. Various studies have predicted an early start on the introduction of such measures: the Royal Commission on Environmental Pollution (RCEP) has also pointed out the Government's air traffic forecasts would completely undermine the UK's commitment to the world plans to tackle global warming and that it is necessary to begin now to curtail demand using economic instruments.

**Treasury aviation tax discussion paper**

21. The Department for Transport and the Treasury have now (in March 2003) jointly published a ‘discussion paper’ entitled “Aviation and the Environment – using Economic Instruments”. The aim is stated to be to inform stakeholders and support discussion on creating an environmental framework that will ensure the long-term development of aviation in the UK is sustainable. It is proposed to discuss with stakeholders the most effective economic instruments for ensuring that the air transport industry is encouraged to take account of and where appropriate reduce, its contribution to global warming, and local air and noise pollution. Publication has been in an extremely low-key manner, such that the existence of the document only came to light to individual authorities as a result of it being included in background technical reports to the separate consultation on Night Flying Restrictions (see Paper No. 03-597 on this agenda). Enquiries have revealed that no local authority organisations have been included as invited stakeholders, although the LGA are now making a limited response on the principles of trading in emissions permits, a key topic in using economic instruments to control aircraft emissions and their contribution to climate changes. It would appear however that as open-ended consultation was initiated on the publication of the reporting individual responses (to a separate Department – DFT – to that dealing with SERAS), and therefore individual Councils and groups of Councils may respond.
22. A copy of the Discussion Paper has been placed in the Members’ Room. Although much of the content is of a technical nature some of the questions are straightforward, and it is anticipated a response could be made based on existing Council policy. The Leader has been consulted, and requested that this should be delegated to the Chief Executive and the Head of Environmental Services, and the response should also be communicated to all those other authorities that supported the European Court of Human Rights case (the Hatton Case) for which the Council acted as the lead supporting authority.
23. The discussion paper is interesting in that it identifies in Annexe C the tax levels on flights that would be needed to cover the application of a typical “polluter pays” levy in respect of the global warming effects of air travel. These vary from £40 for a one-way transatlantic flight to £3 for a short haul European route. (N.B. These figures do not include any element to cover noise or local congestion but relate to engine emissions only). Although this discussion paper included no firm timetable to apply a tax to fares it is stated the intention is that following talks with operators and others on how aviation should start to pay for its environmental costs: results giving the Government’s views will be included in the forthcoming White Paper.

**EVALUATION OF OPTIONS**

24. As before, the revised 2nd edition SERAS report makes an attempt to compare the costs and benefits of the various combinations of runway options, but in a very limited and distorting manner. In the previous report, 02-965, it was pointed out that the methodology used to calculate to benefits was defective, in that it measured benefit via the Department for Transport (DfT) Air Passenger

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Forecasting Model, and the fare premiums avoided per passenger if extra capacity is provided to keep fares down. It was pointed out that this exaggerates the benefits from Heathrow, as an existing hub report. It also included benefits pertaining to foreign passengers, contrary to recommended Treasury guidance on normal cost and benefit evaluations. This method was considered highly likely to be inaccurate over the scale of changes in capacity proposed, as well as having marked bids in favour of hub airports. On costings, the SERAS report has again, as previously, arbitrarily included some infrastructure and transport link costs but not others (e.g. these costs at Heathrow are not included, but the high costs of Thames crossings and links at Cliffe are).

25. Table 1 below shows the results for these limited net costs and benefits as set out in the report for all previous options and for the various permutations involving the new Gatwick options. As stated before, they cannot be relied upon as offering any guidance on choosing the best options, since so many of the environmental costs surrounding Heathrow options are excluded. Nevertheless, as pointed out previously, Gatwick does give potential for some relatively rapid (2011) and low cost options, with far less environmental disbenefits than would be associated with Heathrow.

<b>Principal Components of Expansion Package</b>	<b>Max. capacity achieved. Mppa</b>	<b>Total benefits (£B)</b>	<b>Costs (£B)</b>	<b>Net benefits (£B)</b>	<b>Cost/extra mppa capacity. (£m) – relative to maximum use case</b>
Maximum use	201.5	6.7	1.8	4.9	-
Heathrow one – 2011	228.5	12.0	4.2	7.8	51.9
Gatwick one close parallel – 2011	217	8.6	2.8	5.9	64.5
Gatwick one wide-spaced – 2011	238	11.1	4.1	7.0	63.0
Stansted one – 2011	248.5	11.0	3.9	7.1	44.6
Stansted two – 2011/21	268.5	4.1	4.6	9.5	41.8
Gatwick two 2011/21	270	16.1	4.5	11.6	39.4
Heathrow one – 2011 & Gatwick one – 2021	240	14.6	4.8	9.8	77.9
Heathrow one – 2011 & Stansted one – 2021	275.5	17.8	5.5	12.3	50.0
Gatwick one – 2011 & Stansted one – 2021	261	13.7	3.9	9.8	35.3
Stansted one – 2011 & Gatwick one 2024	261	13.8	4.0	9.8	37.0
Heathrow one – 2011, Gatwick one – 2018 & Stansted one – 2024	291	21.0	6.1	15.0	48.0

Heathrow one – 2011, Stansted one – 2018 & Gatwick one – 2024	291	21.3	6.2	15.7	49.2
Heathrow one – 2011 & Gatwick two 2018/2024	297	25.3	6.9	18.3	53.4
Heathrow one – 2011 & Gatwick two both - 2024	297	22.6	5.9	16.6	42.0
Gatwick one – 2011 & Stansted two – 2018/2024	294	16.9	4.8	12.1	32.4
Stansted two – 2011 & 2018 & Gatwick one – 2024	294	17.4	5.2	12.2	36.8
Gatwick two – 2011/2018 & Stansted one – 2024	314	22.6	5.7	16.9	34.7
Stansted one – 2011 & Gatwick two – both 2024	314	21.7	5.7	16.0	34.7
Stansted three – 2011/2018/2024	292.5	17.8	5.2	12.6	37.4
Heathrow one – 2011 & Stansted two – 2018/2024	295.5	20.9	6.2	14.7	46.8
Cliffe 4 runways – 2011/2021	311.5	17.3	8.8	8.5	63.6

**True relative benefits of the options**

24. The Council’s previous report, Paper No. 02-965, estimated the difference between a proper cost-benefit calculation of these options and the SERAS quoted figures above could be as much as a £5 billion overstatement in the case of Heathrow, and a £2+ billion understatement for Cliffe. This highlighted the case for properly assessing the regional employment and noise congestion and pollution costs of each case.
  
25. One issue that has perhaps now been clarified with the IPPR and RCEP reports and the Treasury discussion paper on flight taxation all being published is the need to proceed with lower growth forecasts and making a fairly realistic assumption on the speed and level of taxation that will be necessary to achieve sustainability commitments and also expected European directions on emissions over the coming 5 to 10 year period. Such a scenario would tend to favour low cost, low environmentally damaging options with flexibility for further expansion. In this regard there is a difficult initial choice between Gatwick and Stansted options, both of which offer significant flexibility and limited environmental disbenefit. If the high demand levels in air traffic materialise in time, the projected target figure of over 300 mppa can be achieved with a combination of Gatwick and Stansted options. At these levels of capacity the single Gatwick (wide-spaced) and two Stansted runways appear an attractive option, as the second Gatwick runway with limited functionality due to the inability to overfly Horley is avoided.

26. Cliffe. Although the Gatwick and Stansted options offer flexibility this does not mean that Cliffe is not still a viable option. It still offers very significant regeneration benefits for the East London corridor and ideal transport links for a new hub. The costs are much lower than implied if the Government is going to go ahead with the Lower Thames Crossing and other Thames Gateway infrastructure improvements. Cliffe would undoubtedly need a firm commitment from the Government to make it happen: it is clear that BA and BAA see it as a strong threat, and for it to proceed it would be essential to demonstrate not only were the proper environmental measures going to be put in place to create the alternative ecological habitats to the Cliffe marshes, but that the Government were planning to put the transport, employment and housing infrastructure in place as well.
27. Heathrow. Nothing has really changed on the Heathrow options. Despite BA and BAA launching heavily resourced and understandably effective lobbying and publicity campaigns to minimise the difficulties at Heathrow and continue to claim its economic benefits, in reality IPPR and other neutral commentators have shown these benefit claims to be overstated and have endorsed the views of the Council and others that environmental costs must effectively rule it out.

**Leader's Comments**

28. The Leader has been consulted on the second edition consultation report and the above analysis. He comments that much that has happened since the initial consultation closed in November has vindicated the Council's views: Gatwick options have been added in and are shown to be highly attractive as predicted. A number of significant studies have endorsed the Council's calls for economic instruments to be used to make airlines carry the environmental costs of their pollution, and for air traffic growth forecasts to be moderated. The heavy lobbying by the airline and airport operators has intensified, focussing on claims of a loss of business to European hubs if Heathrow is not expanded.
29. The Leader believes the Gatwick options look extremely attractive in the current context: they make sense now the Treasury appear to be actively planning new sustainability taxes on the industry and growth of air traffic is likely to be moderated. The transport links are already good and can be upgraded at modest cost. A single additional runway offers minimal environmental impact in comparison with Heathrow. He believes Stansted could follow later, although an alternative case could be made out, to expand Stansted first. He notes that while the Cliffe option has received heavy criticism, both on safety grounds due to bird strikes, and the ecology issues surrounding the SSSI and habitat replacement problems, it still offers the greatest benefits in planning and regeneration terms, and has the lowest noise disturbance factors of any option. Hence he believes a full economic assessment, using the methodology recommended by the Council, could still show Cliffe as a possible best option, and one the Government could make successful via a positive commitment with the necessary infrastructure investment. He therefore supports the recommendations given in paragraph 3 above, which are largely similar to those previously made in November.
30. The Leader is concerned however that despite the publication of the joint discussion paper between the DfT and the Treasury, the DfT and the Second Edition of the SERAS report are still not adopting a proper cost benefit approach

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consistent with Treasury guidelines, and fully including the disbenefits and secondary costs such as congestion and infrastructure on an fair and equivalent basis for all options. In addition therefore to the Council responding to the Discussion Paper, he also considers the Council's response to SERAS itself should be drawn to the Treasury's attention, and he proposed he should write to the Chancellor of the Exchequer outlining the concerns over the evaluation being employed and its lack of consistency with Government guidelines.

### **Conclusion**

29. The Leader recommends that this report and its recommendations be endorsed by the Corporate Resources Overview and Scrutiny Committee and approved by the Executive, and sent to the DfT and the Treasury, and also that the Council respond to the Treasury/DfT Discussion Paper on Economic Instruments in line with approved Council policy.

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23rd June 2003

### **Background Papers**

The following documents were used in the preparation of this report.

1. The Future Development of Air Transport: South East. 2nd Edition, February 2003, Department for Transport.
2. Paper No. 02-965 – Corporate Resources Overview and Scrutiny Committee – 20th November 2002.
3. Aviation and the Environment – Using Economic Instruments. March 2003, H.M. Treasury and the Department for Transport.

If you wish to inspect any of these documents, contact initially the Committee Secretary on 020 8871 6005.