

Bad for Business?

A paper prepared by the Gatwick Area Conservation Campaign with help from local businessmen

An important objective set out by the Airports Commission is: 'To maximise economic benefits.....To promote employment and economic growth in the local area....To produce positive outcomes for local communities and the local economy'.¹ This paper challenges the assertion by Gatwick Airport Ltd (GAL) that a second runway would be supportive of this objective.

By engaging with opinion from local business communities, and taking a less selective view of the evidence, GACC concludes that the proposal would be detrimental for local businesses, the local economy and the community as a whole.

Background

According to the Office of National Statistics there are over 30,000 businesses in West Sussex.² The majority are located in the north of the county, in the vicinity of Gatwick Airport. Surrey has 61,900 businesses but with less concentration around Gatwick.³

It would be a fair guess to say that there must be around 30,000 businesses in the Gatwick area.

Business Opinion

West Sussex County Council and Crawley Borough Council commissioned a survey of West Sussex businesses in May 2013.⁴ It showed that only 31% of firms had employees who ever took a flight for business reasons. Only 4% felt air travel was important 'for bringing overseas customers to your organisation.'

51% of firms agreed that there is a need for new runway capacity in the South East, and 52% favoured a new runway at Gatwick. Those were the 'headline results' that were used to influence the vote by West Sussex County Council to support a second runway. But the survey (and the vote) was before the full scale and implications of making Gatwick bigger than Heathrow were generally recognised.

Nevertheless 24% of businessmen considered that Gatwick expansion 'would dramatically affect local home (sic) and countryside' and 23% felt it would 'cause too much air and noise pollution'. That is confirmed in a letter to GACC from a Director of a

leading Sussex company:

Established for over 150 years, we are a major international business that owns three of the world's leading brands and employs over 100 people locally.

Many of our employees have already complained of the increase in aircraft noise, particularly at night and at weekends and we are most concerned at the impact in future of a second runway at Gatwick on this. Worsening aircraft noise is not only affecting them personally and potentially the value of their houses but also their leisure time; whereby some of their favourite spots for peaceful relaxation are now blighted by aircraft noise. I suspect this will also have a negative impact on the leisure industry in the area.⁵

Shortage of labour. According to Gatwick Airport (May 2014) a new runway would create 122,000 new jobs in the South East. The Airports Commission (November 2014) puts the figure at up to 90,000 by 2060. Although it is said that these new jobs would be spread across the South East, inevitably most would be concentrated in or around the Gatwick area.

A report by Optimal Economics commissioned by Gatwick Airport points out that: 'Within the Gatwick Diamond, there is a projected excess of employment over resident labour supply throughout the forecast period.'⁶ Gatwick Airport, however, blithely ignore the labour shortage warnings highlighted by their own economists; it is inevitable, that as unemployment across the area remains low, the result will be a chronic shortage of labour. That situation is likely to put many local firms at a serious disadvantage.

Bernard Treanor, a former manager for Royal Mail, writes:

My experience showed that there was a constant recruitment problem for what is now referred to as the Gatwick Diamond. Not only did the churn effect of staff turnover lead to inefficiencies, but a constant high vacancy level led to increased costs through overtime pay, as well as poor quality of service. It was only through offering high overtime levels, and a variety of bonus payments, that the business could attempt to compete on pay with the airport - but effectively fail in doing so.

The [Airports Commission consultation document] recognises that there is no local pool of unemployment to draw on, but ... does not admit that the Gatwick Diamond has a history of being an "employment hotspot" (albeit disguised by the recent recession), and is already dependent on ... an immigrant workforce. It is arguable that the current reliance on an EU migrant workforce will be put under further strain given the current political situation.'⁷

Higher costs. Shortage of labour would tend to push up rates of pay, again causing difficulties for local firms. The Managing Director of an advanced technology company located close to Gatwick has written to say:

Such a shortage of labour will inevitably create a price war and wages will sky rocket in an already very expensive area. Companies operating in a very competitive global market will be substantially disadvantaged.⁸

Bernard Treanor makes a similar point:

The most probable outcomes - and track records should demonstrate this - is that labour intensive small businesses will need to compete on wage price, which will impact their profitability and may threaten their commercial viability. For labour intensive Public Service infrastructure, in addition to the Royal Mail, we should also look at local government, health service, some transport and other government agency organisations, who will not be able to compete for wages, and therefore experience churn and vacancy levels which will impact on the quality of service they provide to the local social and business communities.

Inward migration. The main effect of the creation of so many new jobs would be to draw in people from other parts of the UK and from the EU. That is welcomed by some firms because it would mean a bigger market for local shops, hotels, guest houses, taxis etc. They may, however, not have realised that it would also cause an influx of new shops, new hotels, new taxi firms etc.; meaning in turn more competition, and could result in local firms being put out of business.

More houses. Consultants commissioned by the Gatwick Diamond Initiative and the West Sussex County Council estimated that there would be a need for around 40,000 new houses. The Airports Commission use a lower figure and GACC is currently investigating the difference.

A large number of new houses would be good business for house building firms, but how many new building firms would move into the area? Would it mean better jobs for local building workers or would most of the new jobs be filled by transient labour from elsewhere?

Road and rail congestion. A separate paper by GACC has shown that a second runway would mean around 136,000 extra road journeys a day in the vicinity of Gatwick. That is just for air passengers, and travel to work by airport employees and journeys to work of employees of new firms. In addition there would be all the extra commercial traffic generated by the larger airport and all the new firms.

The result would be delays at many road junctions. Longer journey times both for staff and for deliveries would have an adverse effect on local firms.

For rail services no improvements are planned other than those already in hand to cope with the forecast growth in demand without a new runway. Result – serious overcrowding.

Peter Suchy, the owner of a small business near Gatwick, has written to say:

I am very concerned that a second runway would create intolerable pressure on our local roads as there has been no definitive plan for the expansion of the road network that will be needed for at least a ten mile radius of Gatwick. If the planned passenger traffic (oh, and allied traffic such as people going to work) is achieved then there is simply no way that the current one motorway (and that is fed by the M25 from one end and that can't cope at the moment so God only knows how it will cope with not only the increase in Gatwick traffic but the annual increase that we see year on year) and single carriageway A roads such as the A272, A25, A29, A264 from East Grinstead and A22 will be able to cope, it's bad enough now. The other dual carriageway roads such as the A24/A264 and A21 will also be clogged with traffic. If the powers that be seriously believe that they are going to fit the traffic that currently surrounds Heathrow and duplicate it into the roads that surround Gatwick then someone needs their head examining. It is a joke and the amount of destruction of the green belt to accommodate this expansion and all the add-ons such as housing and industrial estates is bordering on criminal.

Loss of business premises. The construction of the new runway would involve the demolition of 286 business premises, including City Place (head office of Nestlé) and part of Manor Royal. 286 firms would have all the expense and hassle of having to re-locate.

Gatwick Airport have suggested that some firms might be accommodated on land that they would acquire between the airport and the M23 – but that to make sufficient space available, the airport car parks would need to be double decked. So the land would not come cheap. And many firms would not wish to become tenants of Gatwick Airport Ltd. If firms wished to move elsewhere, there might be problems getting planning permission.

The managing director of the advanced technology company again:

Some businesses will need to be relocated. Mine for instance could be a prime candidate. The disruption will be immense. The land proposed for a new facility is rather inappropriate, being directly under the flight path with all that entails. No discussion of time scale or compensation has been started so we are in horrible 'planners blight limbo' with no apparent end in sight. With current planning rules any new building would likely be seriously affected by lack of parking space making

it less attractive for people to work here. We own our current site, the ownership status of the new place is unknown.

In short the expanded airport will be bad for the majority of pre-existing businesses and people that are already established here. The big winners will be the Airport itself, owned by a conglomeration of overseas investment companies who have only been in situ since 2009 and I understand are likely to sell out soon after the decision re the new runway. We have been here since 1963 and intend to remain.

Impact on rural businesses. Many rural businesses depend for their success on peace and tranquillity. A prime example is Hever Castle, birthplace of Anne Boleyn.



Hever Castle supports up to 280 jobs in season. The castle's chief executive Duncan Leslie: *'When people come to rural attractions they are expecting a degree of peace and tranquillity. We believe that a second runway would almost certainly spell the end for Hever Castle as a visitor attraction.'*⁹

The same is true for many rural businesses, for example quiet country hotels, film making enterprises, country parks and other outdoor visitor attractions.

Worse environment – worse for business

Surrey, Sussex and Kent are pleasant places to live. But if the environment is worsened by aircraft noise, by urbanisation, and by traffic congestion, it will become harder to recruit and keep high quality staff.

A professional communications expert based at Haywards Heath, has written to say:

The opening of the new headquarters and warehouse for a global component service provider to the aviation industry in Sayers Common 20 miles from the

airport is perhaps a portent of what is to come, especially should a second runway be approved for Gatwick.

The immediate Crawley catchment area is now bursting at the seams as it tries to accommodate the burgeoning airline businesses that Gatwick needs to support it. Some companies have become well established across East Sussex, West Sussex and Surrey and provide welcome local employment. But increasingly they are being forced further and further from the airport.

These remoter locations are inevitably less convenient operationally. Company round-the-clock activities and staff movements significantly add to the traffic on the local roads that were never designed to take it. Sadly many businesses are guilty of further infilling and concreting of our green and pleasant counties.

When considering the environmental damage that a second runway will bring - we must look well beyond the immediate Gatwick perimeters. The damage on the fringes of the airport will be just a small fraction of the total impact.

Consider the housing estates and rambling industrial development, roads and other infrastructure that Gatwick has led to in the last 50 years in the surrounding 30 miles - now double it for the proposed second runway. Do we really need it here? Isn't it time for another area to take the strain and enjoy the economic benefit that a major airport can bring?

The national picture. There is no significant national pressure from business for a second Gatwick runway. The CBI favours expansion at Heathrow rather than at Gatwick. Recently 23 Chambers of Commerce that represent more than 40,000 UK businesses have written an open letter to the Airports Commission about the benefits of Heathrow Airport expansion.

Many people believe that a second runway anywhere in the South East would take business away from other regions of the UK that need employment and thus be damaging to the UK's economic recovery and the rebalancing of the economy.

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¹ Airports Commission. Consultation Document Table2.1

² ONS UK Business 2012

³ Surrey County Council

⁴ Attitudes to Air Travel in West Sussex. QA Research July 2013. The survey oversampled larger businesses, and businesses in Crawley.

⁵ Email 6 November 2014

⁶ Optimal Economics Report. Paragraph 3.46

⁷ Email from Bernard Treanor ACMA, CGMA. 27 November 2014

⁸ Email to GACC 11 June 2014

⁹ <http://www.sevenoakschronicle.co.uk/Gatwick-runway-spell-end-Hever-Castle-tourism/story-19806450-detail/story.html#ixzz3Kk8pufMN>