

# **Development Control Committee Main Schedule**

Schedule of Applications for  
Planning Permission

6th July 2012

## **The Schedule of Applications**

This schedule is set out in five parts:

**SCHEDULE A** - contains full reports on each application proposal and concludes with a recommendation to the Development Control Committee to assist in the formal determination of the proposal or, in certain cases, to assist Members to formulate the City Council's observations on particular kinds of planning submissions. In common with applications contained in Schedule B, where a verbal recommendation is made to the Committee, Officer recommendations are made, and the Committee's decisions must be based upon, the provisions of the Development Plan in accordance with S54A of the Town and Country Planning Act 1990 unless material considerations indicate otherwise. To assist in reaching a decision on each planning proposal the Committee has regard to:-

- relevant planning policy advice contained in Government Circulars, Planning Policy Guidance Notes, Development Control Policy Notes and other Statements of Ministerial Policy;
- the adopted provisions of the Cumbria and Lake District Joint Structure Plan;
- the City Council's own statement of approved local planning policies including the Carlisle District Local Plan;
- established case law and the decisions on comparable planning proposals
- including relevant Planning Appeals.

**SCHEDULE B** - comprises applications for which a full report and recommendation on the proposal is not able to be made when the Schedule is compiled due to the need for further details relating to the proposal or the absence of essential consultation responses or where revisions to the proposal are awaited from the applicant. As the outstanding information and/or amendment is expected to be received prior to the Committee meeting, Officers anticipate being able to make an additional verbal report and recommendations.

**SCHEDULE C** - provides details of the decisions taken by other authorities in respect of those applications determined by that Authority and upon which this Council has previously made observations.

**SCHEDULE D** - reports upon applications which have been previously deferred by the Development Control Committee with authority given to Officers to undertake specific action on the proposal, for example the attainment of a legal agreement or to await the completion of consultation responses prior to the issue of a Decision Notice. The Reports confirm these actions and formally record the decision taken by the City Council upon the relevant proposals. Copies of the Decision Notices follow reports, where applicable.

**SCHEDULE E** - is for information and provides details of those applications which have been determined under powers delegated by the City Council since the previous Committee meeting.

The officer recommendations made in respect of applications included in the Schedule are intended to focus debate and discussions on the planning issues engendered and to guide Members to a decision based on the relevant planning considerations. The recommendations should not therefore be interpreted as an intention to restrict the Committee's discretion to attach greater weight to any planning issue when formulating their decision or observations on a proposal.

If you are in doubt about any of the information or background material referred to in the Schedule you should contact the Development Control Section of the Department of Environment and Development.

This Schedule of Applications contains reports produced by the Department up to the 26/06/2012 and related supporting information or representations received up to the Schedule's printing and compilation prior to despatch to the Members of the Development Control Committee on the 27/06/2012.

Any relevant correspondence or further information received subsequent to the printing of this document will be incorporated in a Supplementary Schedule which will be distributed to Members of the Committee on the day of the meeting.

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Applications Entered on Development Control Committee Schedule

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SCHEDULE A

SCHEDULE A

## SCHEDULE A: Applications with Recommendation

10/1116

**Item No:**

**Date of Committee:** 06/07/2012

**Appn Ref No:**  
10/1116

**Applicant:**  
Stobart Air Limited

**Parish:**  
Irthington

**Date of Receipt:**  
16/12/2010

**Agent:**  
URS/Scott Wilson

**Ward:**  
Stanwix Rural

**Location:**

Carlisle Lake District Airport, Carlisle, Cumbria CA6 4NW

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**Proposal:**

Erection Of A Distribution Centre (Inclusive Of Air Freight And Road Haulage, And Including Integrated +3 °C Chiller Chamber, +12°C Chiller Chamber, Workshop And Offices)(Use Classes B1 And B8), Gatehouse, Canteen/Welfare Facilities, Landscaping, New Access, Parking And Other Infrastructure Works (Such As Auxiliary Fire Station, Package Sewage Treatment Works, Fire Sprinkler System And Electrical Substation) And Raised And Re-Profiled Runway 07/25

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**REPORT**

**Case Officer:** Angus Hutchinson

**ADDENDUM REPORT**

**Brief Summary**

This application seeks full planning permission for the erection of a distribution centre with associated facilities; and the raising and re-profiling of the main runway at Carlisle Airport.

Members will recall that consideration of the application was deferred in July 2011 in order to allow the applicant the opportunity to submit additional information. An update is contained in this addendum which should be read in conjunction with the previous report presented to Members in July 2011.

As Members will be aware, a planning application must by law be determined in accordance with the development plan unless material considerations indicate otherwise.

Carlisle Airport is currently operating at a loss and previous reports have identified in particular the relatively short length of the main runway, its limited catchment area, and the limited nature of the in-bound market as the restricting factors affecting the Airport's ability to develop services. The absence of an Instrument Landing System (ILS) has also been noted although views differ as to how important this is.

Given the stated current losses it may be said that at present the Airport is not capable of economic operation and that it may be closed. The applicant, in accordance with the general user provision (clause 3.10.1) of the Lease, is advancing the argument that, by seeking a B8 development, it will cover the losses and enable the Airport to be kept open, repairs carried out, and air passenger/freight services operate.

The requirements of a lease are not generally a material planning consideration but in this case there appears to be an overlap in that if the current application is refused planning permission, then the tenant could seek to close the Airport whether under the Lease (clause 3.11.1) or as a matter of fact. If planning permission is granted but is still not capable of economic operation as a commercial airport (a planning objective and benefit) then it could close anyway. If it has not been demonstrated that the proposed enabling development will secure the planning objective, then the granting of planning permission would not be warranted. Conversely, if the proposed development does enable the Airport to be viable (and is accordingly granted planning permission) Members would have the comfort that the applicant/tenant is unlikely to be in the position to successfully argue for its closure under the Lease. In respect of this last point, however, the prospect of further applications for further policy non-compliant but “enabling” development cannot be ruled out. In addition, it cannot be assumed that the fact that the Airport has to be kept open (that entails costs) will mean that it will be used (the rental income will far exceed costs of keeping it open).

When assessing the current application, it is evident that the proposed air side work does not involve lengthening the runway.

The Council’s independent aviation consultant recognises that the proposed development (taking account of the rent derived from the freight distribution centre) would enable the Airport to remain open for general aviation (rather than commercial air passenger and freight services) on the current level of use.

However, when considering whether the proposed development would enable the future of the Airport to be secured by the generation, on a sustained basis, of a significant and sufficient number of air passengers and/or air freight, the Council’s consultant considers it unlikely that the proposal will result in the number of air movements suggested by the applicant.

The analysis of the viability of air services shows that commercial operations are of borderline viability. In the case of the Airport, and if account is taken of the rental from the proposed distribution centre, the commencement of scheduled services to Dublin and Southend would be profitable but this diminishes over time. For example, in 2014 the profit for the Airport is forecasted to be £516,000 but without the rental the loss would be £1,284,000; in 2026 the corresponding figures are £253,000 and £1,547,000; and by 2032 the forecasted profit is £86,000 but the potential loss without the rental has risen to £1,744,000. The Council’s consultant has questioned whether such parameters will provide an appropriate internal rate of return to meet or exceed the pre-tax weighted cost of capital. The consultant has also considered possible alternative and additional aviation related uses (for example aircraft maintenance) but does not consider these to be feasible.



As such, serious questions still arise not only over the viability of commercial passenger and freight services from Carlisle Airport in the longer term but also the prospect that all the asserted wider benefits to the local economy will materialise.

Furthermore, the proposed distribution centre is likely to be an almost exclusively road-based haulage operation in a countryside location when there are other, identified, more sustainable locations within Carlisle for such an operation.

The proposed development as a whole is still regarded as not according with the development plan as a whole. This is consistent with the previous recommendation, and with legal advice. In particular, the proposed freight distribution centre is not airport related, it does not constitute inward investment, nor is it a development that otherwise for policy reasons needs to be at the Airport. The development plan is regarded as being consistent with the National Planning Policy Framework. Its presumption in favour of development moreover applies only to sustainable development. The NPPF as a material consideration does not alter officers' views.

It is recognised that policy compliant development may also give rise to development in the countryside with accessibility and visual impact issues but policy compliant development is based upon need and is considered by definition to justify permission in principle.

Members need to also note that there still appears to be some difference of opinion between the applicant's view and the advice received by the Council from ASA on the capacity of the terminal. However, ASA does not appear to raise fundamental concerns on this matter. Of greater significance is the fact that the forecasts in the Environmental Statement still refer to 200,000 passengers by 2025. The latest correspondence from the applicant now confirms that their estimate is only some 100,000 passengers by that date. Whilst the adverse effects of the proposal will obviously reduce, Officers consider that the socio-economic benefits stated in chapter 4 of the ES are likely to also reduce, but the changes (and whether a "moderate positive" effect) still need to be submitted by the applicant and for this to be publicised under the EIA Regulations.

In effect, Officers assume that the socio-economic benefits will reduce but, on the other hand, also consider that the application should be determined with due recognition that the applicant has already invested (by way of covering existing annual losses) in the Airport and not sought its closure. Rather, the current proposal has the potential to enable the Airport to remain open, involve the undertaking of work to the runway, and allow general aviation to operate at existing levels if nothing else, and with the prospect in at least the short term of commercial passenger services. This would make the Airport's immediate future more secure and thus help to safeguard the existing directly and indirectly related jobs. Members may also view it as a means of retaining such a facility for future generations and in the hope, rather than necessarily the expectation, that circumstances may change in the longer term. This being in the context of the York Aviation report in 2005 (on behalf of the NWDA) indicating that the benefits in developing the Airport were as much in the perceived improvement to the image of Cumbria as a place to do business and to visit as to any measurable economic benefits. The EKOS Report (2008) also noted that most regional airports (15 out of 19) derived between 40% to 70% of income from non-aeronautical sources.

## Introduction

- 1.1 This is an addendum to the previous report presented to the Committee Meeting on the 15th July 2011. Members will recollect that in the previous report on the application officers advised that, upon analysis, the likely benefits of the proposal did not outweigh the harm and therefore recommended that permission be refused. The report also noted that the submitted Environmental Statement appeared to be deficient in not having assessed how the additional passenger throughput will be managed. Consideration of the application was deferred during the Meeting on the 15th July following the applicant's request to enable the submission of additional information. A useful summary from the Council's perspective on the handling of the application up until this date is set out in a letter to the applicant's agent dated 29th July 2011 – see attached.
- 1.2 Since the previous Meeting, the City Council has received correspondence from or on behalf of interested parties, a letter from the Head of Economic Development at the County Council, a letter from the Spatial Planning Team Leader of the County Council, a letter from the Leader of the County Council, and e-mails from the Acting Area Manager (Highways and Transport) of the County Council. The contents of this correspondence along with the comments made by the Economic Development Section of the City Council with regard to the previous application (reference number 08/1052) have been summarised, a copy of which (along with the original Committee report) is also attached.
- 1.3 The applicant's agent has submitted 8 letters dated the 14th July, 28th July, 5th August, 17th August, 26th September, 3rd November, 16th December, 7th February inclusive of Technical Notes by Mott MacDonald dated 23rd September 2011 and 2nd December; the "Carlisle Airport – Runway Resurfacing Civil Engineering Specification V1 March 2010"; and an Indicative Terminal Layout (received 09.08.11). The Chief Financial Officer of Aer Arann has submitted a letter dated 29th February 2012. A report dated May 2009 on Carlisle Lake District Airport "The potential passenger and freight markets" was received in March 2012. A "Carlisle Airport Update" (June 2012) prepared by Stobart Air; a "Business Case" (June 2012) for an ATR42 airplane operating under the Aer Lingus Regional brand from Carlisle (e-mail 07.06.12); and diagrams showing how the various income streams will flow through to the Stobart Group, and the effect of potential increased passenger numbers (e-mail 11.06.12) have also been received. The applicant's agent has also submitted various e-mails in response to queries from interested parties.
- 1.4 The City Council has become aware of three further reports, namely: an "Appraisal of the potential economic benefits of NWDA support for Carlisle Airport: Supplementary Report" (2005) prepared by York Aviation for the North West Development Agency; "Ideas and thoughts regarding the development of Carlisle Airport" (2006) prepared by Regenerate Cumbria; and a "Network Development Report: A strategy for the development of air services from Carlisle Airport Version 1.2" (2006) by the Route Development Company. The contents of these documents are discussed later in

paragraphs 1.70 – 1.83 of this report.

- 1.5 The City Council has also received further independent advice from Hyde Harrington (non-aviation construction cost and viability advice), Gleeds (aviation related construction cost advice), Alan Stratford Associates (aviation advice), and Economic Consulting Associates (financial modelling of airport businesses) in response to the correspondence and reports referred to in 1.2 - 1.4 above. This advice, in particular, has looked into the works needed to improve the runway/ taxiways etc, the costs of the proposed works, the likely future market for flights to and from Carlisle, and the likely viability of the Airport. The overall situation is summarised in the ASA letters dated 17th May and 26th June 2012.
- 1.6 When assessing this application, the report to the Committee Meeting on the 15th July identified the following key issues:
  1. Accordance of the application with the Development Plan;
  2. Socio-Economic Impact;
  3. Sustainability - Means of Travel;
  4. Sustainability - Design;
  5. Highway Network;
  6. Noise and Vibration;
  7. Air Quality and Odour;
  8. Landscape and Visual Impact;
  9. Ecology and Nature Conservation;
  10. Archaeology; and
  11. Hazard Assessment.
- 1.7 In the intervening period the circumstances concerning the above issues 4, 10 and 11 have not fundamentally changed since the original report was presented to Members. Issues 5, 6, 7 and 9 are discussed within the “Other Matters” section. This report principally concentrates on the remaining issues with regard to: whether the proposal is in accordance with the Development Plan; sustainability – means of travel; landscape and visual impact; and the likely socio-economic impact. The report also considers whether the terminal can cope with the forecasted number of passengers.

### **Accordance of the application with the Development Plan**

- 1.8 As Members will be aware, a planning application must by law be determined in accordance with the development plan unless material considerations indicate otherwise. It is appropriate to consider the development plan and other material considerations generally under this heading although the detailed assessment of particular considerations takes place under subsequent headings.
- 1.9 At the time of the original report the development plan comprised the Regional Spatial Strategy and the Local Plan. The Localism Act 2011 has now been passed and the revocation of RSS is anticipated. In the original report officers expressed their view that the development as a whole did not accord with the development plan as a whole. That remains their position, whether the development plan includes the Regional Spatial Strategy or not.

- 1.10 In April 2012 the government published its National Planning Policy Framework. As up-to-date government advice, this is clearly a highly material consideration in the determination of the application. The NPPF seeks sustainable development/growth in economic, environmental and social respects. The NPPF *“does not change the statutory status of the development plan as the starting point for decision-making. Proposed development that accords with an up-to-date Local Plan should be approved, and proposed development that conflicts should be refused unless other material considerations indicate otherwise.”* (para 11); there is a presumption in favour of sustainable development (para 14); amongst the Core Planning Principles are *“proactively [to] drive and support sustainable economic development”* and *“actively [to] manage patterns of growth to make the fullest possible use of public transport, walking and cycling, and focus significant development in locations which are or can be made sustainable”* (para 17). In respect of airports not subject to separate national policy statements, planning policies should take account of their growth and role in serving business, leisure, training and emergency service needs (para 33); *“plans and decisions should ensure developments that generate significant movement are located where the need to travel will be minimised and the use of sustainable transport modes can be maximised...”* (para 34); a key tool to facilitate this will be a Travel Plan. All developments which generate significant amounts of movement should be required to provide a Travel Plan (para 36); planning policies should aim for a balance of land uses within their area so that people can be encouraged to minimise journey lengths for employment, shopping, leisure, education and other activities (para 37).
- 1.11 Application of the above policy to the present proposal does not cause officers to change their advice. Indeed, whilst the importance of economic growth is emphasised, the need for sustainable development in its full sense is acknowledged. The NPPF advises that due weight should be given to relevant policies in existing plans according to their degree of consistency with the NPPF, the closer the policies in the plan to the policies in the Framework, the greater the weight that may be given (para 215). The relevant policies of the Local Plan are considered to be consistent with the NPPF. The Local Plan is up-to-date in relevant respects and has a strategy for the Airport, for its economic growth and environmental safeguarding, with which the application as a whole does not, in officers' view, accord. The continued emphasis of national policy on the need to ensure that developments that generate significant movement are located where the need to travel will be minimised and the use of sustainable transport modes can be maximised is especially relevant in the context of the breach of Local Plan policy; advice received as to the lack of realism in the forecasts for passenger and air freight movements and the costs of the proposed runway etc works; and the availability of more sustainable sites for the distribution centre.
- 1.12 In regard to Policy EC22 of the Local Plan, the applicant's agent in a letter dated the 14th July argued that the assessment contained in the original Committee report is based upon a mistaken interpretation of the supporting text.
- 1.13 First it is suggested by the applicant's agent that the proposal will result in inward investment. This argument had already been addressed at

paragraphs 6.31- 6.34 of the original report, in particular 6.31: *“it is not inward investment (Stobart are already located in Carlisle)”*. Whilst new passenger and airfreight movements could certainly involve inward investment, for reasons summarised at paragraphs 1.127 to 1.133 below these are not thought likely to be significant. Clearly the reasoned justification which forms, by law, as much a part of the local plan as the policies, anticipates that the primary focus of the proposal, if not airport or transport-related with a requirement to be at the airport etc or meeting the needs of local businesses in the Brampton area, will be inward investment.

- 1.14 It is suggested that the inward investment need not be to Cumbria but should be to Carlisle. Whilst the local plan is for the City Council area, and the policy should be read therefore accordingly as seeking inward investment to Carlisle, in any event, as noted, the Stobart Group are already in Carlisle and this would be a move within Carlisle. Their agents make much of the apparent fact that the registered office of the Stobart Group is in Appleton Thorn, Warrington but it is well-known that the Eddie Stobart business began as an agricultural business in Cumbria in the 1950s, and evolved there into haulage operations. Indeed the agent’s letter of 14th July 2011 acknowledges that *“The Stobart Group has a considerable presence in Carlisle based around road haulage.”*
- 1.15 The correspondence received from the Head of Economic Development at the County Council, the Spatial Planning Team Leader of the County Council, the letter from the Leader of the County Council, and the Economic Development Section of the City Council with regard to the previous application (reference number 08/1052) highlight the potential for inward investment. However, such investment is dependent upon “an operational airport” and, as such, this point falls away if the Airport is unlikely to attract significant passengers or air-freight. Although officers are very alive to the repeated claims made that the Stobart operation will transfer its operation away from the City, there is no reason why the Stobart Group should need to leave Carlisle: its wish to consolidate and improve its operations could also be achieved, in a far more sustainable location (i.e. adjacent to a rail line and in close proximity to the M6), at Kingmoor Park. It is noted that this part of the original report has not been challenged by the applicant. Furthermore this would be entirely consistent with the recently-published National Planning Framework.
- 1.16 Thirdly, the agent claims that it is perverse to treat the proposal as being contrary to policy when a proposal from a haulier wishing to relocate from nearby Brampton would not be regarded as contrary to policy. The policy background, however, shows that a specific exception was originally made in the 1997 Plan for Brampton businesses only, including hauliers, for which there was no provision in Brampton (a Key Service Centre 4 kms from the Airport); and the 2008 plan continued this exception because the additional land that had by then been provided in Brampton was in great demand.
- 1.17 It is further suggested that there is a need for the distribution centre to be located at the Airport in the sense that it would provide funds for the repairs to the runway etc. But whilst this point is relevant to the ‘enabling’ argument,

it does not make the road-based distribution centre in accordance with policy.

- 1.18 The agent has also referred, in both its letter dated 28th July 2011 and 26th September 2011, to the Airport Employment Land Masterplan – Development Strategy (May 2010) prepared by AECOM et al, and surmised that this is the “Masterplan” referred to in Policy EC22 of the Local Plan, i.e. where the reasoned justification states that “*a masterplan is being prepared for the long-term airport development.*”
- 1.19 In response, the City Council’s Planning Manager has confirmed (with reference to this issue, as well as to the interpretation of EC22 and paragraph 4.88 generally) that the applicant’s interpretation is not correct.
- 1.20 The Carlisle Airport Employment Land Masterplan Development Strategy was commissioned by Cumbria Vision following the granting of the initial planning permission by the City Council. The idea behind the Masterplan was to consider the development potential of the land which remained as part of the Local Plan allocation from an *economic development* perspective. At the start of the commission the City Council raised the question as to whether this proposed Masterplan could be used to update a 1999 draft Development Brief. It was made clear by the authors that the Masterplan was not being produced for the planning process; it was to consider constraints and opportunities to inform the evaluation of market options. On production of the final report, the Masterplan remained with Cumbria Vision but, following its demise, the report’s ownership transferred to the County Council.
- 1.21 Policy EC22 was initially drafted when the former leaseholders, Haughey Airports (HA), were considering the future of the Airport. HA commissioned Jacobs to look at possible options but this Masterplan work has subsequently remained a private commission. At the time, it was considered that keeping the commitment and the production of a Masterplan to support the policy would be a useful way forward to complete and sign off the work of the 1999 draft Development Brief.
- 1.22 The work by AECOM et al (May, 2010) did not, however, enter the planning process and therefore is not a Masterplan in the context of Policy EC22. It has not formed part of any planning policy consultation (i.e. production of an SPD) to give it weight; it has not been submitted with an application to be part of consultation in that process; and the original intention was not as a planning document. It is therefore considered that the AECOM et al Masterplan (May 2010) cannot be regarded as a document supporting the City Council’s Local Plan, contrary to the applicant’s surmise. Moreover, the applicant’s agent (letter dated 26.09.11) has itself wished to emphasise that the document’s reference to Stobart Air’s aspirations for a throughput of 500,000 passengers in five years are now (despite being only a year later) “*not currently realistic predictions of the passenger forecasts*”.
- 1.23 The County Council has also confirmed that the Masterplan has no formal status as a County Council policy or strategy document. Moreover the

report's strategy assumes the grant of planning permission for further similar distribution uses to the applicant's (i.e. a distribution park). The County Council has, however, indicated that it provides a useful document in the recognition of the need to generate additional revenues from non aeronautical activities as key to the Airport's future viability. Local Plan policies permit such development in accordance with EC22.

- 1.24 Thus the development as a whole is still regarded as not according with the development plan as a whole. The NPPF as a material consideration does not, in officers' views, indicate that the application should not be decided in accordance with the development plan. The DfT consultation document does not alter officers' position. As regards the non-planning document/"Masterplan" of May 2010, this does not accord with local Plan planning policy and the applicant's stated aspirations (in May 2010) for passenger traffic are now acknowledged by them not to be realistic.
- 1.25 Other material considerations include the "enabling development" argument. This arises where part of a proposed development is contrary to policy (i.e. the distribution centre) but it is argued that it should nevertheless be permitted because it will enable policy-compliant development (runway etc works and airport use) to take place. For reasons set out below under the "socio-economic" heading, officers do not consider that it has been demonstrated that significant airport use will be achieved by this development. However, it is recognised that the current proposal has the potential to enable the Airport to remain open, involve the undertaking of work to the runway, and allow general aviation to operate.

### **Sustainability- Means of Travel**

- 1.26 The original report concluded that the proposed distribution centre would be a significant generator of vehicular traffic, that it was not located near to a major transport interchange, that it had not been demonstrated that there was an essential need for this aspect of the development to be located at the Airport and the car would remain the likely means of travel to the Airport for employees and any passengers. In their letter dated 14th July the applicant's agent queried why a separate reason for refusal was warranted and pointed out that the Highway Authority had not objected. Officers responded as follows in a letter dated 29th July: *"We have discussed the second reason for refusal with the relevant Engineer of the Highway Authority who explained that he could have recommended refusal on the basis of the inadequacy of the submitted Travel Plan but instead chose to recommend the imposition of a condition requiring the submission of a new Travel Plan inclusive of bond figures/penalties. The need to address the second reason for refusal still remains and in the Council's view it is important that any bond figures/penalties are made clear to the applicant up-front and that mechanisms are secured in advance of any permission being granted. We have spoken to the County Council accordingly."*
- 1.27 By way of further context, the report to the Committee for the Meeting on the 15th July identified two concerns: firstly, Carlisle Airport is not directly served by a bus service, and is remote from rail links and therefore is not

sustainable in terms of being located at or near a transport interchange; and secondly, the submitted Travel Plan did not bring forward measures that satisfactorily addressed the need to reduce the length and number of motorised journeys. The latter point recognises that the development will generate a significant number of trips; yet, when considering the suggested measures in the TP, the proposed shuttle bus for air passengers does not appear to be a permanent commitment and the TP does not include any travel plan contribution should the development exceed the thresholds.

1.28 The agent subsequently stated in a letter dated 5th August 2011 that the applicant is agreeable to:

- the appointment of a travel plan co-ordinator;
- a modal shift target from single occupancy car use will be retained at 10%;
- the provision of a “travel plan bond”;
- the annual monitoring and reporting of results; and
- payment of £2725 per year for 5 years in respect of County Council staff time relating to monitoring and review of the travel plan can be subject of conditions or a Section 106 Agreement.

1.29 The agent’s letter also explains that the intention is not to stop the shuttle bus from operating if it is not viable at the outset but rather the applicant would welcome the inclusion of wording within the Section 106 Agreement that requires the setting up of a steering group to oversee and agree the frequency of the shuttle bus.

1.30 When assessing this issue it is recognised that air passengers from Cumbria and the Scottish Borders have to use airports outside the region. The Local Transport Plan (page 31) explains that Cumbria is more remote from access to air services than any other part of the UK with a comparable population. There is an opportunity for air passengers to utilise Carlisle Airport, and thus reduce the number of long distance journeys currently made, mainly by car. The significance of this issue is, however, dependent upon whether there is a reasonable prospect of the forecasted air movements being realised.

1.31 The Airport is not easily accessible other than by road (and there is no direct bus service at present). If the applicant’s air movement forecasts are not reached then: (1) the reduction in longer distance movements to other airports will not be materially assisted; and (2) the shuttle bus may not be viable and there may be pressure not to continue the service (and there is no commitment after the first 5 years to maintain it).

1.32 It is recognised that development at the Airport in accordance with the Local Plan would of course also raise similar issues but, quite apart from the underlying need for that development implicit in policy, there is also,



however, an alternative, more sustainable location for the proposed distribution centre. An improvement in public transport provision, by the accompanying submission of an acceptable travel plan, could also be potentially realised by alternative policy compliant development.

- 1.33 In respect of the movement of goods by road, the proposal has the potential to improve the infrastructure at the Airport and thus potentially to widen the choices for the transport of freight. As with passenger traffic this is dependent on the forecasted air movements being realised. The Alan Stratford and Associates report (May 2011) also recognises that much of the impact of the development on the road network will be from HGV traffic which will be unaffected by the Travel Plan mitigation measures, although a Designated Advisory HGV route is proposed to seek to ensure that all HGV traffic between the M6 and the proposed distribution centre uses Junction 44 of the M6 and the A689.
- 1.34 In the context that there are alternative sites available within the settlement boundary of Carlisle with closer connections to the M6 and rail, the proposed road haulage operation at the Airport is not only contrary to Policy EC22 of the Local Plan but is not considered to be in a sustainable location (irrespective of the revisions to the Travel Plan). Although not directly forecasted there is a consequent inherent likelihood of an increase in the overall length, even if not the number, of motorised journeys. The separate concern on grounds of sustainability is therefore maintained.

### **Landscape and Visual Impact**

- 1.35 The previous Committee report drew a distinction between three elements, namely:
- the setting of Hadrian's Wall and the ability to appreciate Roman military planning;
  - landscape impacts that relate to the characteristics of the landscape; and
  - visual impacts on receptor points (houses and rights of way etc) effects that relate to individual views within that landscape.

The report highlighted that English Heritage considered the main built element, by virtue of its location and scale, to be unlikely to have an adverse impact on the ability to comprehend and appreciate Roman military planning and land use in relation to Hadrian's Wall. When assessing the impacts on the landscape character of the area and visual amenity, the report stated that the proposed distribution centre represented a large-scale development that will have a noticeable visual presence detached from the existing buildings at the Airport.

- 1.36 In relation to the impact on the landscape, the site falls within Type 5b Low Farmland and immediately adjoins Type 8b Broad Valleys (Insert 1 of the "Cumbria Landscape Character Guidance and Toolkit", 2011). The Low

Farmland sub type being characterised by an undulating and rolling topography, intensively farmed agricultural pasture, patchy areas of woodland, large and rectangular fields, and hedges, hedgerow trees and fences bound the fields. The Broad Valleys sub type is characterised by wide and deep valleys with open flood plains, rural farmland with significant areas of improved pasture, pockets of scrub and woodland, hedges and stone walls forming the field boundaries, and roads and railway lines following the linear valley contours. The third reason for refusal in the original Committee report referred to the adverse effect of the distribution centre and associated structures and lighting on the landscape character, and on visual amenity from the east, south-east and along Hadrian's Wall Path from Oldwall to Chapel Field, and the A689.

- 1.37 In the letter dated 14th July 2011, the applicant's agent commented on the fact that the above had not previously been a reason for refusal; and also noted that English Heritage, for example, had not raised an objection and that their advice had been disregarded. Officers responded by letter dated 29th July:

"In relation to the third reason for refusal you allege that the author appears to disregard the advice of English Heritage although paragraph 6.137 of the report explicitly states that:

*"English Heritage consider that the main built element, by virtue of its location and scale, will be unlikely to have an adverse impact on the ability to comprehend and appreciate Roman military planning and land use in relation to Hadrian's Wall."*

The report identifies that the issues being considered relate to the impacts on the character of the landscape and visual impacts on particular receptor points. This was written with due acknowledgement of the comments from English Heritage with regard to the distinct issue of the ability to comprehend and appreciate Roman military planning. You will also note that the reason for refusal makes no reference to LE7 of the Local Plan 2001-2016."

- 1.38 Subsequent correspondence from a local resident has referred to more recent guidance from English Heritage on "Seeing the history in the view" (May 2011), and "The setting of heritage assets" (October 2011). In response, English Heritage has since confirmed that the approach they adopted when commenting on the current proposal was consistent with the recently published setting guidance and therefore do not wish to revise their earlier advice. Officers accept this advice and are of the view that there will be no harm within the meaning of para 134 of the NPPF regarding the setting of Hadrian's Wall.

- 1.39 Correspondence from the applicant's agent (14.07.11, 28.07.11 and 05.08.11) has further commented on the impact of the proposal on the landscape character and visual amenity by explaining that:

- It is the local area (not the wider area) where an increase in ambient light levels is expected. The "limited" effects of the lighting reflect the facts (1)

that the existing public rights of way are all unlit and over rough ground and therefore unlikely to be used during the hours of darkness and that (2) otherwise only residential properties will be affected.

- The submitted landscaping scheme proposes the planting of a large woodland area to the south and east of the distribution centre. The tree mix is dominated by species which will grow to a height in excess of the distribution centre and a mix of under-storey species and hedgerow planting to provide screening from ground level to the lower level of the canopy. At 13 years from the opening assessment year (2025) the tree planting will not be of a sufficient size to fully screen the development, they will ultimately grow to a height sufficient to provide full screening of the distribution centre when viewed from the south and east.
- The submitted assessment is based on the future year of 2025 which only allows 13 years of growth to the landscaping scheme. Beyond this year further vegetation growth will occur and the effect on visual amenity at Military Cottages (regarded as a 'moderate adverse' effect and therefore, the applicant advises, 'significant' in EIA terms) will continue to reduce over time beyond 2025 until the landscaping scheme is matured sufficiently to mitigate the development. At such a time no significant effect associated with the proposed development will be experienced by these receptors. No other significant landscape or visual effects were assessed as being likely to result from the proposed development.
- Due to the rolling and undulating nature of the landscape and the significant quantity of woodland blocks, hedgerows and hedgerow trees which provide intervening landscape elements, there are few direct and open views of the proposed development. This will naturally limit the effect of the proposed development on the landscape character.
- Two previous applications for larger developments have been approved by the Council. The Council has previously indicated that details previously submitted to discharge conditions attached to the 2008 application (prior to it being quashed) were acceptable in mitigating visual impacts.
- The proposed woodland will be characteristic of the local landscape both in terms of its size and species choice, and the proposed development does not result in the loss of any characteristic features of this landscape type.
- The proposal is considered to be in line with Policy E37 of the Structure Plan 2001-2016 and Policy CP1 of the Local Plan 2001-2016 in that it conserves and enhances the special features and diversity of the different landscape character areas.

1.40 When assessing the impacts on the landscape character of the area and visual amenity, it is apparent that the "Cumbria Landscape Character Guidance and Toolkit Part One Landscape Character Guidance" (2011) under the heading "Changes in the Landscape, Development" acknowledges

that “creeping urbanisation” such as airport and warehouse development can degrade the traditional landscape characteristics (p.73). The proposal is also adjacent to Landscape Character Area 8B Broad Valleys – in this area it is considered that large scale developments could erode the rural character.

- 1.41 In overall terms, the proposal represents a large-scale development that will have a noticeable visual presence detached from the existing buildings at the Airport. Irrespective of the imposition of a condition, the required external lighting would compound matters.
- 1.42 It is appreciated that development is envisaged at the Airport. In the context of the conclusions reached in the Environmental Statement submitted by the applicant, it is considered that despite the proposed landscaping, the distribution centre, associated structures and parking would be prominent and visually intrusive features in such an exposed and highly visible location, and that this proposal causes harm over other potential development. This is a matter that still weighs against the proposal. Whilst not considered sufficient to constitute a reason for refusal, it adds weight to the breach of policy argument.

#### **Likely socio-economic impact/benefits**

- 1.43 In the original report to Committee Members’ attention was drawn to the two principal considerations under this heading relating to i) the economic and employment benefits; and ii) the opportunity to re-develop the existing sites at Kingstown Industrial Estate occupied by the Stobart Group.
- 1.44 As to (i) it was concluded (paras. 6.66-6.68) that *“in the light of the available information it is concluded that no convincing evidence, that includes a breakdown of all costs, has been presented by the applicant regarding the effectiveness of the proposed FDC in enabling development in the light of the disputed costs regarding the runway works. No convincing evidence has been given showing that the forecast passenger flights and air freight movements are either realistic or achievable. The figures given by the applicant lack detailed supporting evidence and analysis. No evidence in the form of extensive market research nor a business/master plan has been presented to substantiate these claims. Thus even if the Council were to impose a condition requiring the runway works to be carried out in advancement of commencement of the proposed FDC, there is no guarantee that flights will actually take place, nor that further building to raise sufficient revenue will not be required.*

*[para.6.67] Based on the work of ASA, the aviation benefits appear over-optimistic.*

*[para. 6.68] The lack of supporting evidence is a surprising omission. It would be inappropriate to allow a development on the basis of enabling development, if there is little realistic prospect of the runway being used as proposed. As such the asserted benefits, should in the view of officers, be given little weight.”*

- 1.45 As to (ii) it was concluded (paras. 6.76 -77), having considered the Carlisle Employment Sites Study (2010) that *“Kingmoor Park (including Brunthill) and Kingstown Industrial Estate are the two highest scoring sites qualitatively. Under Policy EM13 of the Structure Plan 2001-2016, Kingmoor Park is designated a Regional Investment Site. As such there is allocated employment land that is available closer to the motorway network than the Airport. This is also at a time when no argument has been advanced that there is an essential need for the road haulage to be located at the Airport that could not either be addressed by the redevelopment of existing sites or available land within the immediate vicinity.*  
*[para. 6.77] Whilst PPS4 and recent Government statements promote economic development, the deliverability of the asserted airport related benefits of this proposal are open to serious doubt and there appear to be clear opportunities for the FDC to be more appropriately located elsewhere.”*
- 1.46 Reference has already been made above to the NPPF. In this section further information will be provided concerning the Lease; and Members updated regarding the various reports and evidence received since July 2011,namely:
- a 2005 report prepared by York Aviation on behalf of the NWDA (“Appraisal of the potential economic benefits of NWDA support for Carlisle Airport: Supplementary Report”) that examined the viability of Carlisle Airport;
  - in 2006 the Route Development Company prepared a “Network Development Report: A strategy for the development of air services from Carlisle Airport Version 1.2”;
  - Regenerate Cumbria also published a report on “Ideas and thoughts regarding the development of Carlisle Airport” in 2006;
  - analysis by Aviasolutions on the market potential for passenger and cargo air services is contained in Chapter 4 of the EKOS Report (2008) that accompanied the previous application (reference number 08/1052); and
  - a report on Carlisle Lake District Airport “The potential passenger and freight markets” dated May 2009 that re-iterates the contents of the Aviasolutions analysis but includes an updated reference to the acquisition by the Stobart Group of Southend Airport.
- 1.47 Under the terms of the current Lease there is a general user provision (clause 3.10.1) not to use the premises/any part thereof other than as an airport and/or for uses within Use Classes B1 (Business) - B8 (Storage or Distribution); C1 (Hotels and Boarding Houses); and/or for agricultural use. If, after the expiry of the 10th year of the term (i.e. 31/5/11), the tenant is able to demonstrate to the reasonable satisfaction of the landlord that Carlisle Airport is not capable (in accordance with the terms of the lease) of economic operation as a commercial airport the tenant may close the Airport for “airport operations” (clause 3.11.1). Counsel has, however, advised that the rental income (£1.8m - £2m) from the proposed distribution centre could properly be taken into consideration in relation to clause 3.11.1 and the applicant’s representative agrees.
- 1.48 Given the stated current losses it may be said that at present the Airport is

not capable of economic operation and that it may be closed. The applicant/tenant could argue that if planning permission for the distribution centre is not granted, then it would be entitled to close the Airport; but that, in accordance with the general user provision, it is seeking a B8 development which will cover the losses and enable it to be kept open, repairs carried out, and air passenger/freight services operate.

- 1.49 The requirements of a lease are not generally a material planning consideration but, quite apart from any corporate policy of the Council to promote the Airport, in this case there appears to be an overlap in that if the application is refused, then the tenant could seek to close the Airport whether under the lease or as a matter of fact. If it is granted but is still not capable of economic operation as a commercial airport (a planning objective and benefit) then it could close anyway.
- 1.50 The 2005 Report prepared by York Aviation on behalf of the NWDA examined the viability of Carlisle Airport, and was based on the review of three potential scenarios:
- The development of a short runway only to 2015, with flights limited to conventional scheduled services with smaller aircraft types;
  - The phased development of a short runway initially until 2010 then development of a “full” length runway allowing low cost and charter services from 2010;
  - The immediate development of a full length runway allowing all types of services to operate from 2006, albeit with an assumed build up period.
- 1.51 The Executive Summary of the Report (2005) includes the conclusion that:
- “if the Airport is constrained to a short runway in the longer term, with limited traffic growth potential, then the development is unlikely to be fundable with any reasonable level of public sector support, as revenues will not cover costs even over the longer term.” (p.ii)*
- 1.52 The Report (2005) emphasised that the financial viability of the Airport was dependent upon the construction of a full length runway and the assumption that consequent passenger traffic growth could be achieved in line with the then forecasts. Whilst recognising the strong sub-regional support for the development of the Airport, the benefits were considered to be as much in the perceived improvement to the image of Cumbria as a place to do business and to visit as to any measurable economic benefits. Nevertheless, the Report did recognise positive user benefits within the whole catchment area (including southern Scotland) and a case for investment in a full runway scheme.
- 1.53 In 2006 the Route Development Company prepared a “Network Development Report: A strategy for the development of air services from Carlisle Airport Version 1.2”. This Report, amongst other things, identified the restrictions affecting Carlisle Airport’s ability to develop services as: the runway length; the limited catchment area; and a limited in-bound market in

the absence of maximising the potential of Carlisle through high quality tourism infrastructure. The absence of an ILS was also noted.

- 1.54 The analysis by Aviasolutions contained in Chapter 4 of the EKOS Report (2008) prepared on behalf of Cumbria Vision Ltd assessed the economic value of the development proposed under the previous application (08/1052) regarding the Airport. The analysis identifies three general sources of traffic demand, namely: (1) “outbound” passengers/cargo originated from the local catchment area; (2) “inbound” passengers/cargo with a final destination in the local catchment area; and (3) connecting passengers/cargo transshipments that do not start or end the journey in the catchment area.
- 1.55 The EKOS Report (2008) recognised that (in addition to the catchment area) there are additional factors such as competition from other airports, airport infrastructure, cost of using the airport for airlines and passengers, and surface access that influence traffic development at an airport. Airport revenues are generally categorised under two key headings, aeronautical and non-aeronautical. Aeronautical are those relating to the fees and charges levied directly by the airport on operators that use the airport such as landing fees, parking charges, Air Traffic Control fees. Non-aeronautical revenues can be: (1) passenger related such as retail, car parking, food and drink; and (2) non-passenger related such as the rental of premises.
- 1.56 When considering the current application it is unfortunate that the annual loss figures for the Airport were initially put in the public domain by the applicant as being £1.4m for 2008 and £1.2m for 2011. The more appropriate figures have been confirmed by the applicant as losses of £739,859 in 2008, £514,400 in 2011, and £317,000 in 2012 (Annex A of the URS letter dated 26.09.11, and Stobart Group e-mail 15.06.12).
- 1.57 The agent has also previously stated:

*“Stobart Air comprises Carlisle Airport and Southend Airport. Stobart Air also forms part of the Stobart Group. This structure affords Carlisle Airport greater financial security than compared, for example, to it being the sole asset of a company. However, the aim is to ensure Carlisle Airport becomes financially viable in its own right, without being reliant upon the wider interests of Stobart Air and the Stobart Group to underpin its operations.”*  
(URS e-mail 17.10.11)

There now appears to be a change in stance with the Executive Summary of the “Carlisle Airport Update” (June 2012) prepared by Stobart Air explaining that:

*“Stobart Group’s rationale for the proposed developments at CLDA is centred around a two airport strategy, linking LSA and CLDA, every passenger travelling to LSA creates additional income streams for the Group in addition to the basic air fare, the Group would receive income from the rail tickets bought by passengers travelling to London Liverpool Street as well as other income from retail sales and hotel income for example.”*

- 1.58 On the basis of the information contained in the most recent correspondence from the applicant (such as the “Carlisle Airport Update”, June 2012 prepared by Stobart Air; and the “Business Case”, June 2012) URS has provided the following summary of socio-economic benefits: the consideration of employment in the Carlisle area included the creation of jobs during the construction phase; the safeguarding of existing permanent full time jobs; and the increase in job opportunities during operation. URS argue that the range of beneficial effects assessed to result from the proposed development in relation to all of these factors remains as reported in the ES.
- 1.59 Members should note that the forecasts in the ES still refer to 200,000 passengers by 2025. The latest correspondence from the applicant now confirms that their estimate is only some 100,000 passengers by that date. Whilst the adverse effects of the proposal will obviously reduce, Officers consider that the benefits stated in chapter 4 of the ES (based upon the EKOS update document) are likely to also reduce, but the changes have not been stated nor has there been formal consultation of this under the EIA Regulations.
- 1.60 Irrespective of this, it is considered that the two key questions to be addressed are: (1) whether the proposal will on its own lead to a viable airport based on current levels of use; and (2) whether the proposal will on its own lead to a viable airport based on commercial air passenger and/or air freight operations in the short, medium or longer term. Viability is dependent upon a number of matters:
- the construction costs associated with the proposed works;
  - aeronautical passenger income (out-bound, in-bound and connecting) taking account of infrastructure;
  - aeronautical freight income;
  - the additional operating/administration costs; and
  - non-aviation income (including subsidies).

It appears that the applicant has yet to carry out any consultations with the CAA, UKBA, DFT etc but the agent has explained that this is considered to be futile/nugatory until full planning permission is secured (URS letter 03.11.11). The discussions and exchange of information on costs has also been predicated on an assertion by URS that it is not possible accurately to define the end costs of a development of this scale prior to planning permission being granted.

### **Construction costs of proposed development**

- 1.61 The relevant costs relating to the proposed (i) runway work, taxiway and aprons; (ii) works to the terminal; and (iii) the remaining buildings and roads/hard standing.
- i) Works to runway, taxiway and aprons
- 1.62 The Report for the North West Development Agency (2005) estimated the initial capital costs for the short runway or phased runway option alone (i.e.



runway works only, and excluding maintenance) at £5.5 million in 2005; the phased option requiring a further capital expenditure of £13 million in 2009 to deliver a longer runway by 2010; and the full length runway option incurring initial capital costs of £8.5 million, with a further £6.4 million needing to be spent in 2006/7 for the terminal and associated development.

- 1.63 The analysis by Aviasolutions (2008) highlighted that “...*the existing airport infrastructure is in a poor state of repair. The main runway has a current weight limit of 12.5 tonnes. To allow viable commercial passenger operations this will need to be increased through a complete re-surfacing, to around 30 tonnes, sufficient for commercial turboprop operations.*” (para 4.4.4, p.61 EKOS Report, 2008) In February 2010 WA Fairhurst and Partners, when discussing the condition of the runway explained in a letter to the City Council that: “[t]he current runway lighting and cabling is very old and likely to also need replacing as part of these works to enable the airport to continue to comply with normal CAA safety requirements.”
- 1.64 The applicant’s estimation of the runway costs has risen from £2,952,554 (URS letters 28.07.11 and 05.08.11), to £3,191,879.36 (Annex B URS letter 26.09.11), and now to £3,709,605 (Annex F URS letter 07.02.12). The overall cost of constructing the aprons and hard standings is put at £1,417,077 (Annex A, URS letter 16.12.11). The total runway and apron/hard standings costs therefore amounting to £5.1m.
- 1.65 York Aviation, now acting on behalf of a local resident rather than the North West Development Agency, estimate that the costs of the works to the runway would be not less than £4.8m (YA letter 15.08.11) but could range from £5.5m to 16m (YA e-mail 12.09.11).
- 1.66 These figures compare to those of the City Council’s consultant (Gleeds) who, following a site visit and meeting with the applicant on the 14th October 2011, considers that the lowest cost position (using what is referred to as the “Stobart Methodology”) for the runway works is £5,440,773 whilst the highest cost for a stand-alone tender and the importation of materials is £10,469,925. Furthermore, Gleeds consider the likely costs of the apron stands work will range from £60/70 per square metre to £150/185 per square metre. The plane stands, excluding taxiways, are approximately 35,170 square metres in area i.e. the equivalent of £2,110,200 to £5,275,500 using the lower range cost figures.
- 1.67 The differences in the estimated costs between the respective consultants reflect:
- an assertion on behalf of the applicant that they would be able to source all aggregates free on site and the on-site batching plants would be paid for as part of the construction costs associated with the freight distribution centre;
  - the degree to which account is made of the potential requirements in order to satisfy the CAA and/or DfT such as upgrade of cabling and refurbishment of control panels, additional interception works associated with fuel oil collection;

- the degree to which account is made of any requirement for sloped concrete edge protection strips to each side of the runway; and
- the degree to which account is made of any additional airside fencing and CCTV security issues.

1.68 Furthermore, the applicant has explained that the runway ground conditions still need to be monitored and verified during construction. The ground condition risk will be passed on contractually to the sub contractor employed to carry out the works. The overall project has a 5% contingency (URS letter 26.09.11 para k).

1.69 Thus capital costs for the runway and taxiway works now range from £5.1m (Stobart) to £7.5 m (Gleeds, lowest cost basis) to £11.8 m (York Aviation, lowest cost basis).

#### ii) Terminal refurbishment

1.70 The analysis by Aviasolutions (2008) describes the current terminal building as a “*relic of incremental expansion in the 60s, 70s and 80s*” (para 4.4.4, p.61 EKOS Report, 2008). This was re-iterated in the May 2009 report regarding Carlisle Airport on “The potential passenger and freight markets” (para 1.4.4, p.20).

1.71 During the site visit on the 14th October 2011, the applicant confirmed that the following items would be brought to Carlisle as “free issue” from Southend Airport: a level 3 hold baggage screening machine; Rapiscan or similar hand baggage screening machine; out bound baggage roller beds; and arrival baggage roller beds. Gleeds has estimated the value for the installation of these items as new equipment to be £450,000.

1.72 This aside, the URS letter dated 26.09.11(para a) stated an estimated cost for the refurbishment of the terminal as £217,500. The applicant has marginally increased this figure to £220,546 (Annex B URS letter 06.01.12).

1.73 Gleeds has pointed out that the existing facility is made up of a collection of modular portable cabin type units. They also consider that there are cost risks associated with DfT, HMI, CAA, and Fire Officer and Building Regulation Approval not included which could generate additional expenditure - estimated to be in the order of £130,000. This figure excludes the requirements of Part L2 of the Building Regulations, which would generate a significant further cost. Based on these provisos Gleeds anticipate a budget for the terminal works in the order of £350,000 to £500,000 subject to the final requirements of the risk items and design solutions adopted.

#### iii) Freight Distribution Centre etc

1.74 The figure for the freight distribution centre was originally £12.1m (URS letter 22.06.11) but has risen to £12,605,780 but not including the fire station and aprons/hard standings (Annex F URS letter 16.12.11 and URS letter 07.02.12).

- 1.75 Hyde Harrington (HH) originally estimated in October 2011 that the total build cost would approximate to £25 million. HH, following a review of the tendering costs, has subsequently explained that they are unable to confirm what the total cost will be for the development based on the available information, and because the value engineering exercise is still on-going. In the light of the foregoing, HH are of the opinion that the works will fall between the adjusted tender figure of £13 million and their estimate of £15 million.

### **Aeronautical related income – passengers**

- 1.76 As already indicated, the analysis provided by York Aviation to the NWDA in 2005 concluded that if the Airport was constrained to a short runway (i.e. its existing length) in the longer term, with limited traffic growth potential, then the development was unlikely to be fundable with any reasonable level of public sector support, as revenues would not cover costs even over the longer term. Equally, the measurable benefits arising from a short runway option would not justify even a limited level of investment by the NWDA. The analysis suggested that it was only viable on the basis of the full runway development and assuming that passenger traffic growth is achieved in line with the forecasts.
- 1.77 In 2006, following the undertaking of a survey, Regenerate Cumbria published a report on “Ideas and thoughts regarding the development of Carlisle Airport” (2006). One of the questions asked was “Subject to the routes that were offered, would you use air travel more often if there was an airport at Carlisle?” The response from the survey participants (some 264 people responded, 96% of them from Cumbria) was as follows: A = 49.60% - Yes; B = 20.20% - No I wouldn't; C = 24.80% - I don't know; D = 03.10% - I might; E = 01.20% - I do not use air travel; and F = 01.20% - Other (p.7 Regenerate Cumbria, 2006). Another question was “Subject to the routes that were offered, would you use an airport at Carlisle to deal with your existing flight travel?” 63% said ‘yes’, 10% ‘no’, 19% said ‘I might’. 64% presently use Manchester airport, 18% Newcastle.
- 1.78 The Route Development Company prepared a report in 2006 that focused on the potential network development opportunities at Carlisle Airport based on the provision of a new 2,300m runway from 2009. This scenario stemmed from the consideration that it would be economically illogical to develop an airport with a restriction to its runway length because it is critical to the attraction of low-cost, charter and diversion traffic (pp.25 and 29 RDC, Version 1.2, 2006). The RDC Report (2006) also makes reference to the lack of an ILS being an impediment to attracting commercial passenger services (para. 4.21)
- 1.79 When looking at Carlisle Airport's catchment area the RDC Report (2006) noted that there is very little of Carlisle's catchment area that does not fall into that of another airport (approx. 342,300 out of 788,252 – 90 minute catchment). Of the areas that do not, most are relatively sparsely populated such as Tynedale, Eden, Allerdale and Copeland. Carlisle, as a conurbation,

has a relatively low population compared to Newcastle, Leeds and Durham, meaning that there is only a small core catchment upon which to build services - even before the effect of 'overlapping' catchments is taken into consideration, Carlisle's catchment population is considerably lower than any other airport in the region (p.11 RDC, Version 1.2, 2006).

- 1.80 The RDC Report (2006) identified the core catchment (30 minute drive time) as key to the Airport's success. The population of the core catchment was identified as being 101,031, which is very unlikely to support high volume services such as those offered by low-cost carriers.
- 1.81 The restrictions on Carlisle being able to develop a similar network of services to other airports, such as Newquay, are not only its runway and catchment area but also the inbound market strength - the inbound potential at Carlisle being an important consideration in developing new services because the Carlisle catchment area alone may be unable to support the development of services (p.26 RDC, Version 1.2, 2006).
- 1.82 The RDC Report (2006) recognised that the largest local tourism draw is the Lake District - it attracts over 12 million visitors annually, of which a significant proportion is from overseas. However, further analysis of the numbers showed that the majority of visitors arrived by car; were short stay; low spending; and highly seasonal. It was considered highly unlikely that overseas tourists would visit the Lake District alone and fly for that purpose (p.32 RDC, Version 1.2, 2006). The majority of visitors to the Lakes are from nearby regions such as Liverpool, Manchester and the Midlands, for which it is totally unviable to consider air transport. This limits the potential domestic visitors arriving by air to the South East, South, West Country and Northern Ireland (pp.32-33 RDC, Version 1.2, 2006). What is needed is a maximising of the potential of Carlisle through the provision of high quality tourism infrastructure and a range of leisure facilities (p. 33 RDC, Version 1.2, 2006).
- 1.83 The RDC's firm recommendation, based on a new 2,300m runway, was that Carlisle should aim to secure a London link with a low-cost carrier at the soonest possible convenience. This route represented the one market with a volume that was considered significant enough to be stimulated, but also high enough to be viable. The Airport also needed to prove its ability to attract passengers before further airlines would consider developing additional routes (p. 58 RDC, Version 1.2, 2006).
- 1.84 In comparison to the RDC report of 2006, analysis by Aviasolutions (2008) considered the immediate "outbound" catchment (within 30 minutes of the City centre) to be circa 160,000; the core catchment circa 500,000; and the wider catchment (i.e. where Carlisle is no more than 30 minutes further than the nearest airport) circa 800,000.
- 1.85 In relation to "inbound" traffic the significance of the Lake District is recognised by Aviasolutions but they also state that ....*"However, stimulation of the market will be relatively limited without low cost airlines operating B737 size aircraft"* (p.48). The report recognises that, because of the length of the existing runway, the Airport would need to target either regional full service airlines (e.g. Eastern, bmi, Regional, Cityjet) or regional low cost airlines (airlines operating regional aircraft but with elements of the low cost

business model e.g. Flybe, Manx2, Aer Arran).

- 1.86 In overall terms the Aviasolutions analysis (2008) considers that there is a market for air services to/from Carlisle, however, *“the overall underlying demand for air services to/from Carlisle is unlikely to be particularly high in comparison to small UK regional airports with existing regular services. ...Nevertheless, given the distance from London (and the time and expense of rail and road travel to the capital) we would think it likely that there would be significant demand for a London service. Depending on which airport in London was served, a London route could also be used by passengers for transfer on to onward destinations.”* (p.48)
- 1.87 Aviasolutions (2008) consider that a London route could be expected initially to generate circa 30,000 – 50,000 annual passengers (based on two rotations per week day on regional aircraft) but, in order to establish the route's commercial viability some form of risk share/contribution may be required.
- 1.88 The Report (2008), whilst raising potential routes to Belfast, Inverness, Cardiff, Bristol, Exeter, Southampton, Dublin, Amsterdam and Paris, also acknowledges that it is difficult to predict the potential of future traffic at Carlisle with any degree of confidence. Nevertheless, the analysis suggests 100,000 passengers as a reasonable target following infrastructure improvements, within a range of 50,000 – 200,000.
- 1.89 The applicant has subsequently submitted a report on Carlisle Lake District Airport - *“The potential passenger and freight markets”* dated May 2009 - that re-iterates the contents of the Aviasolutions' analysis but includes an additional paragraph that says: *“The acquisition by the Stobart Group of Southend Airport makes good business sense as the London gateway from Carlisle. It has the same surface connection time (train to Liverpool Street) as Stansted. Very significantly, it is outside the London TMA....and is well placed for Thames estuary developments and the 2012 Olympics.”* (p.12)
- 1.90 In relation to the current proposal, the applicant recognises that the confirmation of airline route and operators would assist the Council in granting planning permission since that would provide what is referred to as an “extreme” level of certainty of the degree to which the committed investment in aviation related infrastructure would be used (URS letter 14.07.11, p.9). However, the applicant considers that such confirmation is not possible until that infrastructure is in place, and that it is unable to advise on whether there are any agreements in principle or similar commercial negotiations ongoing between the Stobart Group and any of its potential or existing clients since these are sensitive commercial matters that must remain confidential (URS letter 26.09.11, para. r). The applicant has therefore sought to provide confidence to the Council in other ways, such as the example of its commitment to capital costs at, and securing of funding for, London Southend Airport without any airline being on board. London Southend now operate two daily services to Ireland with Aer Arran; and easyJet has announced a ten year deal with London Southend Airport to commence flights from April 2012 to around ten different European destinations.
- 1.91 A Mott MacDonald Technical Note (accompanying the URS letter dated 05.08.11) is in broad agreement with all of the Aviasolutions (2008)

comments and conclusions, in particular their estimate of some 100,000 passengers a year in the initial phases. However, Mott MacDonald raise a further three points, namely: the ownership of Aer Arann means that it is more likely to seek opportunities at Carlisle than elsewhere; no allowance has been made for the possibility of summer week-end services from points in the continent; and there are some innovative approaches being considered to bringing in tourists by air from southern Britain.

- 1.92 Mott MacDonald highlight that the York Aviation Study (June 2011) concludes that by 2025 it seems likely the only possible route for Carlisle operated on a regular basis would be to London, *“perhaps delivering at best 40-50,000 passengers per annum, although provision of this service cannot be certain....Any specialised services, such as to Jersey may add another 1-3,000 passengers per annum, giving a likely throughput at the lower end of the EKOS/Aviasolutions estimate.”* (URS letter dated 05.08.11)
- 1.93 Mott MacDonald consider that a commitment to operations at both Carlisle and Southend Airport by Stobart Air and its associated Aer Arann should be able to generate around 70-90,000 passengers a year within two years of commencement (of which 35,000 would be to London/Southend), rising to around 120,000 by 2020 (of which 55,000 to London/Southend), and possibly 160,000 (of which 70,000 to London/Southend) by 2025. Put into perspective, 70,000 passengers a year in 2013 represents an average of less than 100 departing passengers a day, spread across four return flights, giving a 58% load factor on an average 41 seat aircraft. (URS letter dated 05.08.11)
- 1.94 Mott MacDonald recognises that, whilst Stobart Air already has a track record of successfully stimulating traffic at Southend Airport, it will not be able to have the same impact at Carlisle because of its location and its shorter runway, but the importance of marketing ability should not be discounted (URS 05.08.11). However, Mott MacDonald also acknowledge that the underlying demand is not, of itself, sufficient to sustain regular operations to any specific destination (para. 30 URS letter 05.08.11).
- 1.95 The Chief Financial Officer of Aer Arann (in which Stobart Air have a commercial interest), in a letter dated the 29th February 2012, has explained that, from their analysis, the initial proposal for Carlisle Airport is *“a based 48 seat ATR 42 operating year round services to London Southend - twice daily - and a single daily service to Dublin.”* Aer Arann’s analysis suggests that there is sufficient traffic from the catchment area to support direct air services from Carlisle Airport to both London Southend and Dublin. The proposed new air service to London Southend would be priced at £100 (including return rail to Liverpool Street) compared to £220 (first class), £159 (standard), £132 (standard advance) by train.
- 1.96 The CFO of Aer Arann also explains that passengers travelling onwards to the US would benefit from the new improved facilities in Dublin T2 – pre-clearing customs and immigration offers significant time savings and connecting through Dublin avoids congested international hubs. Onward destinations to the UK with Aer Lingus include New York, Orlando, Chicago

and Boston. Aer Arann analysts indicate that this will make travel from the immediate and core Carlisle catchments to the U.S. an attractive option which has not previously been considered. There is also a large number of European cities destinations from Dublin that will be accessible via a through service from Carlisle Airport. An air connection between Carlisle Airport and Southend offers seamless connections to Amsterdam, Alicante, Barcelona, Belfast, Faro, Ibiza, Jersey, Malaga and Mallorca – an option that has not previously been considered in terms of market analysis.

- 1.97 The Supporting Assumptions contained within the “Carlisle Airport Update” (June 2012) prepared by Stobart Air explain that Stobart Group Ltd would propose to set up a twice daily service from Carlisle to Southend and a daily service from Carlisle to Dublin. The number of passengers generated by the Southend service is estimated to be 41,286 with a 4 per cent annual growth rate reaching 64,000 by 2025. The number of passengers for the Dublin element is predicted to be 20,000 in line with the current number of passengers flying with Aer Arran from Dublin to Blackpool – the intention is for the Aer Arran Dublin to Blackpool route to be replaced by the Carlisle to Dublin service. The revenue per passenger is calculated at £8.25 per passenger.
- 1.98 The “Business Case” (June 2012) for an Aer Lingus Regional based aircraft at Carlisle Airport explains that the proposed pricing model for advance bookings will be less than a standard rail ticket to London; and the proposed schedule for a double daily service to London Southend will result in passengers arriving at Liverpool Street station by 09.30. Aer Arran flight operations have conducted an initial evaluation of the approach procedures and navigational equipment at Carlisle based upon which, and other than the runway weight restrictions, it is considered that there does not appear to be an issue with scheduled operations although further discussions would be held to evaluate non radar procedures. The Case also states that Aer Arran currently operate to airports that do not have radar coverage.
- 1.99 York Aviation, in their current role as consultant to a resident objecting to the proposal, are critical of the work of Mott MacDonald in that it does not include any assessment on the actual commercial viability of passenger services. York Aviation allege that the financial costs to the Stobart Group of obtaining the basing of an aircraft at Carlisle is unlikely to be less than £500,000 per annum and probably significantly more. Whilst the Stobart Group has made a financial investment in Aer Arann it is reported that this was only 2.5m euros and specifically connected to the delivery of up to 300,000 passengers a year over a 5 year period. York Aviation (YA) also highlight that the runway is both too short, with an inadequate PCN to permit easyJet to operate from Carlisle; and are of the view that the provision of an ILS (as opposed to a GPS based landing system) will be an essential requirement to secure commercial passenger operations ( YA letter dated 15.08.11). The use of GPS approaches remains unusual for airports handling commercial passenger traffic even on a scale of 100,000 passengers a year and reliance on them is likely to be a deterrent to some airlines from commencing scheduled or regular charter operations (YA letter 16.03.12).

- 1.100 Based on an optimistic figure of 100,000 passengers over the medium term and airport charges of £5 per passenger, this would give a revenue stream from airport charges of £500,000 per annum. This estimate of future revenues will not be attained in year one (YA letters dated 15.08.11 and 16.03.12).
- 1.101 YA allege that Mott MacDonald's comparisons with the Highlands and Islands Airports (HIAL) are misleading because many routes to and from these airports are covered by a Scottish Government run Air Discount Scheme which means that passengers do not pay the full cost of using them, and/or the routes are supported by Public Service Obligations whereby the airlines are paid to operate such services. YA submit that the Mott MacDonald suggested aeronautical revenues are substantially overstated due to a "misleading" comparison with the HIAL airports; the lack of adequate retail and catering facilities; Aer Arann in its letter dated 29.02.12 now state that no charges will be levied on passengers parking cars at the Airport (which will reduce the amount of income assumed by YA); and their method of estimating net income per passenger is flawed because it double counts additional freight and general aviation income and does not strip out rental income from the figures used as comparators. On this basis, YA estimate the total gross annual income as £2.95m including the rental from the freight distribution centre, or £29.20 per passenger (YA letter 16.03.12)
- 1.102 YA also highlight that the May 2009 report on "The potential passenger and freight markets" claims a potential of circa 100,000 passengers per annum which is substantially less than the 500,000 passengers per annum claimed by Mott MacDonald. The Aer Arann letter dated 29.02.12 suggests that they could operate 2 return flights a day to Southend and 1 return flight a day to Dublin with an ATR42 aircraft. These flights would provide capacity for around 105,000 seats per annum and around 74,000 passengers per annum assuming a 70% load factor could be obtained on a year round basis – this may be optimistic because of any dependence on seasonal tourist traffic. YA also believe that any journey time advantages for a service to London via Southend Airport would be illusory; it would be easier and cheaper for potential passengers to use services direct to other destinations from Newcastle, Manchester or the Scottish Airports. Furthermore YA highlight that relocating some services to Galway and Waterford from London Luton Airport to Southend has seen the passengers carried by Aer Arann from London to these two destinations fall from 68,000 and 60,000 passengers respectively in 2010 to 42,000 and 43,000 passengers in 2011 based on the latest CAA passenger statistics. The relocation of these services from Luton does not appear to be commercially rational behaviour and it cannot be certain that such operations will be sustained once the 5 year operating agreement with the Stobart Group comes to an end (YA letter 16.03.12).
- 1.103 In York Aviation's view the Aer Arann letter dated 29.02.12 should not be taken as a commitment to operate from Carlisle Airport but merely an indication of what might be attainable if the appropriate financial support was put in place either by way of a further cash injection from the Stobart Group or from the public sector. Based on experience at airports such as Sheffield City and Plymouth, YA remain of the view that there is "*a real risk*,



*notwithstanding any 'enabling' development argument put forward by the applicant, that the Airport will close once the Distribution Centre is complete" leaving a "high risk of the Distribution Centre being located in what is open countryside with no link to commercial use of the Airport." (YA letter 16.03.12).*

- 1.104 A response to the "Carlisle Airport Update" (June 2012) prepared by Stobart Air and the "Business Case" (June 2012) has been provided by York Aviation in their letter dated the 12th June 2012 (copy attached). In summary, YA do not consider that either document can substantiate a sound case that the Airport at Carlisle will remain in use should planning permission for this application be granted. This is because many of the figures contained within it differ from those previously submitted by the Applicant without explanation or justification. As with previous submissions from the Applicant, it is alleged that the appraisal relies on an over-optimistic assessment of the viability of air services and a likely material under-estimation of the capital cost of the works necessary to allow such services to operate. Based on YA's assessment, the total additional income per passenger is likely to be less than the £7.50 which they used in their previous indicative assessment, which was stated at the time to be a likely over estimate. Hence, YA consider that it would be unwise to treat the development of the proposed distribution centre as enabling development. Rather, the information contained in the Update fails to demonstrate that the Airport could attain profitable operation in its own right over the longer term. YA consider that the real risk of closure of the Airport remains, which would leave a road haulage Distribution Centre in the countryside adjacent to Hadrian's Wall.
- 1.105 In May 2011 Alan Stratford Associates (ASA) considered that an "optimistic" assessment of 50,000 – 100,000 passengers per annum and 200-300 cargo ATMs might be achieved by 2025. In May 2012 ASA, having taken account of the 2009 CAA Passenger Survey, estimated that the potential demand for a Carlisle – Southend service would be in the order of 25,000 to 30,000 passengers in the first year of operation; a Dublin service from Carlisle would contribute a further 10,000 – 12,500 passengers per annum; and there might be a number of special charter flights/seasonal services to the Isle of Man and/or Jersey generating a further 3,000 – 5,000 passengers per annum. ASA do not see any prospects for other routes from Carlisle.
- 1.106 ASA went on to forecast that the "most likely" total number of passengers by the twentieth year would be approximately 67,800; the "optimistic" equivalent figure is 81,600; and the "pessimistic" figure is 53,300. Based on an operating income of £8.50 per passenger this would respectively be equivalent to £576,300; £688,500; or £450,500.
- 1.107 ASA explain that these figures are, however, likely to be dependent upon the payment of a subsidy to any airline operating the routes identified above; and query Aer Arann's intention to base an aircraft at Carlisle because there are no maintenance facilities and a lack of available back up aircraft. ASA also note that the proposed new apron is adjacent to the proposed freight distribution centre and, as such, it is unclear how passenger flights would be

handled – the normal expectation is for aircraft to be parked adjacent to the passenger terminal with the proposed arrangement likely to require passenger bussing operations. Furthermore, when considering the absence of an Instrument Landing System (ILS), ASA acknowledge the possibility that a GNSS LPV (Baro) approach could be introduced in the future as an alternative to ILS although these currently only provide a precision approach to about 250 feet – 200 feet with the introduction of SBAS (EGNOS). In addition, Carlisle is in uncontrolled airspace and does not have its own ground radar. The lack of ground radar could mean that Carlisle would not meet the safety case criteria required by many airlines. Not only could this lead to additional costs from possible flight disruption but the lack of an ILS and ground radar may provide a public perception that Carlisle Airport is “unsafe” even though it might meet CAA licensing and certification standards (ASA letter 17.05.12).

- 1.108 ASA believe that commercial passenger services from Carlisle are of borderline financial viability for Aer Arann or any other operator. ASA recognise that Stobart Air may initially be prepared to subsidise these, either directly by financial support to Aer Arann or by reduced airport charges at Carlisle and Southend. In the longer term, ASA cannot see how commercial passenger services from Carlisle could be financially viable or in the interests of Aer Arann or Stobart Air (ASA letter 26.06.12).

#### **Aeronautical related income - freight**

- 1.109 In the case of Carlisle Airport, charter cargo services are not constrained by the 12.5 tonne MTOW limit imposed by the CAA and any such aircraft can be accepted, subject to the discretion of the operator. This aside, the Aviasolutions Study (pp. 53-55, 2008) notes that any economies of scale derived from focussing on major airports outweigh any disadvantages in longer times to the airport, leading to significant cargo growth at a small number of British airports – notably London and Manchester- and almost negligible amounts elsewhere. In regard to Carlisle it states that:

*“A sample survey undertaken by Air Cargo Management Systems in September 2006 generated limited interest in Carlisle from a range of airlines, freight forwarders, handling companies and general sales agents. The peripheral location of Carlisle, combined with lack of import/export critical mass indicated significant development of cargo at the airport would be a challenge.”*

- 1.110 The Aviasolutions Study (2008) also noted that four other British airports with restricted runway lengths handled very small levels of air cargo in 2007 – Southampton 297 tonnes, Belfast City 1,100 tonnes, London City no air cargo, and Plymouth no air cargo. Aviasolutions (2008) summarised its findings in Section 4.3.5 thus:

*“...we consider it unlikely that significant cargo volumes can be generated from Carlisle Airport. Nevertheless, once upgraded infrastructure is in place, there may be niche opportunities that can be developed on a tactical basis, plus some potential for multi-modal integration with Stobart warehouses.”*

- 1.111 Mott MacDonald point out that there are other types of perishable cargo (outside of inter-continental flights) flown to and from British airports; and acknowledge that an ASA Report (May 2011) prepared for the City Council recognises the possibility for the Stobart Group, in conjunction with Tesco, to develop a niche market at Carlisle using smaller freighter aircraft, although this was assessed as no more than one or two round trips a day at most, or around 2,000 tonnes a year (URS letter dated 05.08.11).
- 1.112 In addition, Mott MacDonald has gone on to indicate that the Stobart Group has for some time had plans to develop a range of flights to and from Carlisle Airport carrying perishable goods but, because of commercial confidentiality to its client and to protect itself and its client from pre-emptive competition, has not felt able until recently to share this knowledge openly. The Stobart Group is aiming to make its Carlisle integrated freight hub the centre for all perishable produce for the Tesco group of companies for northern England, Scotland and Northern Ireland. Using the new integrated chiller chambers planned for the Airport site, Stobart's plan to bring in fresh fruit and produce from the Netherlands and other European suppliers direct to the airport and straight into the chillers, for subsequent distribution to Tesco stores throughout northern Britain. This will enable Tesco to compete successfully against other supermarket chains in the fresh produce markets by increasing the shelf-life of the produce. This, on its own, could generate up to two round trips a day by medium-sized turboprop freighter aircraft (URS letter dated 05.08.11).
- 1.113 Mott MacDonald explain that Tesco and the Stobart Group have now progressed this concept and are also expecting to supply off-shore retail outlets, increasing the shelf-life of these goods by at least one day, and making overall logistic sense albeit that the cost of air freight will be higher than that of surface travel by truck and ship. Tesco currently have isolated stores in Stornoway and Douglas (Isle of Man) that they see being serviced with fresh produce by air. Tesco also operates a large number of stores in Northern Ireland which could perhaps be supplied with critically perishable items from Carlisle on a regular basis, albeit that the ferries from Stranraer/Cairnryan would continue to handle most of the perishable supplies. If the operation to the Isle of Man and Stornoway proves successful, Tesco could consider opening up stores in other remote island locations such as Islay, Kirkwall and Lerwick, supplied with their perishable produce on a frequent basis from Carlisle Airport (URS letter dated 05.08.11).
- 1.114 Mott MacDonald consider that of equal importance is the possibility this gives to isolated communities such as Stornoway to use the return leg to deliver fresh produce to the mainland – the Hebrides has apparently been seeking low-cost air cargo capability to deliver fresh sea-food to the UK and to Southern Europe (URS letter dated 05.08.11).
- 1.115 On this basis Mott MacDonald has forecast probable annual cargo air transport movements at Carlisle Airport of: 1,100 in 2013; 1,450 in 2020; and 1,600 in 2025. It is assumed that the average load per movement will be 3 –

4 tonnes although also highlight that the forecasts of flights on behalf of Tesco have been made independently of knowledge of any detailed discussions between Tesco and Stobarts, and reflect an expectation rather than a planned operation (URS letter dated 05.08.11).

- 1.116 Latterly, in the “Carlisle Airport Update” (June 2012) Stobart Air assume 400 tonnes of air freight in 2013 rising to 510 tonnes by 2020 and 686 tonnes in 2032.
- 1.117 York Aviation has responded by saying that the Tesco concept, as articulated by Mott MacDonald, does not make sense. If the aim is to secure a regular supply of fresh produce to the Isle of Man, it is not clear why a twice a week air connection from Carlisle would achieve this any better than using twice daily ferries from Heysham (or services from Liverpool). The proposed air service would appear to imply a less frequent supply of perishable goods and could suffer from lack of reliability given the lack of an ILS at both Carlisle and Stornoway. The description of the possible operation appears entirely aspirational and without rational explanation as to why it would make business sense for Tesco (YA letter dated 15.08.11).
- 1.118 York Aviation estimated revenue from freighter operations to be £165,000 – using projected 1,560 flights and on the assumption that half are operated with ATR42s and half with Bae146 aircraft, and a landing fee per tonne for freighter aircraft of £6.65 this would equate to an annual income from freighter aircraft of less than £165,000 (YA letter dated 15.08.11).
- 1.119 In response to the “Carlisle Airport Update” (June 2012), York Aviation note that the now stated figure by Stobart Air of 400 tonnes of air freight a year is not consistent with the number of freighter movements shown in the ES and would amount to just over 1 tonne of air freight per day on average. YA previously assessed the air freight component of the Distribution Centre to be only 1% of throughput on the basis of over 30 tonnes of air freight per day. On the basis now submitted by the applicant, the air freight element would represent less than 0.01% of the activity in the Distribution Centre (YA letter 12.06.12).
- 1.120 A DVD prepared by the Business School of The Open University on “Business organisations and their environments” has been submitted by a third party within which the then Chief Executive of Tesco plc (Sir Terry Leahey) states....*“We will transport less by air. We don’t use it very much, it’s only about 2% of our total shipments and we’ve said we’ll halve that”*.
- 1.121 Alan Stratford Associates (ASA) explain that the limited length of Carlisle Airport’s runway will restrict the size of aircraft flown and the volume of freight that might be handled; and that there are no comparable airports on the UK mainland handling more than 500 tonnes per annum (ASA letter 17.05.12).
- 1.122 ASA has significant reservations over Mott Macdonald’s forecasts of freight at Carlisle – Mott Macdonald’s forecasts giving a freight volume of 3,850 tonnes in the first year rising to 5,600 tonnes in the thirteenth year. ASA

acknowledge that there may be a small market for ad-hoc freight flights (particularly in connection with Stobart's freight distribution operations) but this would be limited to 2-3 flights per week i.e. equivalent to approximately 450 tonnes in the first year rising to 680 tonnes by 2032 (ASA letter 17.05.12).

- 1.123 In the longer term, ASA cannot see how commercial freight services from Carlisle could be financially viable (ASA letter 26.06.12).

#### **Additional operating costs (administrative, staff, subsidies, shuttle bus)**

- 1.124 The applicant initially explained that the proposed increase in aviation traffic would necessitate the employment of 20 additional staff leading to the payment of £700,000 in salaries, and 10 extra fire fighters/ATC staff generating an additional cost of £450,000 i.e. a total of £1,150,000 pa (URS letters dated 06.04.11 and 26.09.11). The overall administrative costs have subsequently risen to £1,240,000 pa (Mott MacDonald, URS letter 16.12.11) and then £1.491m (note 16 of Supporting Assumptions in "Carlisle Airport Update", June 2012 – Stobart Air). In regard to the latter £500,000 of the £1.491m represents additional staff costs.
- 1.125 York Aviation has highlighted that the discussion of staff costs by Mott MacDonald confirms that £1.8 m per annum is a reasonable estimate of expected total airport related staff costs. On the basis of the 52% ratio which exists currently, that would give total operating costs of the refurbished operational airport as £3.46m per annum, an increase of £2.2m, of which non-staff costs amount to nearly £1.1m of the increase (YA letter 16.03.12).
- 1.126 In May 2011 Alan Stratford Associates (ASA) concluded that the additional staff costs would vary between £1.5 to 1.8m per annum. Nevertheless, in their most recent assessment ASA used the revised estimate of £1.24 million provided by the applicant (ASA letters 17.05.12 and 26.06.12).
- 1.127 When considering the provision of incentives and/or subsidies to any air operator the Aviasolutions analysis in 2008 stated:

*"A London route could be expected to initially generate circa 30,000 – 50,000 annual passengers (based on two rotations per week day on regional aircraft). This volume would grow over time as the market became more established.*

*In order to establish the route as commercially viable, some form of risk share/contribution may be required from the airport or local stakeholders. There would also be a good case for seeking PSO designation for the route in the event a service proved commercially unviable – providing funding was available from a local public sector body. This would also be supported by a pledge from Cumbria local government to allocate resources to Cumbria Tourism in support of the marketing of the region as a tourist destination."* (para. 4.2.5, p.52)

- 1.128 The applicant's agent had previously stated that it was not considered appropriate to speculate on the extent of any subsidy (Mott MacDonald, URS letter 16.12.11). The more recent information contained in the "Carlisle Airport Update" (June 2012) prepared by Stobart Air does not indicate a need to pay any subsidy.
- 1.129 In August 2011 York Aviation (YA) estimated that the likely cost of support to an airline would be £500,000 (York Aviation 15.08.11). More recently, YA has expressed their understanding that substantial support payments to airlines are in place at Southend Airport, including the financial support by Aer Arann by way of an equity injection by the Stobart Group. At the current volume of passengers carried by Aer Arann, the equity injection of 2.5m euros for a five year operating deal at Southend amounts to support of more than 5 euros per passenger. YA would expect a similar, if not greater level of support to be required for Carlisle Airport given the smaller catchment area (YA letter 16.03.12).
- 1.130 In June 2012 YA forecasted that, in current market conditions, the maximum initial passenger volume on both the Carlisle to Southend and Carlisle to Dublin services would not exceed 30,000 passengers per annum and might over time grow to the order of 50,000 passengers. YA consider it unlikely to be viable for Aer Arann to base an aircraft at Carlisle on this basis nor to operate services at the frequency indicated, unless in receipt of substantial subsidy from the Stobart Group and/or from local authority partners (YA letter 12.06.12).
- 1.131 The financial analysis undertaken by Alan Stratford Associates in May 2012 concluded that the total subsidy required to operate the Airport on a break-even basis would amount to £37 per passenger reducing to £32 by 2032. No amount is subsequently specified in their letter dated the 26th June 2012 although the need for a subsidy is still maintained.
- 1.132 In the URS letter 26.09.11, the expected shuttle bus costs is stated as £94,818 per annum. This figure has subsequently been revised to £70,000 per annum in the Assumptions section of the "Carlisle Airport Update" (June 2012) prepared by Stobart Air.
- 1.133 York Aviation allege that the shuttle bus costs should be increased with no account made for the need for public transport to be available to meet staff shift times, which will be earlier and later than the times required by passengers. No costs appear to be shown for such activity in the Financial Appraisal detailed in Annex F of the URS letter dated 7th February 2012 (YA letter 16.03.12).
- 1.134 Alan Stratford Associates estimate the cost of a shuttle bus on four rotations per day to be approximately £70,000 in 2013 rising to £120,000 by 2032 (ASA letter 22.06.12).

#### **Non-aeronautical income (rental and storage/parking of aircraft)**

- 1.135 The Aviasolutions (2008) analysis concludes that based solely on the

estimated passenger market potential for Carlisle of 100k passengers per annum, Carlisle Airport would not be a profitable operation and the development of non-passenger related non-aeronautical revenues will be critical to its ongoing financial viability (p.61). The analysis goes on to say:

*“The plan of the current owners of Carlisle Airport, to develop a freight storage and distribution warehouse accommodating the operations of Eddie Stobart Ltd and Stobart Rail, is a form of non-aeronautical on-airport diversification. According to Stobart management, if this facility was rented on the open market, it has the potential to generate a rental income in the order of around £2m per annum.*

*Based on the current financial performance of the airport this additional revenue would result in an overall profit of £600k per annum, which combined with the additional aeronautical and passenger related non-aeronautical revenues, will more than close the current revenue/cost gap at the airport, and help secure the long term financial security of the business.”* (p.62)

- 1.136 An expected rental figure of £2m from the proposed freight distribution centre is maintained in the May 2009 report on “The potential passenger and freight markets”, and subsequent correspondence from the agent associated with the current application. The Assumptions section of the “Carlisle Airport Update” (June 2012) prepared by Stobart Air specifies the forecasted rental to be £2,011,484 initially with 6 months rent free given as an incentive during the first year, and then the rent increased by 2.5% per annum.
- 1.137 Hyde Harrington originally advised the Council in October 2011 that, based on comparable evidence of market rents, the appropriate Market Rent for the buildings and associated land (excluding the fire station), is in the region of £1.8 million pa. In a subsequent letter dated 16th November 2011 HH explain that a rent of £2 million pa (with a yield of 9%) would translate into a capital value for a building and land if required of £22.2 million. If the costs of the building are to be around £12.5 million then the return on this investment (ignoring land acquisition costs) would be 16%, a much higher yield than that which would be achieved in the market. A cost of £25 million (ignoring land value) would produce a yield of 8%, a more realistic reflection of current market conditions. The consequent concern would be, depending on any specific market differences associated with distribution centres containing chiller units, whether Stobart Group Ltd are dealing with Stobart Air (a separate company) on a commercial basis. If this were not the case, such a scenario may not be permissible as a matter of law. However, greater weight has, in this instance, been given to the more consistent figures provided by HH.
- 1.138 ASA has commented that the now stated operating loss of £317,832 is substantially less than the previously reported loss of £514,000 for the year ending 28th February 2011. CAA traffic statistics indicate that aircraft movement levels declined from 18,023 in 2010/11 to 14,910 in 2011/12

suggesting that there is likely to have been a corresponding decline in revenue (and higher operating loss) in 2011/12. ASA also note that the reported loss of £514,000 for 2010/11 takes account of cost savings in Carlisle staff who have transferred to the Southend airport payroll (ASA letter 26.06.12).

- 1.139 ASA does recognise that the proposed rental from the freight distribution centre would cover the existing operating losses such that the Airport may seek to discontinue its commercial air services but keep general aviation operations (ASA letter 26.06.12).
- 1.140 In their letter dated 16.12.11 URS explain that the longer term parking of aircraft, as well as the reliveraging (internal/external cleaning of aircraft, updating of colour schemes) forms a minor part of the application. However, at the moment demand for aircraft parking stands at Southend Airport exceeds supply. Consequently, Stobart Air anticipates that some longer term parking at Carlisle Airport might reasonably be expected. Annex G attached to the URS letter dated the 16th December 2011 provides an illustration of the different scenarios that would generate revenue from aircraft parking. The "Carlisle Airport Update" (June 2012) prepared by Stobart Air includes the assumption on income being derived from the parking of three aircraft per day with a charge of £100 per day based on monthly engineering checks by staff, if necessary, flown up from Southend.
- 1.141 York Aviation, in their letter of 16.03.12, believe that the URS claim ignores the fact that such parking of aircraft at Southend is related to the strong aircraft maintenance cluster there and it is highly unlikely that such aircraft could or would be relocated to a distant airport. YA allege that Annex G of the URS letter dated 16.12.11 simply presents a series of hypothetical calculations but is not supported by any evidence as to the market for such parking nor the daily incomes asserted. This stance is reiterated in their letter dated the 12th June 2012.
- 1.142 The applicant's expected revenue from the parking of planes does not include any analysis. This aside, Alan Stratford Associates consider that the proposed size of the new apron (equivalent to 11 aircraft stands, four of which are suitable for B747 sized aircraft) is out of all proportion to the type of operations proposed by the applicant; it would not be economically viable to build such an apron for aircraft storage purposes; and such a use normally co-exists with the presence of suitable maintenance facilities so that aircraft can be kept airworthy (ASA letter 17.05.12). ASA does not believe that any stand income should be included as additional revenue (ASA letter 26.06.12).
- 1.143 ASA has confirmed that they have examined all possible aviation related uses and recognise that some UK airports have attracted aviation related businesses such as aircraft maintenance but do not consider such an activity to be feasible at Carlisle because of such factors as its limited runway length, and that most UK businesses are already established at other UK airports (ASA letter 17.05.12).



## Summary on viability

1.144 The previous reports prepared in 2005 and 2006 have worked on the basis of extending the existing runway. The Aviasolutions analysis (2008) considered that there is a market for air services to/from Carlisle although it is unlikely to be particularly high in comparison to small UK regional airports with existing regular services, nevertheless *“given the distance from London (and the time and expense of rail and road travel to the capital) we would think it likely that there would be significant demand for a London service. Depending on which airport in London was served, a London route could also be used by passengers for transfer on to onward destinations.”* (p.48)

1.145 In September 2011 the applicant's agent summarised the position with regard to the current application as:

- Annual expenditure of £0.51m (current operating deficit) + £1.26m (additional operating costs, including Travel Plan) + £0.77m capital cost repayment = £2.54m;
- Annual income of £1.08m (revenue from scheduled passenger services and air freight operations) + £2m rental income = £3.08m.

This leading to a balance of £0.54m

1.146 Annex F attached to the agent's letter dated the 7th February 2012 provides a breakdown according to three scenarios involving: a) the development of the proposed distribution centre but not the aviation related works; b) the aviation works without the distribution centre; and c) the distribution centre and aviation works as a whole. In the case of scenario a), not including operational savings to Eddie Stobart Ltd, the projected yield on capital (YOC) is 9.6% and the return on capital employed (ROCE) is 17.1%; for scenario b) the YOC is 2.2% and the ROCE 2.2%; and for scenario c) the YOC is 6.3% and ROCE is 8.2%.

1.147 The Financial Appraisal for 2013 to 2032 accompanying the “Carlisle Airport Update” (June 2012) prepared by Stobart Air indicates that in 2013 the Airport would experience a loss of £587,622 but in 2014 be in profit to the sum of £1,010,323 with profit levels increasing but not to such an extent that the net profit exceeds the rental income from the proposed freight distribution centre.

1.148 York Aviation, based on assuming 100,000 passengers per annum can be achieved provided the following financial assessment:

### Annual Costs

Current losses - £1.2m

Additional operating costs - £1.8m (taken from ASA report May 2011)

Airline Support Costs - £500,000

Cost of Travel Plan/Shuttle Bus - £300,000

Repayment of Capital Costs - £1.4m (repayment of capital and interest on a cost of £11.8m)

Total costs - £5.2m

#### Annual Revenues

Revenues from passenger flights - £500,000

Passenger related commercial income - £250,000 (based on £2.50 per passenger from catering and car parking)

Revenue from freighter operations - £165,000

Total Airport Related Revenues - £0.915m

Nett loss to be funded by transfer rental from haulage operations - £4.285m (letter dated 15.08.11).

- 1.149 When looking at the construction costs of the proposed development there are real concerns that the applicant has under-estimated the total costs associated with the runway, aprons/taxiway, terminal, and freight distribution centre. This is in the context where the applicant has not consulted the relevant regulatory aeronautical bodies, and the ground conditions need to be confirmed.
- 1.150 The independent aviation consultant (Alan Stratford Associates) commissioned by the City Council considers that the forecasted aeronautical traffic submitted on behalf of the applicant is not realistic. There is therefore a strong concern that the expected aviation related income advanced by the applicant may be exaggerated. The information derived from the applicant and Mott MacDonald indicating at one stage that the construction of the runway would be profitable (based on their forecasted aviation traffic levels) without the enabling rental income of the proposed distribution centre.
- 1.151 Nevertheless, the Economic Consulting Associates (ECA) has prepared a financial analysis based on the applicant's forecasts and revenue/cost parameters based upon which it is considered that the proposed Airport operations are not financially viable taken in isolation. When combined with the rental from the freight distribution centre it is considered to be marginally financially viable but high risk (ECA letter 21.06.12).
- 1.152 ASA has separately undertaken a financial analysis based on their own forecasts. The accompanying Financial Appraisal 2013-2037 shows that, if account is taken of the rental from the proposed distribution centre, the commencement of scheduled services to Dublin and Southend would be financially viable but this diminishes over time. For example, in 2014 the profit for the Airport is forecasted to be £516,000 but without the rental the loss would be £1,284,000; in 2026 the corresponding figures are £253,000 and £1,547,000; and by 2032 the forecasted profit is £86,000 but the potential loss without the rental has risen to £1,744,000. The Council's consultant has questioned whether such parameters will provide an appropriate internal rate of return to meet or exceed the pre-tax weighted cost of capital (ASA letter 26.06.12). Nevertheless, ASA does recognise that the rental from the proposed freight distribution centre would cover the current operating loss and thereby could keep the Airport open for general aviation.
- 1.153 The existing Lease allows for closure of the Airport should it *"not [be] capable*

*of economic operation as a commercial airport...*” (para. 3.11.1) The applicant anticipates that the construction of the runway is likely to take circa 4 months and is agreeable to a condition stipulating provision of this ahead of the proposed freight distribution centre (para m URS letter 26.09.11).

- 1.154 However, it would be regarded as unreasonable and/or unenforceable to require an applicant to trade/operate indefinitely. The letter from Aer Arann dated 29th February 2012, neither includes any analysis undertaken nor confirms that the proposed routes to Dublin and Southend Airports are commercially viable. Rather it states that “*..we have identified a number of route opportunities that we feel would successfully integrate into our current network...[and that] We would be happy to discuss our plans for implementation of these routes with the City once planning matters have been concluded.*”
- 1.155 The National Planning Policy Framework, para 204, explains that planning obligations should only be sought where they meet all of the following tests:
1. necessary to make the development acceptable in planning terms;
  2. directly related to the development; and
  3. fairly and reasonably related in scale and kind to the development.
- 1.156 Although the applicant indicates that the rental value would be reinvested in the Airport no planning mechanism has been put forward to ensure that this would happen. Further, as stated above, there is no requirement to use the rental income to both keep the Airport open and use it.
- 1.157 On a separate note in relation to the Lease, and in considering the issue as to whether the Airport is capable of economic operation as a commercial airport, the stated assumption to be made is that the operator has a lease of the whole premises; and the lease permits, amongst other uses, a B8 use (i.e. a distribution centre as proposed) to be carried out at the premises. As such, the concept of viability in this instance is one which takes into account each constituent part of the operations which can legitimately be run from the Airport and regards them as a whole rather than in isolation. The EKOS Report (2008) also highlighted in Table 4.4 that most regional airports (15 out of 19) derived between 40% to 70% of income from non-aeronautical sources. In short, cross-subsidisation (business diversity) to varying degrees appears to be the norm for such a business operation.
- 1.158 As regards the future of the Airport, Officers’ attention has been drawn by a local resident to a newspaper article titled “Investor returns must take priority” written by the Head of Investment at Invesco Perpetual (who are allegedly the largest shareholder in the applicant’s parent company), an article in The Independent on the 11 th June 2012 on the regional airline Flybe, and various statements/documents/letters made publicly by or on behalf of the Stobart Group, for example an article that appeared in Property Week (17.02.12); the Stobart Group’s interim results (26.10.11); the Stobart Estates “Strategic Property Portfolio” (2011); the Stobart Air “Delivering Airside Solutions” (2011); the Chairman of The Stobart Group when addressing shareholders in The Placing and Open Offer Document (2011);

and a letter to shareholders from the Chairman of Stobart Group Ltd dated the 20th January 2012.

- 1.159 In the article in Property Week the Stobart Group's Deputy Chief Executive Officer (DCEO) and head of Stobart Estates is allegedly quoted as saying ....*"Where there is a need, we will do sale and leasebacks. But where the property isn't required by the group we look to dispose of it outright"* (p.12). The article goes on to explain that property is just one of four divisions where a similar process – of growth with a view to making disposals is taking place. The alleged aim being to rapidly expand these additional divisions (infrastructure and civil engineering, air and biomass) to create opportunities for the transport business, before scaling back non-core activities. The DCEO, is quoted as saying that *"We might just be left with the transport and distribution business in three or four years' time"* (p.13).
- 1.160 The DCEO has subsequently explained that the article was for a specific magazine to promote the Group's Estates Division. The Group's strategy at Carlisle Airport has always been that they have an asset which is held in the Stobart Estates Division; they will utilise their Infrastructure and Civil Engineering Division to construct the facilities at the Airport, that will then create opportunities for the Transport and Distribution division; and the Stobart Air Division will benefit from operational activities at the Airport from the passenger numbers and other aviation related income streams. The Council should take some comfort because:
1. The Stobart Group is a FTSE 250 public quoted company with a Market Capitalisation of c £435m
  2. The Group raised £115m net from Shareholders to invest in the Estates business last year and Carlisle Airport was specifically mentioned
  3. The Group has invested over £100m in Southend Airport since acquisition in December 2008
  4. The Group has secured a 10 year operating contract with easyJet from Southend
  5. The Group has invested in Aer Arran with a view to linking in Dublin and Southend to Carlisle
  6. The Group were the first company at DIRFT Logistics Park in 1997, now one of the leading industrial parks in the UK; the first to go to Sherburn near Leeds in 1999, this now has several million square feet of warehousing; pioneered the increasing use of rail freight in the UK in the last few years, working with Tesco and others; attracted Tesco to their site in Widnes and completed a 528,000 sq ft chilled warehouse development for them, on time and on budget.
- 1.161 The DCEO confirmed that the intention is to make Carlisle Airport work for the Group both from a logistics point of view and as an operating airport – the aim is that the Airport will play a long term role in the future of the Stobart Group.
- 1.162 Secondly, an extract from the Stobart Group's interim results (26th October 2011) states, amongst other things, that:

*“A revised planning application has been submitted for the redevelopment of the Group’s Carlisle Airport site as a major transport and warehouse hub for the Eddie Stobart transport division.” (p.10)*

- 1.163 Thirdly, the Stobart Estates “Strategic Property Portfolio” (2011) refers to the Airport by stating:

*“Plans to develop as a major transport and warehouse hub for Eddie Stobart are in the late stages of planning approval.*

*Storage facility for a key Group packaging customer.*

*Potential for further development with on-site industrial and office units providing local employment.” (p.56)*

- 1.164 Fourthly, by contrast, a document produced for Stobart Air on “Delivering Airside Solutions” (2011) explains that:

*“Plans for development will ultimately see Carlisle form an important northern link for scheduled services to and from London Southend Airport.” (p.26)*

- 1.165 Fifthly, the chairman of The Stobart Group (Mr Baker-Bates) when addressing shareholders in The Placing and Open Offer Document (2011) stated:

*“construction of a new distribution centre at CLDA. The Directors intend that this division will seek aggressively to enhance value from all of its existing sites by improving the quality of the asset base and re-negotiating leases where it is appropriate, as well as seeking change of use of properties. The division will target a minimum internal rate of return of 20 per cent on each investment it makes.” (p.24)*

*“This division consists of LSA and CLDA. Some of the Placing and Open Offer proceeds will be used to develop the new distribution centre at CLDA and complete the ongoing work at LSA. The Directors expect this will, respectively, achieve annual operational cost savings of around £1 million for Eddie Stobart and generate a development profit for Stobart Estates.” (p.25)*

- 1.166 Sixthly, a letter to shareholders from the Chairman of Stobart Group Ltd dated the 20th January 2012 re-emphasises the stated Stobart Estates target of a minimum internal rate of return of 20 per cent on each investment it makes, and that funds would be used for the “construction of a new distribution centre at Carlisle Lake District Airport” (p.10).

- 1.167 The applicant has latterly advanced the argument that the overall scheme (i.e. the combined aeronautical and freight centre development) provides cost-savings and benefits to their organisation inclusive of Southend Airport. In response, ASA believes that any additional net revenue to Southend should be allocated against this airport rather than Carlisle. The rail fare from Southend Airport to London, any airport charges at Carlisle, and Air Passenger Duty are likely to make the overall door-to-door journey cost

uncompetitive against direct rail travel (ASA letter 22.06.12). In addition, this may be a potential concern to Members in that the payment and level of rent is likely to be considered within the wider interests of the Stobart Group, and the potential cross-subsidy in the form of rent to the Airport could be removed as a consequence. Nevertheless, under the terms of the Lease there is a requirement not to close the Airport unless “*not capable of economic operation as a commercial airport*”, and (as already indicated) any assessment of the Airport’s viability would need to take account of the rental income from the proposed freight distribution centre.

- 1.168 As already apparent, the independent advice to the Council raises strong doubts that the aviation benefits (beyond the retention of general aviation at the Airport largely in its current form) will be achieved. It is therefore considered unlikely that the proposal will generate the level of jobs and additional spending that has been claimed by the applicant. In order for such benefits to be realised, there is a likely need for one or more of the following: a) cross-funding from Southend Airport/Stobart Air or the Stobart Group as a whole; b) cross-funding from the public sector; and/or c) more enabling development.
- 1.169 Members will also appreciate that the applicant has already invested in the Airport by way of covering existing annual losses and not sought its closure. Rather, the proposal has the potential to enable the Airport to remain open, involve the undertaking of work to the runway, and operate at existing levels if nothing else. This would make the Airport’s immediate future more secure and thus help to safeguard the existing directly and indirectly related jobs. Members may also view it as a means of retaining such a facility for future generations and in the hope, rather than the expectation, of increased demand for aviation in the longer term. This being in the context of the York Aviation report in 2005 (on behalf of the NWDA) indicating that the benefits in developing the Airport were as much in the perceived improvement to the image of Cumbria as a place to do business and to visit as to any measurable economic benefits.

### **Alternative sites**

- 1.170 In their letter dated 05.08.11 URS explain that the existing premises at Kingstown are nearing the end of their lease upon which the Stobart Group would be required to either relocate or seek to renew those leases (and, presumably subject to their leases, redevelop their premises). However at Kingstown the buildings are 25-30 years old and approximately 8m to eaves which prohibits stacking pallets more than three high. In addition, a combination of a lack of rolling doors, yard space and gatehouse results in queuing at peak times. On average this results in the turn-around time of a vehicle at Kingstown in 50-55 minutes whereas a bespoke facility would reduce this to approximately 30 minutes or less. Furthermore, Kingstown does not have a chilled cross dock facility, which is considered to be a vital element if the Stobart Group is to retain and grow its operations in Carlisle.
- 1.171 URS (letters dated 14.07.11 and 05.08.11) has also highlighted that the Stobart Group has a long standing relationship with Crown UK relating to the

distribution of beverage cans and speciality packaging manufactured from two sites in Carlisle (James Street and Borland Avenue). The distribution of Crown products is nationwide, most notably to Manchester, Tadcaster, Glasgow, Bedford, Magor and Sidcup. The proposed facility at Carlisle Airport will allow the stacking of pallets four high, similar to the Stobart Group's existing facilities at Sherbourne and Daventry International Rail Freight Terminal. However, such a facility could be readily relocated to other Stobart Group locations, notably Widnes – the Stobart Group's Fleet Department has recently been relocated from Carlisle to Widnes. Such a relocation would not reflect the aspirations of the Stobart Group in that air freight could not be incorporated into alternative distribution centre locations, nor would it facilitate Stobart Air's growth through developing links with Carlisle Airport. The commitment that the Stobart Group is showing to restoring Carlisle Airport would be lost, and the Stobart Group would be unable to financially support development of aviation activity at the Airport in the near future. Furthermore, there are a number of airport related businesses located at the Airport which would need to either relocate or close. A refusal of the planning application would result in outward investment and inward harm, which is clearly contrary to the spirit and intention of the Policy (URS letter 14.07.11 p.7)

- 1.172 When considering the proposed freight centre, the range of net financial/operational benefits are recognised - such as reduced costs in comparison to Stobart's existing facilities in Carlisle, and the consolidation of all operations in a new purpose-built freight centre. Ministerial advice relating to the extent to which public opinion or personal pleading may be a material consideration is to be found in The Planning System: General Principles, which accompanied Planning Policy Statement 1 now replaced by the National Planning Policy Framework. Paragraph 21 of the General Principles states that exceptionally the personal circumstances of an occupier, personal hardship, or the difficulties of businesses (which are of value to the welfare of the local community), may be material to the consideration of a planning application. It is noted that in such circumstances a permission might have been made subject to a condition that it is personal to the applicant (see para. 93 of Circular 11/95) but that was in respect of a use of land not a building (a personal permission is in this respect similar to a temporary permission and the latter should not generally be imposed when a new-build is proposed). However, General Principles warned that such arguments will seldom outweigh more general planning considerations.
- 1.173 The Stobart Group's re-assessment of its existing Carlisle operations, should permission be refused, is a material consideration but not one that should over-ride other key policy considerations, particularly if there is a reasonable likelihood that the alleged wider benefits to the local economy would not occur.

### **Capacity of terminal building**

- 1.174 A secondary question revolves around whether the terminal can cope with the forecasted number of passengers. In the pamphlet "Planning a bright future for Cumbria Lake District Airport" (2007) the Stobart Group, under the

heading “Outdated facilities that are no longer fit for purpose”, state that the Airport has a “*small, outdated terminal building*” and application reference number 07/1127 included the provision of a new passenger terminal.

- 1.175 Material accompanying the subsequent application, reference number 08/1052, explained that the applicant would utilise part of a hangar building for a new passenger terminal. The hangar having been constructed as permitted development but subject to an application (reference number 08/0131/FP) in 2008 for approval under the Building Regulations. This was in the context of the EKOS/AviaSolutions Report (2008) considering 100,000 passengers was a reasonable target for the Airport, but within a range of 50,000 to 200,000. In March 2010 WA Fairhurst and Partners wrote to the Council explaining that “[t]he existing terminal building...provides the current requirements for the airport’s operational needs....it is envisaged that as the airport grows...this facility will require a further enhancement programme to ensure that the facilities meet the needs of the customer base. This enhancement programme may take any number of different directions...”
- 1.176 URS has stated that the existing terminal will not be extended (URS letter 09.03.11). URS has highlighted that the existing terminal has a floor space of 381 square metres which is comparable to Coventry Airport which has handled 700,000 passenger movements pa with a floor space of 550 square metres. The existing terminal footprint will accommodate 100-150 people departing and at least a similar number arriving at any one time (once it has undergone internal refurbishment). The internal refurbishment works are beyond the scope of the planning system because those works are not “development” (URS letter 14.07.11).
- 1.177 Mott MacDonald (Technical Note dated 23 rd September 2011) explain that a clear distinction needs to be made between the regulatory requirements of the Border Agency and TRANSEC (which are not optional) and industry standards or expectations (which are open to negotiation). Passengers will choose to fly from Carlisle on the basis of its convenient location rather than the facilities it offers and airlines will operate services if there is a market which can be served profitably. The facilities shown are not dissimilar to those at Coventry Airport prior to its closure to commercial flights. The key consideration is the ability of the terminal facilities to process the flow of passengers generated by the flight schedule. Given the nature of the Airport and the size of the aircraft anticipated to operate there (50 seat ATR 42s), provided that the flight schedule is managed to reduce or remove the incidence of simultaneous departures and arrivals, there is no reason to believe that the terminal facilities should not be sufficient to meet the demand placed upon them.
- 1.178 York Aviation are of the view that more extensive works will be required inclusive of additional building to provide a covered area for baggage handling – as acknowledged by Mott MacDonald in their previous response dated 23rd September 2011(letter dated 16th March 2012).
- 1.179 In May 2011 Alan Stratford Associates (ASA) raised concerns as to the capacity of the existing terminal building. ASA’s advice was that “even with



*a lower passenger throughput (say 50,000 – 100,000 passengers per annum), it is unlikely that the terminal could cope with peak period throughput, particularly in the event of delays etc.”*

1.180 In their letter of May 2012, ASA, having sought the views of an airport architect, explain that should passenger throughput exceed about 100,000 per annum (which they do not believe will be achieved), there is likely to be passenger congestion within the terminal. ASA also consider that there are a number of unresolved issues which need further clarification, for example departure baggage handling and queuing areas. ASA note that the applicant has referred to the terminal at Coventry Airport but this was a temporary structure leading to passengers often needing to queue outside the terminal at check-in (ASA letter 17.05.12).

1.181 More recently, an e-mail sent on the 11th June 2012 from the Stobart Group's Deputy Chief Executive Officer (DCEO) and head of Stobart Estates states:

*“I have shown the passenger numbers per flight at each time of the day at the start in 2013, in 2026 when we reach 100,000 passengers pa and 2032 when we reach 121,000 passengers pa. As you can see, the incremental growth between 2026 and 2032 means an increase in potential passengers in the building at any one time of only 20. We would say that firstly this is something we would only have to contend with in 2026 and in any event, if our business plan is successful and numbers did exceed 120,000 pa then at that stage, we would approach the Council for permission to extend the Terminal at that time, so we do not feel it appropriate or necessary to consider the effect of any Terminal extension as part of the current planning process.”*

1.182 ASA has subsequently explained that the terminal would be adequate for operations up to around 100,000 passengers per annum. The applicant's forecasts suggest that traffic levels would reach 100,000 by 2027 and would increase to 127,500 by 2032. Aer Arann has indicated that they would upgrade to larger ATR 72 rather than ATR 42 aircraft as traffic levels increase. However, ASA consider that even with the use of larger aircraft it may still be necessary to have overlapping flights at peak times. It might be possible to use slot scheduling to avoid this, although this may not be practical in all circumstances and there will inevitably be some terminal congestion particularly if there are any flight delays (ASA letter 26.06.12).

1.183 In summary, there still appears to be some difference of opinion between the applicant's view and the advice received by the Council from ASA on this matter. However, ASA does not appear to raise fundamental concerns. Whilst the original report to Committee noted that the submitted Environmental Statement appeared to be deficient in not having assessed how the additional passenger throughput will be managed, it is now the view that the present respective passenger forecasts (and associated management) mean that it is not reasonable to require further information/there are unlikely to be significant indirect environmental effects.

## Other Matters

1.184 Members also need to take account of the recent consultation document “Developing a sustainable framework for UK aviation” published earlier this year by the Department for Transport (DfT); the “Britain’s energy coast – a Masterplan for West Cumbria”; updated information regarding the highway network, noise/vibration, and air quality particularly following the completion of the CNDR; ecology; and objectors alleging a lack of publicity over all the extra documents.

1.185 The introduction to the consultation document “Developing a sustainable framework for UK aviation” (DfT) states:

*“The previous government’s 2003 White Paper, The Future of Air Transport, is fundamentally out of date, because it fails to give sufficient weight to the challenge of climate change. In maintaining its support for new runways – in particular at Heathrow – in the face of the local environmental impacts and mounting evidence of aviation’s growing contribution towards climate change, the previous government got the balance wrong. It failed to adapt its policies to the fact that climate change has become one of the gravest threats we face.”*

1.186 The applicant has made reference to “Britain’s energy coast – a Masterplan for West Cumbria” produced by Cumbria Partners, Cumbria Vision, Allerdale BC, Copeland, Cumbria CC, NWDA, and NDA. The Executive Summary of the Masterplan for West Cumbria, in relation to Carlisle Airport, states that:

*“Improvements to air access being taken forward by the private sector represent a significant opportunity for improving journey times to London and beyond as would air links to Manchester, Newcastle and Glasgow airports, including the potential for local airfield connectivity.” (p.32)*

1.187 In response to concerns raised by local residents regarding the highway network following construction of the CNDR, URS has confirmed the following.

- The robustness of the ES supporting the application has been tested by rerunning capacity models using the most recent data, collected since opening the CNDR. This takes account of the 5.1% uplift and concludes that: sufficient capacity remains at all junctions affected; calculations show no significant change; and that the conclusions of the TA and ES remain as presented at the time the application was made.
- The assessment methodology has been undertaken to appropriate standards, as agreed with the Highway Authority, and has been revisited in light of data relevant to the opening of the CNDR.
- URS expect that the DfT would discuss the implications of any suggested increase in trailer length with highway authorities throughout the country, including Cumbria County Council. It would be for the County Council to decide where issues might arise as a result of any

pilot project. However, the A689 is a high capacity route designed to appropriate standards and they would not anticipate any issues associated with an increase in trailer length of up to 2.05 m.

- 1.188 With regard to airborne noise and vibration, a local resident has raised concerns directly with Scott Wilson that they had not followed the then PPG24 "Planning and Noise". The applicant's agent has responded with reference para.7 of Annex 3, however, this matter has to be viewed within the overall independent findings of Alan Stratford Associates in their May 2011 report when it was concluded that airborne aircraft noise is likely to be below a level representative of the onset of annoyance.
- 1.189 In relation to road traffic noise following the construction of the CNDR, URS has pointed out that the original analysis is presented in Chapter 6 of the submitted ES. This assessment used slightly higher traffic assumptions than the Transport Assessment, and so represented a worse than actual scenario. Even so, in the context of the existing conditions, the proposed development was assessed to have an imperceptible increase in traffic noise. With regard to residential receptors, the relevant section of the ES concludes that *"The increased road traffic levels due to the proposed development will not give rise to any perceptible increase in vibration or noise levels at properties"*.
- 1.189 The DMRB guidelines base their assessment criterion for traffic related noise on the relative increase in traffic experienced. Any slight increase in the baseline traffic levels experienced on the A689 or other roads as a consequence of the CNDR (where a small decrease was previously anticipated) will have the effect of reducing the relative difference between the background and future scenarios, and hence the magnitude of any increase in noise experienced will similarly be reduced. Since this increase in traffic noise was not perceptible before, URS consider that it will still not be perceptible.
- 1.190 Road traffic related air quality effects are presented in Chapter 7 of the ES. In common with Chapter 6 of the ES regarding noise, URS has explained that the data used in the air quality assessment are already slightly higher than those used for the Transport Assessment, again representing a more greatly exaggerated worst-case scenario than was predicted elsewhere in the ES. With respect to health criteria, Chapter 7 found that concentrations of nitrogen dioxide and PM 10 would not exceed the objectives as a consequence of the development at any of the receptors considered. In most cases, the predicted concentrations were well below the objective levels. Special consideration was given to Receptor 1 in the A7 Air Quality Management Area, where the background nitrogen dioxide levels are close to objective limits. No perceptible change to the air quality parameters at this location were predicted as a result of the proposed development. URS maintain that this will remain the case, regardless of any effect that the CNDR might have on the existing air quality at this location.
- 1.191 The ES finds that the magnitude of changes in annual mean nitrogen dioxide concentrations are either small or imperceptible at all receptors, and the

magnitude of changes in annual mean PM10 and PM2.5 concentrations are imperceptible at all receptors. The air quality impacts of the proposed development from road traffic sources are negligible at all receptors.

1.192 URS has also pointed out two additional factors that should be considered in addition to the negligible nature of the air quality impacts resulting from the scheme. Firstly, the model was based on a worst-case assumption that traffic generated by the proposed development would reach their maximum values immediately after opening (taken in the ES to be 2012). This is unlikely to be the case, and traffic associated with the development is, in reality, likely to take some time to reach this peak. Secondly, there have been delays in the approval of the development's planning application that have extended the programme of works by some 30 months. One of the components used in air quality modelling involves assumptions being made with respect to incremental improvements to vehicle emissions. The 30 months delay means that any incremental decrease in background annual mean NO<sub>x</sub> and nitrogen dioxide concentrations experienced as a consequence of ongoing improvements to vehicle emissions will be two to three years more advanced than would otherwise be the case. Both these factors should only serve to mitigate or off-set the magnitude of any increase in baseline air quality pollutant levels beyond that considered in the ES, resulting from the CNDR. However, URS consider these to be minor influences compared with the negligible impact of the scheme itself, regardless of any minor difference between predicted and actual background levels.

1.193 On this basis, Officers consider that the more recent data collected following the opening of the CNDR does not result in any material change to the conclusions made in the ES with regard to air quality. This is in the context that the ES looked at worst-case scenarios such that any adverse effects are likely to be less significant than that reported in the ES, and already contained forecasts regarding the completion of the CNDR.

1.194 In relation to ecology and nature conservation, and with specific regard to the proposed means of foul drainage, United Utilities has confirmed that the planned upgrade to Irthington waste water treatment works is still continuing but will not be complete until May 2013. Therefore some of the additional load should not pose an issue but, if the air traffic is expected before this date, some temporary treatment on site may be necessary until the flows can be transferred.

1.195 Under the Conservation of Habitats and Species (Amendment) Regulations 2011 the Council has to undertake Appropriate Assessments with regard to the Upper Solway Flats and Marshes SPA and the River Eden SAC. Lloyd Bore, on behalf of the Council, has completed the Upper Solway Flats and Marshes SPA Appropriate Assessment and it has been "signed off" by Natural England. The Assessment concludes that:

*'whilst there are still some shortcomings in the information and evidence base provided with the 2010 application, sufficient information has been*

*provided by the applicant for the purposes of this assessment to show that the proposed development will not have an adverse effect on the integrity of the Upper Solway Flats and Marshes SPA. However, to be certain of no future adverse impacts on the integrity of Upper Solway Flats and Marshes SPA, several issues need to be conditioned in any planning permission that may be granted’.*

1.196 The River Eden SAC Appropriate Assessment, in the context of United Utilities undertaking the upgrade to the Irthington treatment works, is nearing completion. The draft Assessment concludes that *‘sufficient information has been provided by the applicant for the purposes of this assessment to show that there are not likely to be any major barriers to ensuring that the proposed development will not have an adverse effect on the integrity of the River Eden SAC. However, to be certain of no adverse impacts on the integrity of the River Eden SAC, a number of issues regarding potential impacts on the River Eden will need to be conditioned in any planning permission that may be granted’.*

1.197 Objectors to the proposal have recently raised concerns over the alleged lack of publicity concerning all the extra documents (inclusive of reports from the consultants acting on behalf of the Council, a local resident and the applicant). In relation to subsequent advertisement/publicity once an application has been received and initial publicity undertaken in compliance with the EIA regulations, Regulation 19 (as amended) provides:

*“(1)Where the relevant planning authority, the Secretary of State or an inspector is dealing with an application or appeal in relation to which the applicant or appellant has submitted a statement which he refers to as an environmental statement for the purposes of these Regulations, and is of the opinion that the statement should contain additional information in order to be an environmental statement, they or he shall notify the applicant or appellant in writing accordingly, and the applicant or appellant shall provide that additional information; and such information provided by the applicant or appellant is referred to in these Regulations as “further information”.*

*(2) Paragraphs (3) to (9) shall apply in relation to further information and any other information except in so far as the further information and any other information is provided for the purposes of an inquiry or hearing held under the Act and the request for the further information made pursuant to paragraph (1) stated that it was to be provided for such purposes.*

*(3) The recipient of further information pursuant to paragraph (1) [or any other information] shall publish in a local newspaper circulating in the locality in which the land is situated.”*

1.198 Government advice contained in Circular 2/99 (which preceded the changes of the 2006 Regs) provides:

*“Provision of further information (regulation 19)*

*110. Where the required information has not been provided, the authority*

*must use its powers under regulation 19 to require the applicant to provide further information concerning the relevant matters set out in Schedule 4. Any information provided in response to such a written request must be publicised, and consulted on, in a similar way to the document submitted as an ES (regulation 19(3)(9)).*

*111. Authorities should only use their powers under regulation 19 when they consider that further information is necessary to complete the ES and thus enable them to give proper consideration to the likely environmental effects of the proposed development. The additional delay and costs imposed on applicants by the requirement to provide further information about environmental effects should be kept to the minimum consistent with compliance with the Regulations. Authorities should not use regulation 19 simply to obtain clarification or nonsubstantial information. However, where an applicant voluntarily submits additional information of a substantive nature, local planning authorities should consider advertising that information and sending it to the consultation bodies as if it had been provided in response to a formal request under regulation 19(1)."*

- 1.199 In this instance information has been volunteered by the applicant; the proposed operational development has not been amended; the more recent data collected following the opening of the CNDR does not result in any material change to the likely significant effects (or conclusions) in the ES; the submitted ES looked at worst-case scenarios such that any adverse effects are likely to be less significant than that reported in the ES; the submitted ES had already taken account of the completion of the CNDR; the additional calculations show no significant change; and the conclusions of the ES fundamentally remain as presented at the time the application was made. On this basis it is considered that the full publicity requirements need not be carried out with regard to noise/vibration, air quality and ecology, although individuals within the local community who have shown a particular interest in the proposal have been kept fully informed. The need for the socio-economic benefits to be updated and formal consultation of this under the EIA Regulations is separately considered in paragraph 1.59 above.

## **Conclusion**

- 1.200 A planning application must by law be determined in accordance with the development plan unless material considerations indicate otherwise.
- 1.201 Carlisle Airport is currently operating at a loss and previous reports have identified in particular the relatively short length of the main runway, its limited catchment area, and the limited nature of the in-bound market as the restricting factors affecting the Airport's ability to develop services. The absence of an Instrument Landing System (ILS) has also been noted although views differ as to how important this is.
- 1.202 Given the stated current losses it may be said that at present the Airport is not capable of economic operation and that it may be closed. The applicant, in accordance with the general user provision (clause 3.10.1) of the Lease, is advancing the argument that, by seeking a B8 development, it will cover the

losses and enable the Airport to be kept open, repairs carried out, and air passenger/freight services operate.

- 1.203 The requirements of a lease are not generally a material planning consideration but in this case there appears to be an overlap in that if the current application is refused planning permission, then the tenant could seek to close the Airport whether under the Lease (clause 3.11.1) or as a matter of fact. If planning permission is granted but is still not capable of economic operation as a commercial airport (a planning objective and benefit) then it could close anyway. On the one hand, in planning terms, if it has not been demonstrated that the proposed enabling development will secure the planning objective, then the granting of planning permission would not be warranted. Conversely, if the proposed development does enable the Airport to be viable (and is accordingly granted planning permission) Members would have the comfort that the applicant/tenant is unlikely to be in the position to successfully argue for its closure under the Lease. In respect of this last point, however, the prospect of further applications for further policy non-compliant but “enabling” development cannot be ruled out.
- 1.204 When assessing the current application, it is evident that the proposed air side work does not involve lengthening the runway.
- 1.205 The Council's independent consultant recognises that the proposed development (taking account of the rent derived from the freight distribution centre) would enable the Airport to remain open for general aviation (rather than commercial air passenger and freight services) on the current level of use.
- 1.206 However, when considering whether the proposed development would enable the future of the Airport to be secured by the generation, on a sustained basis, of a significant and sufficient number of air passengers and/or air freight, the Council's consultant considers it unlikely that the proposal will result in the number of air movements suggested by the applicant.
- 1.207 The analysis of the viability of air services shows that commercial operations are of borderline viability. In the case of the Airport, and if account is taken of the rental from the proposed distribution centre, the commencement of scheduled services to Dublin and Southend would be profitable but this diminishes over time. For example, in 2014 the profit for the Airport is forecasted to be £516,000 but without the rental the loss would be £1,284,000; in 2026 the corresponding figures are £253,000 and £1,547,000; and by 2032 the forecasted profit is £86,000 but the potential loss without the rental has risen to £1,744,000. The Council's consultant has questioned whether such parameters will provide an appropriate internal rate of return to meet or exceed the pre-tax weighted cost of capital. The consultant has also considered possible alternative and additional aviation related uses (for example aircraft maintenance) but does not consider these to be feasible.
- 1.208 As such, serious questions still arise not only over the viability of commercial

passenger and freight services from Carlisle Airport in the longer term but also the prospect that all the asserted wider benefits to the local economy will materialise.

- 1.209 Furthermore, the proposed distribution centre is likely to be an almost exclusively road-based haulage operation in a countryside location when there are other, identified, more sustainable locations within Carlisle for such an operation.
- 1.210 The proposed development as a whole is still regarded as not according with the development plan as a whole. This is consistent with the previous recommendation, and with legal advice. In particular, the proposed freight distribution centre is not airport related, it does not constitute inward investment, nor is it a development that otherwise for policy reasons needs to be at the Airport. The development plan is regarded as being consistent with the National Planning Policy Framework. Its presumption in favour of development moreover applies only to sustainable development. The NPPF as a material consideration does not alter officers' views.
- 1.211 It is recognised that policy compliant development may also give rise to development in the countryside with accessibility and visual impact issues but policy compliant development is based upon need and is considered by definition to justify permission in principle.
- 1.212 Members need to also note that uncertainty still remains over the capacity of the terminal, and that the forecasts in the Environmental Statement still refer to 200,000 passengers by 2025. The latest correspondence from the applicant now confirms that their estimate is only some 100,000 passengers by that date. Whilst the adverse effects of the proposal will obviously reduce, Officers consider that the socio-economic benefits stated in chapter 4 of the ES are likely to also reduce, but the changes (and whether a "moderate positive" effect) still need to be submitted by the applicant and for this to be publicised under the EIA Regulations.
- 1.213 In effect, Officers assume that the socio-economic benefits will reduce but, on the other hand, also consider that the application should be determined with due recognition that the applicant has already invested (by way of covering existing annual losses) in the Airport and not sought its closure. Rather, the current proposal has the potential to enable the Airport to remain open, involve the undertaking of work to the runway, and allow general aviation to operate at existing levels if nothing else, and with the prospect in at least the short term of commercial passenger services. This would make the Airport's immediate future more secure and thus help to safeguard the existing directly and indirectly related jobs. Members may also view it as a means of retaining such a facility for future generations and in the hope, rather than necessarily the expectation, that circumstances may change in the longer term. This being in the context of the York Aviation report in 2005 (on behalf of the NWDA) indicating that the benefits in developing the Airport were as much in the perceived improvement to the image of Cumbria as a place to do business and to visit as to any measurable economic benefits. The EKOS Report (2008) also noted that most regional airports (15 out of



19) derived between 40% to 70% of income from non-aeronautical sources.

## **ADDENDUM REPORT: SUMMARY OF REPRESENTATIONS**

The previous report outlined that 1 petition; correspondence from 7 individuals commenting on the proposal; 67 letters/e-mails of support; and 62 formal objections had been received.

At the time of preparing this current report, additional correspondence has been received which now totals: 13 petitions in favour; 9 e-mails commenting on the proposal; and 388 letters/e-mails of support; and 91 formal objections.

The additional correspondence has been summarised below under its respective headings.

The petitions in favour of the proposal centre on the following issues: the development would create employment; good for the local economy and tourism; regional airport required to reduce travelling time to other airports; regional airport long overdue; regional development has been blocked for too long by the farming community; if a vote was given to the wider community the development would undoubtedly be given the go ahead; the applicants should be able to decide if the business is viable not an independent expert; air transport helps to develop tourist destinations; if the development results in a High Tech Business Park then it could only be good for the economy of the area; if successful local business is refused permission to develop airport would send out wrong message to other companies thinking of relocating to Carlisle; Stobart's investment in Cumbria should be encouraged; Stobart's is a Cumbrian company who want to remain in Cumbria; development of the airport would secure existing businesses and boost local economy; would create a new gateway to our region; and last chance to secure a regional airport.

The main points raised are in respect of the comments received centre on the existing use of the site; application procedure; noise pollution; and highway network.

### Existing Use of Site

Shame that the proposed proposal only converts existing building and repairs runway

Increase in charges has discouraged aviation based activities on the airport which has resulted in many of the private flyers relocating to Kirkbride airport

Charges appear to be based on fees that Stobarts use at their Southend airport and are not relevant to the local economy and purses in Cumbria

Future of Solway Aviation Museum uncertain despite reassurances from Stobarts

### Application Procedure

Concerned about non-notification of proposal and publicity of additional material received

### Noise Pollution

Restrictions should be placed on flying hours e.g. not after 2100 hours and not before 0600 hours

### Highway Network

ES flawed with regard to the basis of the baseline, the introduction of the CNDR, growth figures over the next 13 years, and the Airport Masterplan

The letters/e-mails of support centre on the following issues: economic benefits and improved transport links. These issues are summarised below:

### Economic Benefits

Essential to keep WA and Stobart Group in Cumbria, if it were to relocate it would result in job losses and loss of spending revenue in the Cumbria economy as a whole

93% of Cumbrian businesses surveyed support the airport development with only 2% against

Case for the development of the airport and its associated businesses is overwhelming. Delaying the decision is harming the economic progress of the area

Logic in the potential mix of freight and passenger traffic rather than focusing on one or the other

The Distribution Centre should be a local asset rather than push it away to another area

Knock on effect for other companies would help support the local economy and increase employment opportunities

Airport development would raise the profile of the City allowing other businesses and individuals within the catchment area to benefit

To lose the applicants investment in the area would be economic suicide

Commonplace for non-aeronautical revenues to support airport

Stobart Group have done a brilliant job at Southend Airport and will do the same for Carlisle

Significantly clear that the multiple benefits for the whole of the North of England and particularly the Lake District by far outweigh any possible shortcomings

Airports have been shown to bring growth in their wake

Carlisle need large organisations like Stobart's as anchors for smaller businesses

Airport development will help to retain businesses in Carlisle and therefore better quality jobs

Development would give a much needed boost to growth and vitality of Cumbria, sending a real signal to local and national and international businesses that Cumbria is committed to supporting and facilitating business growth

Stobart's proposals, in line with their track record at Southend Airport, are the best and most realistic chance for the airport to succeed

Stobart Group should decide what is commercially viable not consultants hired by City Council

Development has the potential to act as a catalyst for the economy of Cumbria

A regional airport is essential for the area to compete with the rest of the country

Cumbria's great issue is its relative remoteness and anything that can be done to alleviate this will be of benefit

Commercial viability of proposals is not ordinarily a valid issue when dealing with applications. The Council should assess if the development complies with the local development plan, job creation, effect on local amenities and highways and whether the design is of acceptable standard

#### Improved Transportation Links

Any project which enhances the quality of Cumbria's infrastructure will help revitalise the areas connectivity to outside opportunities and provide a considerable boost to local and national supplier businesses

Development would ensure more inward investment into the county through improved access

Link to Southend could be marketed as a fast track link to The Lakes/Cumbria for business and leisure passengers

Cumbria is already an important road and railway hub why can it not include air traffic?

Decent air hub would be advantageous in attracting investment and people to the region

Stobart are the leading firm in multi-modal freight, therefore, better placed

than anyone to generate air freight traffic

Carlisle airport would link Cumbria to the UK and beyond for business and holiday flights

Improved logistics for entire North

Recently opened Western by-pass would provide a great link to the airport

The objections highlight the following issues: environmental impacts; visual impacts; highway issues; noise impact; Development Plan policies; economic impacts; application procedures, proposed passenger flights; airside works; and compensation issues. The main points raised have been summarised below.

#### Environmental Impacts

Application would support unnecessary air travel which is destroying our countryside and using valuable oil resources

Already too many airports in the UK, opening of another one would lead to further environmental damage

Cumbria County Council has a low carbon policy and this should be a serious consideration in regard to this application

#### Visual Impacts

An industrial site, which is what is proposed, does not belong among farms and rural hamlets

Size of building is inappropriate in a rural location

#### Highway Issues

Submitted Travel Plan considered to be inadequate

Information contained within "Carlisle Airport, Employment Land Masterplan" indicates that projected traffic figures in Transport Assessment are just the tip of the iceberg with traffic levels much higher than the applicant has indicated

Travel Plan does not take into account how many employees or clients who will travel in a sustainable manner

#### Noise Impact

Restrictions should be imposed limiting operating hours between 9pm and 6am

Query whether applicant properly analysed noise

#### Development Plan Policies

Application should be treated as a Departure from Development Plan

Apparent that applicant's true intentions are for a much bigger development than indicated in the application, and that such a development would be a serious departure from County and City Plans

Why should the Council grant consent to a road haulage distribution centre six miles out of town when there are other potential locations available congruent with the local development framework

### Economic Impacts

Alleged contradictions between the documents submitted with the planning application and documents produced by Stobart's for their shareholders and stakeholders

Queries concerning actual costs of works

Airside works remain unviable

Queries why a profit seeking organisation would wish to invest in a loss making airport

Flights from Carlisle to the States via Dublin inconvenient and more expensive

Even if the airside works were carried out The Stobart Group would have a powerful incentive to close the Airport down as the income from the RDC (£2,061,771) less depreciation, interest and equity costs (£1,270,032) would at £791,739 be higher.

The benefit to the owner from closing the Airport down is greater.

Submitted material contains inconsistencies within itself and appears to contradict statements made elsewhere by the applicant.

not have the population to sustain commercial flights

### Application Procedures

The application should be determined by the Infrastructure Planning Commission

Questions if English Heritage has been consulted specifically on the impact of the proposal on heritage assets

### Airside Works

There is no proposed Instrument Landing System, therefore, commercial airlines will not use an airport that does not have one due to safety implications

Questions submitted costs associated with airside works

## **ADDENDUM REPORT: SUMMARY OF CONSULTATION RESPONSES**

The following consultation responses have been received since the previous report.

**Cumbria County Council (Spatial Planning):** - previous applications had been referred to the County Council's Development Control and Regulation Committee (DC&R), and on both occasions DC&R had raised no strategic objection to the applications, subject to detailed matters relating to transport, archaeology, ecology and landscape, as set out in the attached reports.

More recently, in light of these previous formal responses from DC&R and the similarities of the strategic planning principles contained in the current re-submitted application (application reference /10/1116), the Council took the view that there was no need take the matter back to DC&R. Hence, the Council simply restated DC&R's previous comments, as per our letter dated 22 December 2010. In addition, as you know our Economic Development colleagues also provided you with some supplementary commentary on the likely economic benefits of the proposal in a letter dated 5 August 2011.

We would like to take this opportunity to re-affirm the previous comments made by DC&R in relation to the current planning application for the site (10/1116). In this regard, in principal, the development proposed supports the development strategy of the Cumbria Sub-Regional Spatial Strategy, and could provide for the continued operation of the airport site. The economic benefits from the scheme alone are significant, and the potential to stimulate further growth in Carlisle area is also a key factor. We believe that the proposed development has the potential to positively transform Cumbria's image, and dispel its popular perception as a peripheral business location.

I would also reaffirm our previous comments in relation to providing a S106 Agreement to secure planned improvements to the airport infrastructure and ensure that future development is related to the airport location. Our Highways & Transport response of 23 May 2011 sets out 6 conditions that should be applied to any consent you may issue in relation to Highways & Transport matters. These deal with: the access of the A689; signage from the Trunk road/motorway network (both to be dealt with through a Highways Act 1980 Section 278 Agreement with this Authority); and measures to promote the use of sustainable transport, including a Travel Plan and monitoring thereof, (which will need to be secured by way of a Town & Country Planning Act 1990, Section 106 Agreement to ensure the delivery of the actions in the Travel Plan and a bus service to serve the development upon occupation).

These conditions are similar to those conditions outlined in Annex 1 of the DC&R report for application 08/1052. We would be grateful if the developer liaise with us as soon as practicable, following any consent being given so that the work involved in developing and agreeing the aforesaid Section 106 and 278 Agreements and can be managed in a timely fashion so the necessary infrastructure works can commence in early course as these would appear to be needed early in the constructional phases of the development.

In terms of environmental impacts, we would advise that the City Council need to ensure that they verify the effects of the proposed development on nature conservation interests and seek the developer to implement appropriate biodiversity prevention, mitigation, compensation and enhancement measures. The City Council will also need to be satisfied by the developer that the width of the proposed woodland belts on the northern and southern boundaries of the site is adequate and is at least 15m wide.

It is considered that the mitigation requirements identified in the DC&R report for application 8/1052 should equally be secured by Carlisle City Council for application 10/1116, through further developer undertaking;

**Cumbria County Council (Leader of the Council):** - the contribution that an operational airport could make towards strengthening this remote region's economy is recognised in numerous national, regional and local economic development strategies. Enhanced connectivity can increase business productivity and competitiveness, improve the attractiveness of the region for inward investment, help reach new markets, reduce perceptions of isolation, support the development of Britain's Energy Coast and stimulate an increase in high value tourists. It would also assist Carlisle realise its growth point status.

Equally the marked underperformance of the Cumbria economy between the mid 1990's and 2002 and the need for transformational activity to help drive up the County's Gross Value Added is well documented. The airport can be a driver of a step change in the area's economic growth and offers an opportunity to stimulate GVA through improved connectivity with the rest of the UK.

Transport and communications are an important and growing industrial sector in North Cumbria and the airport related freight activity will give Carlisle a potential competitive edge to strengthen its role as a centre for distribution and logistics. Transferring haulage operations to the Airport and consolidating Stobart's corporate HQ, together with associated distribution facilities, will help ensure one of the UK's most prestigious transport and logistics companies' remains in Cumbria. This will secure a substantial number of highly paid jobs in Carlisle, create a significant number of new jobs and provide many opportunities for expansion. The loss of the Stobart brand to Cumbria would send out serious negative signals nationally about Cumbria as a place for business investment.

The current planning application, in directly supporting the development of air services will contribute to providing Cumbria with a "modern" business

infrastructure and improve the competitiveness of the County's "offer" in a global market place. Cumbria has a heavy dependence on a number of multi-national branch plants and poor connectivity, which reduces profitability, has been cited over the years as a reason for businesses leaving the County. The Cumbria Business Survey 2010 by BMG cited that 19% of businesses felt the availability for suitable air linkages to Cumbria was perceived as a significant barrier to businesses' performance and efficiency locally.

I believe the proposed development at Carlisle Airport has the potential to positively transform Cumbria's image and dispel its popular perception as a peripheral business location. I would urge you therefore to give due consideration to the above economic arguments in determining the application;

**English Heritage:** - English Heritage's guidance on setting was developed in a process which, alongside many other issues, drew on the approach to setting issues we have developed over many years for the Hadrian's Wall., This process is based on the understanding that the contribution that setting makes to the Outstanding Universal Value of the Hadrian's Wall World Heritage Site, this being that which gives the Site its importance and which is detailed in the Unesco documentation accepting Hadrian's Wall as a World Heritage Site, is in allowed an appreciation and understanding of the Roman military planning and land use. It is therefore specifically this appreciation and understanding that we are trying to protect from harm in commenting on planning applications, and this approach allows us to distinguish between applications that cause harm to what is significant about Hadrian's Wall and those that are merely visible from it. This is not to downplay the other visual impact that a particular application might have, but just to highlight that it is these aspects rather than, for example, more general landscape impacts, that we need to limit our comments on.

It was in light of this approach that English Heritage provided its advice on the current application for the Airport site. This approach is also in line with the recently published English Heritage setting guidance. Although this clearly deals with the issue of setting across all historic assets and not just scheduled monuments/World Heritage Sites, its essential approach, which relies on understanding the role that the area around a historic asset plays in the significance of that asset is in line with that developed and applied on Hadrian's Wall.

As such, can confirm that English Heritage do not wish to revise our earlier advice, that the current application will not have an unacceptable impact on the Outstanding Universal Value of the World Heritage Site, in light of the publication of our setting guidance;

**Econ Dev Unit - Business & Employment:** - during the course of the 2007 application (07/1127) the then Head of Economic Development had the following comments.

The draft Economic Strategy for Carlisle includes the development of an upgraded operational airport capable of supporting scheduled services as one of its key priorities and opportunities for Carlisle. [Key opportunities,



paragraph 4.2.3, section 8.3 'Distance to Markets - the Need for Action' p36 of Oct 5th draft]

The theme of the draft Strategy is 'Growing Carlisle' and the development of the Airport is seen as a potential driver of economic growth. It is expected to –

- Help transform North Cumbria's image and its popular perception as being peripheral and lacking in modern business infrastructure.
- Increase economic efficiency and competitiveness by reducing wasteful business travel time and assisting re-investment and new inward investment.
- Support the infrastructure investments in the two strategic regional employment sites at Kingmoor Park and Westlakes and, through improved connectivity, assist the development plans of the West Cumbria Energy Coast.
- Help drive up GVA through exploiting the “direct relationship between airport capacity and employment and productivity” as identified in the Northern Way Growth Strategy Connectivity Technical Report (2004) and through the opportunities for job creation at the airport itself.

The Airport will offer benefits to most of the sub-region around Carlisle and will help support the objective to develop Carlisle as a regional city. Carlisle has a 'gateway' role for the whole of Cumbria and the Airport, when developed, will not only benefit Carlisle, but also will support the 'Energy Coast' plan for West Cumbria, and economic development in South West Scotland.

The recent business survey commissioned by the Cumbria Economic Intelligence Partnership [due for publication in December 07] asked 2000 businesses in Cumbria to name local developments that would have greatest positive impact on their businesses. Carlisle Airport and the University of Cumbria were named as the two most significant. The same study identified 5 key local challenges for Cumbria - one of which was strengthening Carlisle as a stronger 'pull factor' for Cumbria including the delivery of Carlisle Renaissance, the development of Carlisle Airport and the establishment of the University of Cumbria.

These comments illustrate the significance attached to the Airport proposals by the business community. The proposals are regarded as a sign that the area will [at last] have a key piece of infrastructure in place that will enable it to compete successfully in the 21st century.

## **COMMITTEE REPORT FOR MEETING ON 15<sup>TH</sup> JULY 2011**

### **Brief Summary**

Whilst the City Council in principle welcomes Airport related development, the proposed distribution centre appears, in the view of officers, to be primarily for road haulage (a relocation and potential expansion of the applicant's existing operation at Kingstown Industrial Estate), rather than to be airport-related. It is considered to be contrary to policy.

The application has been submitted on the basis that the proposed distribution centre would enable the Stobart Group to relocate from its existing sites at Kingstown Industrial Estate (albeit with the office premises for Stobart haulage and Stobart Rail at Parkhouse retained), provide a source of non-aviation rental income to stem the annual losses and help thereby to ensure the future viability of the Airport with a view to enabling commercial passenger flights and air freight to be handled at the Airport. The applicant has offered to secure the implementation of the proposed raising and re-profiling of the main runway 07/25 (and provision of taxiways and aprons) by a condition.

It is true that the tenant could currently seek to close the Airport if it is demonstrated that it is not capable of economic operation as a commercial airport. Even if permission were to be granted for the proposed development it has not, however, been demonstrated that the income generated by the distribution centre would both cover current significant annual losses and pay for the substantial cost of the airport-related development. Further, specialist advice received by the Council casts significant doubt on the realistic potential for either air freight or passenger flights given the market, competition elsewhere, coupled with the relative shortness of the landing distance available of the runway and the lack of provision of an instrument landing system.

Officers are of the view that, upon analysis, the likely benefits of the proposal do not outweigh the harm.

The ES appears to be deficient in not having assessed how the additional passenger throughput will be managed (what additional building needed and the environmental consequences thereof). In law therefore permission could not be granted.

### **1. Recommendation**

- 1.1 It is recommended that this application be refused.

### **2. Main Issues**

- 2.1 Accordance of the application with the Development Plan;
- 2.2 Socio-Economic Impact;
- 2.3 Sustainability- Means of Travel;

- 2.4 Sustainability- Design;
- 2.5 Highway Network;
- 2.6 Noise and Vibration;
- 2.7 Air Quality and Odour;
- 2.8 Visual Impact;
- 2.9 Ecology and Nature Conservation;
- 2.10 Archaeology; and
- 2.11 Hazard Assessment.

In undertaking the assessment, the Council commissioned independent advice from Lloyd Bore regarding ecology, and specialist aviation advice from Alan Stratford Associates.

### **3. Application Details**

#### **The Site**

- 3.1 Carlisle Airport lies approximately 8.5kms north-east of Carlisle and about 3.5kms west of Brampton and has a current operational area of approximately 176 hectares. The southern boundary of the Airport has a frontage onto the A689 that links the A69 west of Brampton to Junction 44 of the M6 at Kingstown on the northern fringe of Carlisle. The western, northern and eastern boundaries of the Airport front onto the minor roads serving the hamlet at Oldwall, and the villages of Laversdale and Irthington.
- 3.2 The Airport originally commenced use in 1941 as a wartime training base for pilots and was known as RAF Crosby-on-Eden. It currently comprises three asphalt runway strips in varying states of repair, namely the principal instrument runway 07/25 (which is 1837 metres long); a small visual-only runway 01/19 (938 metres in length) which has a north-south axis but with no lighting; and 13/31 which is disused and orientated south-east to north-west. The associated linking taxiways, aprons and hard standings/dispersals vary in condition.
- 3.3 The Airport related structures consist of the control tower; a passenger terminal with three check-in desks and a cafe/bar (Cafe Stobart); a single storey administration building; a building used by Micro Light Training; four hangars of varying size (occupiers including Haughey Air, Carlisle Flight Training, Border Air Training and Northumbria Helicopters); a fuel farm; fire station; helipad; and three single storey buildings used by Solway Aviation Museum. In 2008 (application reference number 08/0131/FP) an application was submitted for Building Regulations' approval concerning the erection of an aircraft hangar shell. The hangar appears to now be in use but with 921.6 square metres of unoccupied office space on the first floor.
- 3.4 The Airport sits within a generally rolling and undulating agricultural landscape which is relatively open, with the only significant visual interest created by Watchclose Woods (at the western perimeter), relatively small farmsteads (such as Hurtleton), and industrial/commercial buildings occupied by ECM, E&N, Farrer (haulage), Laversdale Timber Co, Dundee

Tyres Ltd, System Driver Training/System Group, and Frank Johnson (tractors) to the west of the Laversdale road (close to Watchclose Woods) and immediately opposite the northern site boundary.

- 3.5 The nearest settlements are the hamlets at Oldwall and Bleatarn, and the villages of Irthington and Laversdale that respectively lie about 0.2km, 1km, 0.5km and 0.6km to the north, north-west, north-east and north of the existing Airport perimeter. Irthington is identified as a Local Service Centre in the Local Plan and has approximately 70 households, St Kentigern's Church, the Village School, the Salutation Inn, a local shop, and a bus service. Laversdale is a smaller settlement of approximately 29 households.
- 3.6 The whole of the Airport is within the "Buffer Zone" of the Hadrian's Wall World Heritage Site and includes the Watch Close Roman Camp (a Scheduled Ancient Monument near the south-west boundary), and the remains of part of Stanegate Roman road. The course of Hadrian's Wall runs between the northern perimeter of the Airport and Oldwall. The associated Hadrian's Wall Path, which is a national trail, has interconnecting public rights of way running from Irthington, Laversdale, and Newtown Bank.
- 3.7 The Airport is a County Wildlife Site and Watchclose Woods is a non-statutory "local" wildlife site. The Airport is 0.4km to the west of the River Irthing which forms part of the River Eden Special Area of Conservation ("SAC") and the River Eden & Its Tributaries Site of Special Scientific Interest ("SSSI").

## **Background**

- 3.8 The Airport has a full Civil Aviation Authority Public Use Licence but with Public Use and flight training movements restricted to aircraft with a Maximum Take-off Weight of 12.5 tonnes. Under the terms of its Lease, the applicant/tenant cannot presently operate more than eight air traffic movements at the Airport between 23.00 and 06.00 hours. The Airport currently has an instrument aided approach on runway 07/25 using the available Non-Directional Beacon and Distance Measuring Equipment. However, the final approach is made on a visual basis. It does not have an instrument landing system ("ILS").
- 3.9 Stobart Air has 12 full time, and 7 part time, staff at the Airport as well as employing the services of 4 airfield engineers (1-2 days per week) and a cleaner (2 hours per day). There are a total of 6 full time staff and 3 part time staff employed by Border Air Training and Carlisle Flight Training, and 3-4 staff employed by the aircraft charter company VLL.
- 3.10 The records from the CAA show that since 2004 there has been decline in total aircraft movements at the Airport from 25,000 to 18,000 in 2010. The majority of movements were private light aircraft, flight training or helicopter movements including air ambulance. There were no passenger or cargo services.

- 3.11 In 2007 (reference number 07/1127) an application, accompanied by an Environmental Statement, was submitted for a replaced and realigned runway and related aprons and taxiways, a new air traffic control tower, Instrument Landing System and other navigational aids including approach lighting, and an extensive building that was proposed to be used for warehousing, hangarage and as a Terminal. The Development Control Committee resolved to grant conditional permission but the application was withdrawn in July 2008 when called in by the then Government Office for the North West.
- 3.12 A subsequent, scaled down, application (reference number 08/1052) was made in October 2008 for the erection of a freight storage and distribution facility (including chilled cross dock facility) with associated offices, gatehouse/office/ canteen/staff welfare facilities, new vehicular access, car and lorry parking, landscaping, new vehicular access, and other infrastructure works. The airport works were not included in the application. The applicant indicated that it intended only to repair/resurface rather than replace the existing main runway and to use an existing building as a passenger terminal; and to rely upon permitted development rights for these elements. The distribution centre was smaller than that proposed in 2007 but contained a larger element of office floor space. The application was approved by the Development Control Committee subject to the completion of a Section 106 Agreement to secure the renewal of the runway (to last for about 20 years) and the provision of passenger terminal facilities, the latter to be kept open for at least 10 years provided it was, in the opinion of the applicant, commercially viable to do so. This decision was later overturned in May 2010 by the Court of Appeal following a Judicial Review that held that found all aspects of the development, i.e. including the airport works, should have been the subject of an Environmental Impact Assessment. The Environmental Statement had dealt only with the likely significant effects on the environment of the Freight Distribution Centre proposed in the application. It had not addressed the environmental effects of the revised airport works.

### **The Proposal**

- 3.13 The current application seeks Full Permission for the erection of a distribution centre (inclusive of air freight and road haulage, and including integrated +3°C chiller chamber, +12°C chiller chamber, workshop and offices)(Use Classes B1 And B8), gatehouse, canteen/welfare facilities, landscaping, new access, parking and other infrastructure works (such as auxiliary fire station, package sewage treatment works, fire sprinkler system and electrical substation), raised and re-profiled runway 07/25, and associated taxi ways and aprons.
- 3.14 The application primarily relates to approximately 28.6 ha in the south-eastern section of the Airport to the immediate north of the A689 and west of the road to Irthington.
- a) Freight Distribution Centre (FDC)

- 3.15 The submitted plans show the proposed distribution centre to measure 241 metres by 151 metres with an eaves height of 14.25 metres and a ridge height of 15.6 metres comprising the distribution centre (internal area of 28,940 square metres); a workshop (3,000 square metres); two chiller chambers (combined floor area of 4,756 square metres); a warehouse office on the ground and first floors (444 square metres); and an operations office also having a ground and first floor ( 184 square metres).
- 3.16 The proposed distribution centre is shown to be constructed with five bays, externally finished in grey profiled sheet cladding on the walls and the roof having shallow pitched panels with roof lights. The western elevation (facing the southernmost section of runway 01-19) is blank apart from a centralised means of escape door. The eastern elevation (facing the southernmost section of runway 13/31) has ten indented loading bays to serve the chiller chambers, two level access doors for the workshop, and two technical services blocks. The proposed northern elevation has ten level access doors of which six are to serve the distribution centre. The proposed southern elevation also has ten level access doors of which two would serve a chiller chamber.
- 3.17 Paragraph 3.3 of the Transport Assessment explains that the “*..Air Freight Distribution Centre will accommodate the Eddie Stobart Ltd warehouse operations currently located in Kingstown. The chilled cross docking facility will allow bulk perishable freight to be broken down and reloaded for onward delivery.*” The submitted Environmental Statement refers in Table 2.2 to 1,560 air traffic movements by freight aircraft i.e. the approximate equivalent of two aircraft landing and departing per day, by 2025. On the basis of 1) the applicants air traffic forecasts, 2) the typical payloads of the proposed cargo aircraft to operate (RJ146 and ATR42), and 3) the likely nature of the cargo (i.e. perishables and smaller items), ASA are of the view that air cargo would account for a maximum of only 5-10% of the centre’s capacity by 2025. As will become apparent later in this report, ASA consider that the predicted market is neither operationally nor financially viable – that, even in an optimistic scenario, the total number of cargo ATMs would be unlikely to exceed 300-400 pa by 2025. Thus, by reference to the amount of floor space and the likely nature of its use, the distribution centre appears therefore likely to relate to a very great extent to road haulage as opposed to air freight.

b) Raised and Re-profiled Runway 07/25, Taxiways and Apron Layout

- 3.18 Officers have very recently been advised that the proposed runway works are to be constructed to a minimum Pavement Classification Number (PCN) of 31 in order to meet the standard required to accommodate the aircraft predicted to use the Airport, as set out in the submitted Environmental Statement (ES).
- 3.19 Paragraph 13.4 of the accompanying Non-Technical Summary states that some taxiway resurfacing will be included and, although not mentioned in Part 1 of the ES, this is pictorially represented in Figure 2.2 of Part 3. The proposed new apron layout shows 11 aircraft stands adjacent to the FDC of which four are suitable for all aircraft sizes up to and including Boeing 747(i.e.” jumbo”) types or similar, with the remainder appropriate for B737

size or similar. The applicant has explained that any surplus stands might be used for the storage of aircraft belonging to airlines and leasing companies that are not in use during the current economic climate.

c) Gatehouse

- 3.20 The proposed Gatehouse building comprises two floors providing a total of 514 square metres of floor space i.e. 257 square metres per floor. The ground floor would consist of four hatches controlling inbound and outbound traffic with 195 square metres of an open plan office. The proposed first floor has w.c. facilities, a meeting room, "tea station", two partitioned offices, an open plan office, and a boardroom. It is proposed to be externally finished in "albatross" micro-rib cladding panels and grey framed "ribbon" windows for the walls, and Kingspan panels on a curvilinear roof. The height of the proposed roof varies from 6.5 metres to 10.5 metres.

d) Canteen and Welfare Building

- 3.21 The proposed canteen and welfare building is single storey with an internal floor area of 192 square metres comprising a lounge/dining area, kitchen, w.c. and shower facilities, and a store. Externally it is shown to be constructed using "albatross" panels on the walls and Kingspan panels covering the roof. The proposed height of the curvilinear roof varies between 3.67 metres to 4.85 metres.

e) Vehicular Access

- 3.22 Access to the proposed site is to be provided by a new spur road off a roundabout junction with the northern side of the A689. The proposed road, which would follow part of the south-eastern boundary of the site, provides access to a staff car park; the proposed gatehouse and FDC; trailer parking areas; the HGV wash/fuelling area; and the sprinkler tank and pump house.
- 3.23 The proposed roundabout will, amongst other things, involve the re-alignment of the A689, and the removal of a section of existing hedgerow and an electrical sub-station.

f) Car Parking, Cycle Parking, and HGV Parking

- 3.24 The development proposes a 223 space car park (including nine disabled persons spaces and eight taxi bays) for staff, visitors and drivers associated with the FDC. The aforementioned car park also includes provision of a cycle shelter. The submitted plans also annotate a second car park with 110 spaces to serve air passengers to the east of the existing passenger terminal to the north of the site.
- 3.25 Parking for 41 no. HGV cab units and standing space for 99 trailer units is proposed within the "secure" hard standing areas adjacent to the north-western, south-eastern and southern facades of the FDC.

g) Fire Station

- 3.26 The proposed fire station measures 16 m by 17 m with an eaves height of 5.45 m and ridge height of 7.2 m. Internally it comprises parking for two engines, w.c. facilities, a lecture and recreation room with kitchen facilities, plant room, store and watch room. Externally it is proposed to be constructed in “albatross” cladding.

h) Foul Drainage Works, Sub-Stations and Surface Water Drainage

- 3.27 The originally submitted plans showed a proposed foul drainage treatment system serving the FDC, gatehouse, canteen and welfare building, fire station, and the HGV wash area/refuelling facility. Following comments from the Environment Agency and United Utilities, the applicant’s agent has explained that the package treatment plant remains his client’s preferred solution but further plans have been submitted showing connection to the Sewage Works at Irthington that are planned to be upgraded.
- 3.28 The intention is for the surface water drains to be connected to 2 balancing lagoons located either side of the proposed roundabout lying parallel with the A689. Interceptors will be installed to avoid contamination by oil and other material and attenuation will be provided to control the discharge rates from the lagoons to the receiving watercourse on the southern side of the A689.
- 3.29 The proposal includes an electricity sub-station, a back-up generator located to the south-west of the canteen/welfare facilities, a substation compound and a structure to protect the gas meters from the elements. An LPG store is proposed within the service yard to the FDC.

i) Landscaping

- 3.30 The application is also accompanied by a landscaping scheme which, in relation to the boundaries of the site, involves woodland mix planting fronting the road to Laversdale; to the north-east of the proposed FDC; and the sections of road frontage onto the A689 to the east and west of the proposed new roundabout. The proposed woodland mix consists of Lime, Ash, Hazel, Silver Birch, Scots Pine and Oak trees.
- 3.31 The loss of sections of existing hedgerows will be mitigated by the planting of new hedging using Field Maple, Beech, Silver Birch, Hornbeam and Privet.
- 3.32 The proposed landscaping also includes the planting of Lime trees to line the access road; hedge planting with trees along the access road leading to the vehicle wash/fuel storage area; tree planting down to the yard areas to the south-east of the building and around the yard beyond the north-east gable.

j) Security Fencing and Lighting

- 3.33 The intended means of enclosure involves the erection of 2.4m high paladin security fencing along the southern and western boundaries of the FDC; and 2.8m high welded mesh and barbed wire for the airside activities. The access road system will incorporate 10m high lighting columns with 150 watt



light fixtures around the proposed new roundabout with the A689 but then reduce to 8m high columns with 100 watt lights for the internal road system. It is also proposed that the car park, HGV yard and circulation areas will be lit by building or column mounted lights.

- 3.34 The scheme considered under application 08/1052 involved the provision of 44,048 square metres of floor space (in total) of which 7,988 square metres related to offices. This compares to the current proposal which involves the provision of 37,711 square metres of floor space (in total) of which 823 square metres are for office purposes. It should also be noted that there is no reference to passenger terminal facilities (paragraph 6.46 refers to this later).
- 3.35 The proposal is accompanied by an Environmental Statement in respect of all that is described in the application as well as: a “Non-Technical” Summary of the Environmental Statement; a Planning Policy and Position Statement; a Design and Access Statement; a Transport Assessment and Travel Plan; a Flood Risk Assessment; two Economic Impact Appraisal Reports dating from 2008 and 2010 prepared by EKOS Ltd; and an assessment on Potential Odour Impacts by Air Quality Consultants Ltd. As part of the proposal the applicant has confirmed their willingness to pay £100,000 towards the provision and management of a habitat scheme.
- 3.36 In addition to the independent advice commissioned by the City Council from Lloyd Bore and Alan Stratford Associates, interested parties have submitted separate documentation including copies of a letter from the Chairman of the Stobart Group dated the 12<sup>th</sup> May 2009; the Stobart Group Annual Report 2010; a Notice of General Meeting dated the 26<sup>th</sup> April 2011; the CAA Licence for Carlisle Airport (30<sup>th</sup> May 2006); and a report prepared by York Aviation LLP consultants (June 2011).
- 3.37 The Environmental Statement, in paragraphs 2.18 to 2.20, explain that the Runway 07/25 is in a poor state of repair and, in its current condition, cannot satisfy the requirements of either commercial aviation operators or the CAA; the current level of use does not provide sufficient income to cover the maintenance and fixed cost operations of the Airport; the requirement to keep the Airport open is recognised and included in the Lease; and even with the addition of commercial passengers the Airport would be left with a large financial deficit. It is therefore considered essential that the Airport realise alternative on-site income streams such as those that will be generated by commercial air freight operations and associated warehousing and distribution.
- 3.38 Section 2 of the Design and Access Statement states that *“these revised proposals reaffirm the Stobart Group’s commitment to consolidate its operations at the Airport, thereby establishing the commercially viable operation at the airport, which will ensure the future viability and sustainability of the Airport.”*
- 3.39 The application has thus been submitted on the basis that it would enable the Stobart Group to relocate from its existing sites at Kingstown Industrial Estate

with the office premises for Stobart haulage and Stobart Rail at Parkhouse retained; enable the addition of commercial passenger flights and air freight to be handled at the Airport; and provide a source of non-aviation rental income to ensure the future viability of the Airport.

- 3.40 Generally property matters, including leases, are not usually relevant to the determination of a planning application but the applicant refers to its lease of the Airport so some brief background explanation may assist. As is well known, the City Council is the freehold owner of the Airport and granted (on the 31<sup>st</sup> May 2001) a 150 year lease of the Airport to Haughey Airports Ltd, a lease which is now held by the Stobart Group. The Airport is now under the management of Stobart Air Ltd as part of the Stobart Group. The applicant has drawn attention to that part of the Lease regarding keeping the Airport open. The Lease requires the Airport not to be used other than for aviation, or B1 – B8 and C1 Uses, or for agriculture, but also specifies that a tenant (after the expiry of the tenth year of the Term) may close the Airport for airport operations if the tenant is able to demonstrate that it is not capable of economic operation as a commercial airport when managed by a reasonably competent operator.

- 3.41 The City Council's attention has been drawn to a letter from the Chairman of Stobart Group Ltd dated the 12<sup>th</sup> May 2009 (see paragraph 3.36 above) which explains that the current (Kingstown) sites lead to inefficiencies as a result of operating from multiple locations; the current sites have inadequate storage capabilities (including height restrictions); are on short-term lease arrangements; and one of the Group's most significant customers has requested that its operations are conducted from one consolidated warehouse facility. The letter goes on to say that:

*"...the new facility at the Airport would provide ongoing savings as a result of more efficient working practices, high bay stacking, improved turnaround times and reduced labour and other costs, as well as providing the Northern hub...following the acquisition of Innovate (now Stobart Chilled) in July 2008, the Group would have the opportunity to incorporate both ambient and chilled storage in one location...."*

*The Board also believes that the acquisition of Carlisle Airport, although not the primary purpose, offers the Group the opportunity to provide air freight solutions as well as the potential to develop passenger aviation."* (emphasis added)

- 3.42 The Stobart Group Annual Report and Accounts for 2010 states that *"the Group has signed a new nine year deal with Crown, which will have a new warehouse at Stobart's Carlisle Lake District Airport site to act as distribution centre for the UK"* (page 20) and that *"Stobart will also develop the area as a business site, and plans to combine the Group's seven locations currently dotted around Carlisle into a single, highly efficient facility. An important regional cross-docking warehouse will also serve Scotland."* (page 25) The Annual Report and Accounts (2010) also indicate that Carlisle Lake District Airport has long been overdue for development as a valuable tourist route, and that plans are well advanced to link it to London Southend Airport.

#### **4. Summary of Representations**

- 4.1 At the time of preparing the report 1 petition of comment; 3 petitions in support; correspondence from 8 individuals commenting on the proposal; 66 formal objections; and 106 letters/e-mails of support, have been received. The correspondence has been summarised below under its respective headings.
- 4.2 The petition of comment, signed by 11 signatories, from Solway Aviation Society Limited and Solway Aviation Museum request that any permission should include a Section 106 Agreement safeguarding the Museum from any resultant development at the airport.
- 4.3 Three separate petitions of support have been received from System Training, Ms Angela Torney and Eden Golf Club. The petitions contain 75, 97 and 54 signatories respectively. In summary the signatories support the application as: the airport development would help reverse the economic decline of Cumbria; the development would secure new and existing jobs for the long term; would create a new gateway to the region; and there is a great deal of support for the application.
- 4.4 The main points raised are in respect of the comments received centre on the existing use of the site and the processing of the application.

##### Existing Use of Site

- k) Welcome airport development to promote passenger services and general aviation use
- Stobart Group have withdrawn a 30 year lease and offered a 5 year lease with a get out clause which the Solway Aviation Association are unhappy about
  - Request a condition be included within any successful decision notice ensuring the integrity of the Solway Aviation Museum
  - The proposed size of the scheme indicates that it would be impossible to be supported by air freight alone. What other uses are proposed?
  - If Stobart is proposing to move their entire haulage network to the airport then it would be changing its use into an industrial estate which should not be endorsed
  - Suggested number of flights that the airport could see in the future appears optimistic given the past levels of service and numbers of people using them
  - There is not the population base to support a commercially viable passenger service from the airport

##### Application Procedure

- Request that the application is determined by the Planning Committee and not through Delegated Powers

- There was not robust discussion at previous Council Meetings
- Request that application is determined at a Public Inquiry
- Questions length of time for consultation period for Parish Council responses and third parties

4.5 The letters/e-mails of support centre on the following issues: economic benefits; improved transport links; environmental issues; existing use of site. These issues are summarised below:

#### Economic Benefits

- Development would have a positive impact on the local economy both in Cumbria and South West Scotland
- Development would create new employment opportunities and safeguard existing jobs
- Development would have the potential to attract new businesses into the area
- Airport is currently used frequently by customers and suppliers to neighbouring businesses, an airport is essential to economic sustainability and growth in the area
- Continued operation and development of the airport for dual use is required to sustain the costs of aviation operations at the airport
- Other airports have associated businesses running along side the airport
- The success of the application is essential to protect employment at the flying schools based at the airport
- Stobart Group is a Cumbria brand known throughout the World, it should be allowed to flourish and grow
- Stobart Group invests in Cumbria through sponsorship deals which may be lost if the Stobart Group relocates
- Essential to keep Stobart Group in Cumbria, if it were to relocate it would result in job losses and loss of spending revenue in the Cumbria economy as a whole
- need to have vision and dynamism required to take the City forward to encourage inward investment, growth, tourism and culture
- tourism industry plays a very important part of the economics of Cumbria, an airport in Carlisle can only make Cumbria more attractive to tourists
- do not underestimate the wider economic benefits that a successfully operating regional airport will bring to Cumbria as a whole
- do not underestimate the long term damage that will be incurred to the immediate and wider economy if the application is refused as it will send out a message that Cumbria is effectively closed for business

#### Improved Transportation Links

- The benefits of commercial passenger flights will impact positively on the business and tourist economies of the Cumbria and South West Scotland
- Good passenger transport links are a necessity for the preservation and creation of jobs in the area
- Should the airport development be unsuccessful, jobs may be lost and

- businesses forced to relocate to areas with better transport links
- The new transport link will help bring new investment from other businesses which would not normally come to Cumbria due to its lack of accessibility
- have to actively look at developing infrastructure to boost the attractiveness for inward investment

#### Environmental Issues

- Other UK airports have villages and nature reserves in close proximity to runways
- Methane gas is a greater pollutant than carbon emissions
- The proposed increase in the number of aircraft is not a valid reason for people to object to the proposal
- The proposed new access would ensure that heavy traffic would be kept to a minimum around surrounding villages

#### Existing Use Of Site

- The airport has been used as an Airfield since World War Two
- Aviation based businesses have no option to relocate if the airport is not allowed to develop
- The Aviation Museum, based at the airport, is a valuable tourism asset which should be protected
- If the proposal is refused the airport will gradually deteriorate until the cost of making it operational again will become prohibitive

- 4.6 The objections highlight the following issues: use of building; location; environmental impacts; visual impacts; odour; highway issues; noise impact; safety issues; Development Plan policies; economic impacts; application procedures, proposed passenger flights; airside works; and compensation issues. The main points raised have been summarised below.

#### Use of Building

- No indication as to how much of the building would be used for road haulage and air freight
- If the air traffic movements (ATMs) taken at face value then the proportion of air freight within the building would be minimal
- Estimate that less than 1% of the Distribution Centre would be required to service the projected air freight traffic
- Stobart Group documents indicate that the seven Stobart locations across Carlisle would be relocated to the airport into a single highly efficient facility. This is at variance with the EKOS report which states that existing staff at Stobart Haulage and Stobart Rail would not relocate to the airport
- Airside level of traffic does not sit with the size of the building, the 11 parking stands or the type of aircraft illustrated, therefore, the EIS is incomplete

#### Location

- Opposed to relocation of what is essentially a haulage business to a rural area
- The building should be located at a strategic site such as Kingmoor Park which is closer to Junction 44 of the M6
- Given the relatively small amount of cargo planes envisaged by year 2025, the large building appears to be more related to relocation of the Stobart Group HGV operations than airport use
- An airfreight business handling 2 cargo flights per day does not justify a building roughly the size of The Lanes shopping centre
- The size of the building could interfere with radar and radio communications which would might impact on the future use of the airport for aviation purposes
- Information contained within Stobart Group documents highlight that the building is unlikely to be used for air freight purposes

### Environmental Impacts

- Little technical supporting information within Environmental Statement as to how or if the air quality has been measured within Irthington
- Request that the Council stand up for the ecology of Carlisle rather than the economy
- Increased traffic would impact on climate change, eco-systems and produce more CO2 emissions
- The size of the development would have a detrimental impact on biodiversity
- Increased air traffic movements between Southend and Carlisle will increase air quality pollution
- Relocation from Kingstown would result in increased road mileage
- Measures should be put in place in respect of monitoring air quality or noise pollution
- Same concessions should apply to Carlisle Airport as those imposed at Southend Airport
- Type of aircraft must not be allowed to exceed those as defined in the Environmental Statement
- The BREAM rating would be available, the developers should be more committed to achieving this rating
- The ES and accompanying documents provide inadequate explanation and justification for the need for airport related development at Carlisle Airport.

### Visual Impacts

- Size of the building will have a negative impact on the Hadrian's Wall Path
- Increase in light pollution in the rural area and along the A689 due to the proposed operating hours of the building

### Odour

- Distinct smell of aircraft odour below the existing flight path and

- concerned about the effect of the fumes on children's health
- Have not raised this issue with the airport direct as there appears no form of communication between residents and airport. Aware that there is an airport forum but unaware when or where this forum meets
- Concerned that the agent has dismissed the potential for odour and would expect increased aircraft movements over the village of Irthington to create increased aircraft odour
- no site trials and recordings have ever been assessed

#### Highway Issues

- Increase in heavy goods vehicles using A689 and surrounding road network
- Insufficient infrastructure to support development
- Existing history of road accidents in the vicinity of the development
- The development could lead to possible transportation of nuclear waste fuel by road
- No restrictions on freight traffic through adjacent villages
- No assessment of the impact of traffic through Irthington as the village road connects the A689 with the A6071, key routes for traffic servicing the airport
- Travel Plan should adhere to nationally acceptable standards
- The Transport Assessment does not fully take into account the additional traffic along the A689 once the Carlisle Northern Development Route is operational
- Location of new roundabout will increase risk of road traffic accidents unless speed restrictions and high friction surfaces are used
- Location of new roundabout will increase risk of road traffic accidents unless speed restrictions and high friction surfaces are used
- Irthington Lane junction should be linked to the proposed roundabout on the A689
- Travel Plan is unfeasible to operate due to working patterns
- Questions operating costs of shuttle bus

#### Noise Impact

- Increase in road traffic noise
- Increase in aircraft noise
- Increased air traffic movements between Southend and Carlisle will increase noise and pollution
- At present there is practically no night flying, therefore, any use of the airport at night would have a major impact on residents
- The Environmental Statement appears to concentrate on road noise; only makes passing mention to airside noise at Irthington school with the data provided more or less a straight crib from PPS24
- The ES does not appear to address the impact of night flights

#### Safety Issues

- Increased danger to residents in surrounding villages from aircraft accidents

- Proposals would permit the operation of larger aircraft than those which currently operate from the airport
- Studies indicate that cargo planes are up to 16 times more liable to have air accidents than passenger planes
- As the runway is not to be repositioned, all flights will be directly over Irthington and the three places that people congregate; the Church, public house and school
- Has a risk assessment been undertaken in respect of the 4,000 tonnes of LPG which the applicant proposes to store on site?
- The submitted drawings do not indicate a fence around the curtilage of the airport, only the Distribution Centre. Deer are regularly seen within the confines of the airport
- Large flocks of geese and swans in the fields surrounding the airport would increase the risk of air strikes
- The existing runways due to their length and uneven topography would not be acceptable to the CAA

#### Development Plan Policies

- Conflicts with national, regional and local plans by proposing to locate an industrial estate in a position of poor sustainability
- Contrary to Policies within the Carlisle District Local Plan, therefore, should be referred to relevant Government Office and a Public Inquiry should ensue
- Policy EC22 of the Local Plan includes a reference to local businesses in the Brampton area
- Questions status of Aecom "Master Plan"

#### Economic Impacts

- Information contained in a letter to Stobart's Shareholders recommends the move to the airport would generate "ongoing savings" as a result of "reduced labour". However, information submitted with the application envisages major job creation and a new airport for Carlisle
- Questions if the proposal is enabling development as the commercial case for developing the airport appears weak
- Documents from the Stobart Group to shareholders appear to highlight how a value can be extracted from the site but they do not contain commitments to airside works
- A timetable of airside works should be secured by a Section 106 Agreement
- An industrial site in vicinity of Hadrian's Wall would have a detrimental impact on tourism
- Questions employment figures outlined in ES as they appear to be extravagant use of staff and lorries for amount of cargo flights envisaged
- Commercial case for developing the airport appears weak
- In the absence of any enabling mechanism for the airport there is a risk that only an industrial estate in an unsustainable location will be built
- It appears unlikely, on the basis of information submitted, that any significant airport development at Carlisle Airport would be viable
- Questions cost of runway works



- Requests that advice of Alan Stratford Associates be heeded in respect of financial stability of businesses
- Research undertaken has indicated that the airport has never been financially viable
- Majority of perishables goods imported by air to UK arrive in the South East of England due to existing markets. Difficult to anticipate any form of freight which could be generated on a large scale by the Cumbrian market due to runway length and infrastructure
- Passenger forecasts appear to be overstated
- Investment into a road haulage distribution centre would be viable as a stand alone venture but difficult to see how it could, or why it would support an airport that would be making catastrophic losses
- Past experience has demonstrated that cross subsidy from non-airport related commercial developments will not necessarily secure ongoing airport operation where lease provisions allow airport closure
- Nowhere in the submitted documents has the key issue of airport viability been adequately addressed
- the proposed development would not secure the financial viability of the airport, therefore, there would still be a high risk of closure as it would be beneficial to the applicant to close the airport than have it remaining in operation

#### Application Procedures

- Submission of application prior to Christmas period limited the amount of time available in which to comment and gain more information
- No consultation undertaken between developers and local residents
- Questions what technical aviation expertise has been employed by the Council to provide an independent assessment of the aviation elevation of the application
- No evidence as to whether the applicant has received, or applied for, the necessary CAA approval for this development
- Concerns about the information contained within the Environmental Statement. In particular, airport related businesses, employment figures and type of aircraft which would use the airport as no PCN figure has been mentioned
- The Pavement Classification Number (PCN) must be known as this determines the cumulative effect and possibilities in the future of aircraft types that could possibly land at the airport
- Within the Local Plan there is a commitment to prepare a Masterplan as this has not been compiled there is no template against which to judge the application
- The same restrictions should be imposed as those imposed at Southend airport
- The application description is misleading as the runway is to be newly engineered runway not an upgraded runway
- The application should be referred to the Infrastructure Planning Commission
- The application outlines the willingness of the applicant to enter into a Section 106 Agreement in respect of airside works. This was the case in

the previous application; however, during the intervening 14 month period between issuing of the decision and the subsequent quashing by the High Court, no programme of works was submitted by the applicant

- Use of condition to ensure implementation of runway works
- Appears that the applicant has not fully addressed the ambiguities within Stobart Group documents and the application, therefore until these have all been addressed it would be premature for the Council to consider the application
- Concerned that the viability of the airport and runway works remain unaddressed
- Information presented by applicant/agent is often inconsistent with what has been presented which reduces the confidence which can be placed on much of the supporting documentation
- Information presented on behalf of the applicant is simply wrong or betrays a lack of understanding of airport operations or finance

#### Proposed Passenger Flights

- The promise of passenger flights to Southend does not warrant the building of what is obviously a business park
- Previous attempts to offer passenger flights have failed as they were not financially viable
- People are more liable to use direct flights from Newcastle Airport as opposed to commuting to Southend then onwards
- People wishing to travel to London are more likely to travel by rail as opposed to flying to Southend

#### Airside Works

- No mention of the PCN (Pavement Classification Number) within the Environmental Statement to give an indication of the weight of aircraft that the runway will be able to accommodate
- The runway must be re-orientated to avoid over flight and protect home from danger, noise, pollution and vibration
- The advice of the CAA should be sought prior to determining the application in order to ascertain if they will be granted to necessary licenses
- No Instrument Landing System (ILS) proposed, therefore, no commercial aircraft will use the airport as it is too risky
- Lack of facilities such as ILS only serves to suggest that the applicants know that the market does not exist for freight or large scale passenger services at Carlisle. The reliability provided by such equipment is often a pre-requisite for commercial air services

#### Compensation Issues

- Part 1 of the Compensation Act 1973 allows payment of compensation where development proposals affect the value of properties through physical factors such as noise, pollution and vibration

## **5. Summary of Consultation Responses**

**Access Officer, Development Services:** - there are a number of design issues concerning access and circulation space for the disabled within the proposed building;

**Blennerhasset and Torpenhow Parish Council:** - concerned as the Parish appears to lie under the flight path in particular concerned about night flights and height of aircraft. Would seek controls over the aforementioned concerns;

**Brampton Parish Council:** - support the application;

**British Horse Society:** - no comments received during the consultation period;

**Civil Aviation Authority:** - no comments received during the consultation period;

**Council for Protection of Rural England/Friends of the Lake District:** - the proposal does not appear to have materially altered since the previous submissions in 2007 and 2008. The fundamental concerns raised are prematurity, the local environment, location, economic rationale, climate change and sustainability remain of relevance;

**Cumbria Chamber Of Commerce And Industry:** - no comments received during the consultation period;

**Cumbria Constabulary - North Area Community Safety Unit (formerly Crime Prevention):** - satisfied that a package of robust measures shall be implemented by the applicant, particularly in response to continuing offences committed against the road haulage industry. Security matters relating to airport activity are influenced by TRANSEC;

**Cumbria County Council - (Archaeological Services):** - aware of comments made by English Heritage in respect of the Roman camp Scheduled Monument. An archaeological evaluation has been undertaken which indicates that outside of the Scheduled Monument no significant archaeological remains will be affected by the proposed development;

**Cumbria County Council (Ecology):** - the RSPB response the ecological issues appear to have been inadequately dealt with. The RSPB response outlines that there is direct habitat loss of 23ha of County Wildlife Site. This loss would have to be fully compensated for to be in line with PPS9, SRSpS and RSS. In its Scoping Request, Cumbria County Council clearly identified the need for all these matter to be fully addressed in the Environmental Statement;

**Cumbria County Council - (Highway Authority):** - the applicant has now shown that the issues surrounding this application from a highways point of view can be mitigated by conditions. The original recommendation of refusal to this application can therefore be withdrawn;

**Cumbria County Council - Transport & Spatial Planning:** - do not consider the proposal to be a Category One Application, therefore, the County Council will not be responding from a strategic planning perspective. Comments in respect of previous applications are still applicable to ensure that the developer enters into a Section 106 Agreement to secure: the continued improvements to airport infrastructure and that any future development is relation to the airport location; and the delivery of a Travel Plan and bus service to serve the development. The City Council should also undertake an assessment of the ecological impacts of the development and ensure that the proposed woodland belt on the southern boundary of the site is at least 15 metres wide;

**Cumbria Fire Service:** - no comments received during the consultation period;

**Cumbria Tourism:** - strongly supports this application and considers that it is crucial to the economic regeneration of Cumbria and the visitor economy of both Carlisle and the wider sub-region;

**Cumbria Wildlife Trust:** - objects to the application on the grounds of: lack of a complete season of wintering bird information and analysis of results; absence of information regarding proposed compensation/enhancement for loss of part of the Carlisle Airport County Wildlife Site; and climate change and sustainability;

**Department Of Transport (Aviation Security):** - no comments received during the consultation period;

**Department for Transport (Highways Agency):** - no comments received during the consultation period;

**Dumfries and Galloway Regional Council:** - no comments to make regarding the proposal;

**Econ Dev Unit - Business & Employment:** - no comments received;

**English Heritage - North West Region:** - in relation to the impact on the setting, the aim is to protect the Outstanding Universal Value of the Hadrian's Wall World Heritage Site with the setting component of this Value being the ability to comprehend and appreciate Roman military planning and land use. Having considered the submitted material it is considered that the main built element, by virtue of its location and scale, seems unlikely to have an adverse impact on this Outstanding Universal Value.

Initial concerns were raised with regard to the potential impact of the drainage and resurfacing of the runway on the scheduled remains of Watchclose Roman camp, and the potential implications with regard to the option to connect to the public sewer.

In relation to the drainage and resurfacing of the runway no objections have

subsequently been made on the basis that the maximum depth of excavation for the drainage is 300mm below the present ground level; the imposition of conditions requiring further approval by the Council of a final drainage design and resurfacing; and (given the discovery of a probable defensive feature outside the northern entrance to the camp) the results the evaluation work are placed in the public domain, through a short publication in a local archaeological journal.

English Heritage has also confirmed that they have no issues with the works shown on the main sewer although the rising main route crosses the line of the Stanegate Roman road because it is in an area where this is unlikely to be well preserved, and the Agent's recommendation for this work to be covered by an archaeological watching brief is considered to be acceptable. In terms of other archaeological impacts, works outside the airport site involve the use of existing sewer pipes with no excavation. As such, the only remaining potential concern is with reference to United Utilities intention to 'upgrade the Irthington works' details of which would need to be resolved;

**Environment Agency (N Area (+ Waste Disp)):** - confirm that through discussions with agent and subsequent receipt of letter and of Drawing Number D133593/PL/076A received 21st June, illustrating the proposed connection to public sewer, the Environment Agency are now in a position to remove its original foul sewerage disposal objection subject to the imposition of conditions;

**Environmental Protection:** - assessed the proposal with regards to the likelihood of the proposal resulting in a statutory nuisance to neighbouring properties, including noise and light etc. The statutory nuisance legislation does not include noise from aircraft or aircraft movements as this is enforced by the CAA; however, from the submitted information there are no objections to the proposal.

The design and location of the lighting should be such that it does not cause a nuisance, either directly or by glare to any neighbouring properties. Should any unforeseen contamination be encountered, the developer should contact the LPA before development continues. There are no concerns regarding air quality issues from the information provided;

**Friends of the Earth (Local Group Carlisle):** - no comments received during the consultation period;

**Government Office for the North West:** - no comments received during the consultation period;

**Hadrians Wall Heritage Limited:** - support the proposed development and the economic benefits associated with it. The development should increase job opportunities, visitor access to the World Heritage Site and, in particular, retain a very major employer within the Carlisle district, which all weigh heavily in favour of the development;

**Hayton Parish Council:** - no comments received during the consultation

period;

**Health and Safety Executive:** - no comments received during the consultation period;

**Irthington Parish Council:** - re-iterates support for the continued operation of Carlisle Airport in the hope that it can be made to thrive as a small, local, commercial airport. Provides further comments in respect of: planning policy; airside developments; air freight distribution centre; lighting and noise; traffic and road safety; other environmental concerns; employment; and general issues. In summary the comments are:

#### Planning Policy

- the developer has not demonstrated compliance with Policies DP3 and EC22
  - development is clearly a departure for the recently adopted Local Plan
- #### Airside Developments
- welcome the proposal to resurface the runway to enable commercial services to resume
  - disappointed that no developments to passenger handling facilities are proposed
  - fear that the developer might renege on the improvements to the runway once the warehouse facility has been constructed
  - should permission be forthcoming the current restrictions on night time should apply with similar commensurate restrictions on day time commercial movements
  - no ground testing of aircraft engines
  - planning obligation should be imposed to maintain the commercial status of the airport until at least 2030

#### Airfreight Distribution Centre

- large building out of keeping with the rural character of the area
- landscaping is inadequate to screen the building from public view
- use of building has been mis-described

#### Lighting and Noise

- lighting would be intrusive
- operation of the warehouse would be on a 24 hour basis with the associated noise unacceptably intrusive

#### Traffic and Road Safety

- Parish Council has previously sought improvements to the road junctions within the Parish. Increase in HGV and light vehicle movements associated with the development can only make a poor situation worse
- seek the repositioning of the proposed roundabout
- the haulage site is further from the motorway system than its current base. More suitable alternative sites on the Kingmoor Park development with better connectivity
- rural road system in the vicinity of the airport is not suitable for HGV traffic. Conditions should be imposed restricting HGVs from Irthington, Laversdale, Newby East and Newtown
- speed restrictions in aforementioned villages should be imposed
- no traffic volume projections for Newtown which is a serious omission as

light vehicle traffic from Longtown will almost certainly pass through Newtown or Laversdale

#### Other Environmental Concerns

- concerns over deterioration of air quality from this development. An air quality monitor should be established before commencement with a plan to alleviate any adverse effects established
- Travel Plan appears to accept that there is no alternative other than car travel to the development. Public transport services should be provided and subsidised by the developer to ensure that public transport is first mode of travel for employees
- Non-Technical Summary states that there are few dwellings under the landing and take-off areas, which seems to dismiss the village of Irthington as negligible. Disagree with the Summary that there is no requirement to establish a Public Safety Zone

#### Employment

- during the processing of previous applications, the Stobart Group has repeatedly threatened to move their business from the County unless granted the right to develop quickly. Makes no commercial sense to service their Carlisle business from Cheshire
- Stobart Group makes that claim that the development will safeguard the jobs of existing employees and will provide further employment opportunities. This statement appears to be contrary to documents published by the Chairman of the Stobart Group

#### General

- developer keen to present the development as providing a non-airport related revenue stream to subsidise the future passenger air operations yet do not provide details as to how this will be achieved
- alleges that the developer makes misleading statements with respect to community consultation.
- concerns about the future of the Solway Aviation Museum due to changes its tenancy agreement.

**Ministry of Defence/Defence Estates:** - no safeguarding objections to the proposal;

**National Air Traffic Services:** - no safeguarding objections to the proposal;

**Natural England:** facilities for dealing with foul drainage must ensure that there is no adverse impact on the water quality of the River Eden SAC and this must be clearly documented in the City Council's River Eden SAC Appropriate Assessment. The relationship between the development (including timescales), requirement for treatment and disposal of foul drainage, and the availability and capacity of the public sewer system and upgraded facility at Irthington should be considered in the Appropriate Assessment in relation to the water quality assessment. If a satisfactory conclusion can be reached to meet UU and EA concerns, and the outcome secured through the planning process, then this can be documented in the AA;

**Northumberland County Council:** - no comments received during the consultation period;

**Northwest Regional Assembly:** - no comments received during the consultation period;

**Northwest Regional Development Agency:** - proposal falls outside the scope of the Agency's notification setting out the types of development on which the Agency have asked to be consulted in their role as a statutory consultee. The Agency has; however, informally commented that it would, in principle, welcome the development and expansion of air services from Carlisle on the basis that this would bring potential economic and tourism benefits to the City and wider sub-region;

**RAF Spadeadam:** - no comments received during the consultation period;

**Ramblers Association:** - no comments received during the consultation period;

**Royal Society for the Protection of Birds:** - maintain its objection on climate change grounds and due to insufficient information/analysis in the Environmental Statement, which the RSPB believe needs to be provided to enable the City Council to make an informed decision on this case. The RSPB also believe that the Appropriate Assessment needs to be updated;

**Scaleby Parish Council:** - do not wish to make any representation on the proposal;

**Scottish Enterprise:** - support the proposals as the potential for growth is likely to be of complementary benefit to South West Scotland and may support local initiative to diversify the economy. Note that the proposal are considered to be necessary to secure the long-term future viability of the airport and may provide the platform for future air passenger and freight service development that could be of benefit to the wider regional economy in the longer term;

**Stanwix Rural Parish Council:** - objects to the proposal on the following grounds: concerns regarding consultation; air freight; passenger flights; other airside issues; non airport related activity; impact on local highways and highway safety; environmental and sustainability issues; climate change; hazard assessment; economic appraisal; and policy. In summary the comments are:

#### Concerns Regarding Consultation

- consultation process has been widely criticised with some residents who will be affected by the proposal omitted from neighbour notification mailings.
- Timing of the submission of the application has resulted in consultation deadlines unfeasibly constrained
- Lack of co-operation from the application regarding their representation at Public and Parish meetings
- current application constitutes a hybrid, combining elements of both predecessors, therefore, the relevant planning policies remain substantially unaltered and like its predecessors be treated as a



### 'Departures Application'

#### Proposed Airside Development

- the application proposes only re-surfacing the main runway and creation of hard standings close the proposed warehouse. No further enhancements are proposed to the airport's facilities and no Pavement Classification Number appears to be specified by the applicant. As the primary purpose of the application is for an Air Freight Distribution Centre it is informative to examine the applicants projections for freight and passenger air operations

#### Air Freight

- the magnitude of the proposed distribution centre is far greater than that required to handle the small predicted volume of freight flights. The proposals primary function i.e. the erection of an air freight distribution centre, albeit one with subsidiary road haulage function is fallacious

#### Passenger Flights

- query submitted data regarding passenger flights

#### Other Airside Issues

- evidenced by: very low volume of anticipated freight and passenger flights, even after 14 years of operation and market development; minimal level of airside investment and enhancement i.e. no more than the simple resurfacing of a runway; no reference to a specified PCN; and by the intrusive massing of the proposed warehouse building. The inescapable conclusion must be that the application, if permitted, will threaten, rather than enhance, the airport's development and future viability

#### Non Airport Related Activity

- the airport will derive little benefit from this development, which is massively out of scale with the existing airport infrastructure; and its future development may significantly be disenabled as a direct result of the distribution centre and its satellite buildings being located on the proposed site. It is also clear that the very small proportion, only 0.6% of air freight activity could be accommodated more sustainably
- as airside activity will account for 0.6% of the proposals daily operations, it can not be, seem realistically, as 'enabling development' that may regenerate the airport. The likelihood is that the proposal, if permitted, would actually disenable regeneration of the airport

#### Impact On Local Highways and Highway Safety

- the proposal would increase the pressure of traffic at all junction on the A689 between Junctions 44 of the M6 and the A689. This would, in turn, increase the risk of accidents with commensurate increase in the incidence of those having serious or fatal consequences
- the proposal, if permitted, would have significant negative impact upon the local highway network; would prejudice road safety; and could impose heavy financial burdens on the relevant highway authority, as a result of increasingly necessary intervention requirements. Even those members of the Parish Council who favour the development acknowledged residents concerns on traffic etc

#### Environmental and Sustainability Issues

- no meaningful sequential test or assessment of alternative sites is included within the application Environmental Impact Statement. Such an assessment should appear in the EIA

- increase in mileage and fuel is hardly commensurate with the demands of sustainable development
- increase in Co2 emissions
- opportunities for Travel Plan are negligible
- increase in noise and vibration from HGV traffic
- the proposal, if permitted, will create a major visual impact and will constitute a massive incongruity in an essentially rural landscape
- a detailed reversibility appraisal has not been included within the application
- comprehensive invertebrate assessment should be submitted

#### Climate Change

- Climate change should supersede all other material considerations

#### Hazard Assessment

- hazard assessment dwells extensively on possible aircraft accidents but fails to assess other risks to public safety e.g. from hazardous cargo, be it transported by air or HGV
- hazard assessment makes no mention of the storage of LPG and its hazardous potential
- in the interests of safeguarding public safety a comprehensive hazard assessment, including detailed contingency planning, must be approved prior to construction, if permitted, is commenced

#### Economic Appraisal

- query submitted data and other documents from the Stobart Group regarding economic viability

#### Policy

- the application, although differing in some respects from previous applications, remains substantially the same as its predecessors, therefore, it should be treated as a Departure
- conflicts with National Policy in respect of climate change;

**Tynedale Council** : - no comments received during the consultation period;

**United Utilities:** - in relation to the alternative drainage proposal which includes foul flow from the 'South-side', there seems to be potential way forward in developing a solution to allow foul drainage from both the North and South runway developments at Carlisle Airport (Irthington) entering the public sewer network. However the detailed design of the drainage scheme and confirmation of population equivalent loadings from the Airport will be the final determining factor in the feasibility of this new proposal. The sensible and appropriate approach to this matter is considered to be:

- if UU subsequently finds that connection to public sewer (with whatever design controls or additional measures agreed) is acceptable, this will allow foul waste to be treated (at Irthington);
- if UU finds it is unreasonable to connect to public sewer, despite incorporation of best and most feasible design measures, then the package plant will be the most reasonable option, and foul waste will similarly be treated (although this time, on site);
- in extremis, in the event that the EA and UU are unable to approve a foul drainage design (as submitted to them via the Council as a condition of

planning permission) the scheme will not go ahead until another option is accepted.

The planned up-grades to Irthington WwTW will not be complete until May 2013. Therefore United Utilities will not be able to accept the full foul flows, until completion of the Irthington WwTW upgrades. If additional foul flows are expected from the development before this date, temporary treatment on site may be necessary until the flows can be transferred.

## **6. Officer's Report**

### **Assessment**

- 6.1 Section 38(6) of the Planning and Compulsory Purchase Act 2004 requires that proposals be determined in accordance with the development plan, unless material considerations indicate otherwise.
- 6.2 As a result of the recent Cala Homes litigation, the Regional Spatial Strategy (RSS) remains in force and part of the development plan unless and until the Localism Bill is enacted. Given the stage of the Localism Bill (and the lack of certainty as to what its ultimate content will be) it is inappropriate to give weight to the government's intention to revoke the RSS; and this is in accord with the Court of Appeal's judgment in June 2011. For the purposes of the determination of this application, therefore, the development plan comprises the North West of England Plan (Regional Spatial Strategy to 2021); the "saved policies" of the Cumbria and Lake District Joint Structure Plan 2001-2016; and the Carlisle District Local Plan 2001-2016.
- 6.3 Other material considerations include PPS1 "Delivering Sustainable Development"; PPS4 "Planning for Sustainable Economic Growth"; PPS7 "Sustainable Development in Rural Areas"; PPS9 "Biodiversity and Geological Conservation"; PPG13 "Transport"; PPG16 "Archaeology and Planning"; PPS23 "Planning and Pollution Control"; PPG24 "Planning and Noise"; Circular 11/95 "The Use of Conditions in Planning Permissions"; and Circular 05/2005 "Planning Obligations".
- 6.4 In addition, an important document is the White Paper "The Future of Air Transport" (2003). The White Paper notes that Carlisle has had commercial services in the past, that (as at 2003) plans had been put forward to invest in the airport with a view to providing new commercial flights serving Cumbria and the southern parts of Dumfries and Galloway and the Scottish Borders; that *"services from Carlisle Airport would assist economic growth in the areas within its potential catchment, and in particular could improve access for high spending inbound tourists to the Lake District and the South West of Scotland. We therefore encourage the airport operator to bring forward proposals for the development of the airport, to be considered through the normal regional and local planning processes."*
- 6.5 Members also need to have regard to the White Paper "The Future of Transport – a Network for 2030" (2004); the Cumbria County Council Local Transport Plan 2006-2011 and "Travel Plans and the Planning Process in

Cumbria: Guidance for Developers” (March 2011); and the economic policy background such as the “Future North West: Our Shared Priorities” and the Cumbria Economic Strategy 2009-2019.

6.6 The next stage of the report follows the order below.

- 1) Accordance of the application with the Development Plan;
- 2) Socio-Economic Impact;
- 3) Sustainability – Means of Travel;
- 4) Sustainability - Design;
- 5) Highway Network;
- 6) Noise and Vibration;
- 7) Air Quality;
- 8) Landscape and Visual Impacts;
- 9) Ecology and Nature Conservation;
- 10) Archaeology; and
- 11) Hazard Assessment.

1) **Whether the proposal is in accordance with the Development Plan**

6.7 This is relevant for two purposes: first, as to how the application is advertised in accordance with the Town and Country Planning (Development Management) Procedure Order 2010, where there is an Environmental Impact Assessment application accompanied by an environmental statement which “does not accord with the provisions of the development plan in force in the area in which the land to which the application relates is situated”; secondly, as noted in paragraph 6.1 above, for the purposes of section 38(6) of the 2004 Act.

6.8 As regards the Regional Strategy, Policy RDF1 is identified as the cornerstone of the Regional Spatial Strategy. It sets out the spatial priorities for the location of development within the North-West. It identifies 4 priorities, with primary emphasis being placed upon the regional centres of the cities of Manchester and Liverpool. The next highest order of priority is the inner areas surrounding these regional centres, areas in need of regeneration and Housing Market Renewal Areas within those being specifically targeted. Third priority is accorded to the towns/cities in the 3 “city-regions” of Manchester, Liverpool and Central Lancashire. Fourth priority is identified as the towns and cities (outside of the city regions) of Carlisle and Lancaster with investment also encouraged in Barrow, Workington and Whitehaven to address regeneration and worklessness in the Furness Peninsula and West Cumbria. Carlisle is therefore in the fourth category. In the latter two categories of priority, development is expected to be focussed “*in and around the centres of the towns and cities*”. The Policy does, however, accept that “*development elsewhere may be acceptable if it satisfies other policies notably Policies DP1 to 9*”. In that regard, the supporting text advises that emphasis should be placed on regeneration.

6.9 Policy DP1 sets out the key “Spatial Principles” that drive the overall Strategy, with Policies DP2-9 elaborating on each of these which are,

thematically:

- Promoting sustainable communities (DP2)
- Promoting sustainable economic development (DP3)
- Making the best use of existing resources and infrastructure (DP4)
- Managing travel demand, reducing the need to travel and increasing accessibility (DP5)
- Marrying opportunity and need (DP6)
- Promoting environmental quality (DP7)
- Mainstreaming rural issues (DP8)
- Reducing emissions and adapting to climate change (DP9).

6.10 Although these are not set out in order of priority, Policies DP2-9 are to be read together, as the spatial principles underlying the Strategy, to help to *“ensure an effective cascade of policy from regional to sub-regional and local levels, promoting sustainability and subsidiarity”*.

6.11 Policy DP4 observes that priority should be given to development in locations consistent with the regional and sub-regional spatial frameworks set out later in the Plan, notably Policy RDF1, and the sub-regional policies within later Chapters (Chapter 13: Cumbria and North Lancashire being relevant to this application). The policy (DP4) expects development to be located in accord with the following sequential approach:

- Re-use of existing buildings (including conversions) within settlements and previously developed land within settlements.
- Other suitable infill land within settlements where compatible with other policies of the RSS.
- Development of other land where this is well-located in relation to housing, jobs, other services and infrastructure and which complies with other principles in Policies DP1-9.

6.12 In similar terms, Policy DP5 recognises that:

- Development should be located so as to reduce the need to travel, especially by car, and that a shift to more sustainable modes of transport for both people and freight should be secured.
- Safe and sustainable access for all, particularly by public transport, between homes, employment and a range of services and facilities should be promoted, and should influence locational choices and investment decisions.
- Major growth should, as far as possible, be located in urban areas where strategic networks connect and public transport is well provided.
- All new development should be genuinely accessible by public transport, walking and cycling and priority should be given to locations where such access is available.
- Within rural areas, accessibility by public transport should also be a key consideration in providing services and locating new development, emphasising the role of Key Service Centres (in Carlisle district these are Brampton and Longtown).

- 6.13 The supporting text to DP5 notes that the principle of managing demand, reducing the need to travel and increasing accessibility has influenced, amongst other matters, the locational criteria for regionally significant economic development with accessibility by public transport highlighted as a key consideration under Policy W2.
- 6.14 The Regional Spatial Strategy's Policy W2: "Locations for Regionally Significant Development" is intended to ensure that, if the vision and objectives of The Northern Way Growth Strategy, The Regional Economic Strategy and the RSS are to be achieved, there is a ready supply of land for employment use that is of sufficient quality and quantity to support economic growth. The Policy provides that regionally significant economic development will be located close to sustainable transport nodes within the urban areas of Manchester, Liverpool and Central Lancashire City Regions and Lancaster, Carlisle, Barrow and Workington and Whitehaven. Sites for such development are to be identified in (future) Local Development Documents having regard to the priorities set out in Policy RDF1, the spatial principles under Policies DP1-9 and the relevant sub-regional policies. Such sites are expected to be:
- capable of development within the Plan period
  - highly accessible, especially by adequate public transport services, walking and cycling
  - well-related to areas of high levels of worklessness and/or areas in need of regeneration
  - well-related to neighbouring uses, particularly in terms of access, traffic generation, noise and pollution.

The Policy notes that such sites should not be used for development that could equally well be accommodated elsewhere and should not be developed in a piecemeal manner.

Sites for regionally significant logistics and high-volume manufacturing should be well connected to the primary freight transport networks. The A689 is identified in the Appendices to the RSS as part of the Primary Route Network and as a Route of Regional Importance.

- 6.15 When 4NW were consulted with regard to the previous application (08/1052) it took the view that Policy W2 of the RSS did not apply to the distribution centre proposal because W2 referring to sites identified as Regionally Significant in Local Development Frameworks. The application site has not been allocated in an LDF or Local Plan as being a regional site; within Carlisle District only Kingmoor Park has been identified in adopted Policy documents as a "Regional Investment Site".
- 6.16 The Regional Spatial Strategy includes a specific policy on "Airports" (Policy RT5) which provides general advice that *"plans and strategies should support the economic activity generated and sustained by the Region's airports, in particular the importance of Manchester Airport as a key economic driver for the North of England and Liverpool John Lennon Airport*

*for the Liverpool City Region". The policy, in relation to Carlisle Airport, notes that "proposals for development should be considered through the local planning process" and that, "if proposals exceed 20,000 air transport movements annually by 2030, the airport should consider developing an Airport Masterplan".*

Airport boundaries, as existing or as proposed, should be shown in Local Development Documents. Development that would impede the operational requirements of an airport should not be permitted within this boundary

- 6.17 Policy RT5 further advises that, in formulating plans and strategies, account should be taken of the contribution general aviation makes to the regional and local economies, and the role that smaller airfields have in providing for both business and leisure. It observes that, as demand for commercial air transport grows, general aviation users may find that access to the larger airports becomes increasingly restricted and hence they are forced to look to smaller airfields to provide facilities.
- 6.18 The supporting text to Policy RT5 acknowledges that airports generate employment, attract businesses to the area, open up markets and encourage tourism and visitors. It reiterates the view expressed in the Government White Paper: The Future of Air Transport that *"building of local supply chain and capacity for the aviation industry could bring important benefits to the economies of regions"* but cautions that *"regionally significant business development that is not required for the operation of an airport should be located in accordance with the criteria set out in Policy W2."*
- 6.19 The Regional Spatial Strategy's Policy RT7: Freight Transport notes that road haulage accounts for the majority of goods moved in the North West, and will continue to be the dominant mode in the foreseeable future. It advocates the preparation of plans and strategies that take account of the aims and objectives of the Regional Freight Strategy, the development of sub-regional freight strategies and close working between local authorities, distribution companies, their customers, and with rail, port and inland waterway operators, Network Rail, the freight transport industry and business to capitalise on the opportunities available in the North West for increasing the proportion of freight moved by short-sea, coastal shipping and inland waterways.

It also encourages local authorities to work with airport operators to facilitate the development of air freight at the region's airports, in line with the White Paper "The Future of Air Transport", having particular regard to minimise and mitigate environmental impacts (including night noise).

- 6.20 The RSS provides specific policy guidance in relation to the sub-regional areas of the North West, the latter including the Cumbria and North Lancashire Sub-Region. Of its 4 Policies relating to that sub-region, Policies CNL1: Overall Spatial Policy for Cumbria and CNL2: Sub-Area Development Priorities for Cumbria are relevant to the application. Within the former, plans and strategies should be directed at 10 criteria which, in relation to this application, are to focus major developments within the City of Carlisle (in

line with Policy RDF1 and the spatial principles in Policies DP1-9); provide a portfolio of employment sites in accord with Policies RDF1 and W2; develop the role of Carlisle as a regional public transport gateway to the region in line with Policy RT1 and harness its potential for economic growth in sustainable ways; and give priority to improving access to employment, services, education/training facilities on foot and by cycle, and by public transport.

6.21 Policy CNL2 refines the aspirations and objectives of Policy CNL1 in relation to the county's sub-areas. It requires plans and strategies for the sub-areas to accord with Policy CLN1 and, in relation to this part of the county, that they should focus on supporting sustainable growth in Carlisle, building on Carlisle city's significant potential to attract sustainable development to Cumbria; enhance the city's role as the sub-regional centre for business, shopping, leisure, culture and tourism, serving Cumbria and the adjoining parts of Scotland and North-East England; develop its higher education function through the establishment of the new University of Cumbria to help attract investment in the knowledge-based economy; and ensure development is compatible with the conservation and enhancement of the historic city centre.

6.22 Thus, in summary, the RSS:

- Seeks sustainable economic development, in particular the location of development so as to enable a reduction in the need to travel, and seeks to focus development in and around the centre of Carlisle.
- Seeks to locate regionally significant economic development close to sustainable transport nodes in the urban area.
- Seeks a shift to more sustainable modes of transport for freight
- Supports development of Carlisle airport and economic activity generated by airports.
- Sites for regionally significant logistics development should be well connected to the primary freight transport networks.

6.23 The airport-related development would clearly accord with the RSS. Regionally significant economic development should be located in the urban area near sustainable transport nodes. Such locations may assist a shift to more sustainable modes of transport for freight. The Airport has not been identified as a site for regionally significant logistics and there appears no need for the logistics/road freight development to be at the Airport. Although the logistics development could be made to be well connected to the primary freight transport network the thrust of the RSS appears to direct the development to the urban area, where a shift to more sustainable modes of transport may be achieved, and be well connected to the primary freight transport network.

6.24 Policy ST5 of the Cumbria and Lake District Joint Structure Plan 2001-2016 expects new development to be focussed on the "key service centres" with major development being focussed on Carlisle to foster its regional role. The other key service centres in this area, Brampton and Longtown, are identified as suitable for "moderate" development appropriate to the scale of the settlements. In this context Policy EM13 of the Structure Plan (2001-2016)



requires that an adequate supply of employment land is available, for a variety of business uses, in the most appropriate locations. The Policy specifies 4 employment land market sectors within the administrative area of the City of Carlisle, divided into 3 time periods between 2001-2016, including a Regional Investment Site of 50 hectares at Kingmoor, a Strategic Employment Site of 30 hectares, 45 hectares for local employment sites and 25 hectares for business/science park; in addition within North Cumbria a Strategic Employment Site at Carlisle Airport is identified.

- 6.25 Thus, the Saved Policies of the Structure Plan 2001-2016 allocate a Strategic Employment Site at Carlisle Airport and the permitted uses include B8 (storage and distribution). The development accords with these policies.
- 6.26 Under the more recently adopted Carlisle District Local Plan 2001-2016 Policies DP1: Sustainable Development Locations, DP3: Carlisle Airport, and EC22: Employment and Commercial Growth Land Allocations are of direct relevance.
- 6.27 Policy DP1 requires all proposals for development to be assessed against their ability to promote sustainable development. Proposals will be considered favourably within the locations identified in the policy, provided they are in scale with the location and consistent with other policies of the Local Plan. The locations identified are prioritised as the urban area (City of Carlisle), the Key Service Centres of Brampton and Longtown, and the 20 Local Service Centres which include Dalston, Wetheral, Irthington and Houghton. Outside those locations, development is required to be assessed against the need to be in the location specified/proposed. Therefore, this is a very important policy.
- 6.28 Policy DP3 specifically considers the role of Carlisle Airport and the opportunity it offers to enhance the local economy. Proposals for development will be supported where they are related to airport activities, in scale with the existing infrastructure and minimise any adverse impact on the surrounding environment. The Policy accepts that larger-scale development to facilitate an improved commercial operation will have to take into account the impact of development on uses outside the perimeter of the Airport, including nature conservation and heritage interests, the existing highway network and road safety. The Policy notes the allocation of the Strategic Employment Site under related Policy EC22. Policies DP3 and EC22 are also important policies.
- 6.29 Under Policy EC22, a total of 77 hectares of land is allocated as employment land which is disaggregated between the urban and rural areas of the District. However, with due regard to Policy DP1, the bulk of provision is made within the urban area of Carlisle. Of the rural allocation, 21.15 hectares is identified for a Strategic Employment Site at Carlisle Airport that broadly reflects the extent of land subject to a previous unimplemented outline planning permission in 1989 (reference number 89/0898), now lapsed, for the provision of small industrial units, flying training facilities, small business park, and a new airport terminal complex.

- 6.30 Although EC22 is broadly worded, paragraph 4.88 of the reasoned justification (the reasoned justification by law forms part of the Local Plan) for Policy EC22 provides as follows:

*“4.88 The 21.06 hectares of land allocated for development at Carlisle Airport were previously the subject of planning permission although this has now expired. The airport has potential as a strategic site for inward investment and would therefore be suitable for industrial or commercial development including development with a need to be located at the airport. Regional Planning Guidance, the Structure Plan and the Aviation White Paper recognise the value of airport related development in providing business and light aviation facilities. In addition, development that is airport or transport related with a requirement to be located at the airport, or which will meet the needs of local businesses in the Brampton area will be considered favourably. Although the airport is located over four kilometres from the centre of Brampton, the airport does provide an opportunity for extensive employment users such as hauliers, for which there is no provision in Brampton. A Masterplan is being prepared for the long-term airport development.”*

There are 4 categories of appropriate development, therefore:

- inward investment including industrial or commercial development with a need to be located at the airport;
  - airport related development in providing business and light aviation facilities;
  - airport or transport related with a requirement to be located at the airport;
  - Development which meets the needs of local businesses, particularly hauliers, in the Brampton area.
- 6.31 From this, it is officers' view that the FDC does not fall within any of the four categories specified under Policy EC22 of the Local Plan: it is not inward investment (Stobart are already located in Carlisle); the FDC relates primarily to road haulage as opposed to air freight or airport-related development and the road haulage does not have a need to be located at the Airport; and it is not a local business in the Brampton area. It is not enough, therefore, merely to be industrial or commercial development.
- 6.32 It is also of note, moreover, that whilst 21.15 hectares is identified for a Strategic Employment Site at Carlisle Airport under Policy EC22, the extent of the proposed development (excluding the car park to the east of the existing passenger terminal) is approximately 28.6 hectares.
- 6.33 The applicant has contended that the proposal is "policy compliant" because the accompanying text to Policy EC22 gives no direction on what scale of inward investment is required; the need for inward investment is only identified in the supplementary text and therefore should be given limited weight; inward investment is detailed within the Economic Impact Appraisal; and the registered address of the Stobart Group is in Appleton Thorn.

- 6.34 These arguments are not accepted by Officers. Although the proposed runway works etc are clearly supported by policy, the distribution centre is not.
- 6.35 In officers' view, the development as a whole does not accord with the development plan as a whole (which, as previously stated, includes the RSS, the saved policies of the Structure Plan and the Local Plan). Accordingly, the application has been formally advertised as a "Departure" from the Development Plan.

## **2) Socio-economic impact**

- 6.36 In Annex B of PPG13, the role of Aviation is considered and recognition is given to the potential for small airports and airfields to serve business, recreational, training and emergency services needs. Local Planning Authorities are required, when formulating plan policies and proposals, to take account of the economic, environmental and social impacts of general aviation on local and regional economies.
- 6.37 The Regional Spatial Strategy includes a specific policy on "Airports" (Policy RT5) which provides general advice that *"plans and strategies should support the economic activity generated and sustained by the Region's airports, in particular the importance of Manchester Airport as a key economic driver for the North of England and Liverpool John Lennon Airport for the Liverpool City Region"*. The policy, in relation to Carlisle Airport, notes that *"proposals for development should be considered through the local planning process" and that, "if proposals exceed 20,000 air transport movements annually by 2030, the airport should consider developing an Airport Masterplan"*.
- 6.38 Policy RT5 further advises that, in formulating plans and strategies, account should be taken of the contribution general aviation makes to the regional and local economies, and the role that smaller airfields have in providing for both business and leisure. It observes that, as demand for commercial air transport grows, general aviation users may find that access to the larger airports becomes increasingly restricted and hence they are forced to look to smaller airfields to provide facilities.
- 6.39 The Regional Spatial Strategy's Policy RT7: Freight Transport notes that road haulage accounts for the majority of goods moved in the North West, and will continue to be the dominant mode in the foreseeable future. It advocates the preparation of plans and strategies that take account of the aims and objectives of the Regional Freight Strategy, the development of sub-regional freight strategies and close working between local authorities, distribution companies, their customers, and with rail, port and inland waterway operators, Network Rail, the freight transport industry and business to capitalise on the opportunities available in the North West for increasing the proportion of freight moved by short-sea, coastal shipping and inland waterways.

- 6.40 Policy RT7 also encourages local authorities to work with airport operators to facilitate the development of air freight at the region's airports, in line with the White Paper "The Future of Air Transport", having particular regard to minimising and mitigating any environmental impacts.
- 6.41 At a more local level the Cumbria Economic Strategy (2009-2019) recognises Carlisle Airport as offering great potential as an economic driver. The LTP 2006-2011 also explains that services from Carlisle Airport would assist economic growth in the areas within its potential catchment, and in particular could improve access for inbound tourists to the Lake District and South West Scotland, as well as providing opportunities for travel throughout the UK and abroad.
- 6.42 ASA has explained that in addition to reduced demand due to economic recession, all smaller UK regional airports are facing increased costs, particularly from Air Passenger Duty, the UK's entry into the EU's Emissions Trading Scheme (ETS) and the lack of peak time slots at the main London airports. Plymouth Airport, which currently handles 100,000 passengers annually, is currently operating at an average loss of some £8.00 per passenger and will apparently close later this year. Blackpool Airport is also allegedly under threat and has introduced a levy of £10.00 per passenger for its Airport Development Fund. Newquay Airport is currently subsidised by Cornwall County Council through a grant of £3.4 million – although this enables the airport to claim over £20m in EU grants and loans. Based on throughput, this equates to a subsidy by the Council of some £10.62 per passenger.
- 6.43 Although Carlisle Airport does not currently have commercial services, it did operate a number of scheduled and charter passenger services between 1967-1987, including Dan-Air seasonal charters to the Isle of Man (1967-1983), scheduled services by Air Ecosse and Euroair (1982-1987), and a route between Dundee and Heathrow using Carlisle as a transit stop. Traffic volumes were, however, comparatively low e.g. 14,000 passengers in 1986. Despite a link into London's largest airport, the Carlisle-Heathrow service was not financially viable.
- 6.44 ASA has identified the inherent problems with Carlisle Airport as being the limited runway length/landing distance, absence of an Instrument Landing System (ILS), limited capacity of the terminal, and a relatively small catchment area.
- 6.45 Under the current proposal the Airport operator proposes to continue to use the existing navigational aids (NDB/DME) and note that a GNSS approach may be established in the future although this is not used for standard operations at UK regional airports. Given the recent increase in approach and landing related accidents, ASA has expressed their surprise that the applicant has not indicated an intention to purchase and install ILS. This is because the absence of an ILS will restrict operations in low visibility conditions, and most commercial airlines regard these as essential for regular scheduled service operations in terms of perceived safety and the disruptive impact of diversions. It is recognised that an ILS may give rise to

potential conflict with RAF Spadeadam traffic but that a possible solution has been proposed in which the military is given priority over civil traffic referred to as the “Spadeadam Box”.

- 6.46 ASA has noted that the current application does not include any development of the current terminal building, and that the size of the terminal footprint cannot be increased without planning permission. In this context, it is considered unlikely that the terminal could cope with a passenger throughput of 50,000 – 100,000 per annum during peak periods let alone handle the projected number of passengers at 2025 of up to 200,000 per annum. On this basis the ES appears to be deficient in not having assessed how the additional passenger throughput will be managed (what additional building needed and the environmental consequences thereof). In law therefore permission could not be granted.
- 6.47 The EKOS Report (2008) acknowledges that the catchment area for Carlisle is small in comparison to other UK regional airports with an immediate catchment area of 160,000 (within 30 minutes drive time) and a core catchment of 500,000 where Carlisle is the nearest airport. The Report (2008) also highlighted that Carlisle Airport faces competition from Manchester, Newcastle and Glasgow as well as other airports such as Liverpool, Teeside, Edinburgh and Blackpool. ASA has highlighted that based on a CAA survey in 2009, 290,000 passengers using scheduled services from Manchester Airport and 112,000 passengers from Newcastle had an origin/ destination in Cumbria.
- 6.48 When looking at the socio-economic impacts of the current proposal in this backdrop the two principal considerations relate to: i) the economic and employment benefits; and ii) the opportunity to re-develop the existing sites at Kingstown Industrial Estate occupied by the Stobart Group.
- i) **Economic and employment benefits**
- 6.49 Airports can be seen to serve two main inter-related functions, namely as a transport node; and the consequent interactions with the regional economy.
- 6.50 When looking at an airport’s role as a transport node there are largely three markets of passengers/freight that can be distinguished:
- Persons or freight from the region served by the airport that needs to be transported elsewhere;
  - Persons or freight from elsewhere that needs to be transported to the region served by the airport; and
  - The transfer of passengers or freight whose origin and destination do not coincide with region served by the airport.
- 6.51 The second function of an airport concerns the role it plays in the regional economy. The economic significance is apparent in the employment created in the transport sector; the temporary effects during the period of construction; the employment generated by maintaining the facility such as handling the aircraft, passengers, and freight; and the potential attraction of

a symbol (such as an airport) on firms considering a new location. In order for the second function to be realised, the first role as a transport node has to be fulfilled.

- 6.52 The current application is advanced on the basis that the existing level of aviation income (from fuel, landings and rent from hangars) and non-aeronautical income (limited to agricultural tenancies and rents from flying school offices) is not sufficient to cover the maintenance and fixed cost operations of the Airport. The EKOS Report (2008) highlights that in the financial year to the end of February 2008 there were losses of just under £1.4m. It is therefore necessary for the Airport realise alternative on-site income streams such as from the proposed FDC.
- 6.53 The EKOS Report (2010) states that the potential economic benefits also relate to the FDC creating some 121 FTEs (Full Time Equivalent) jobs (including new HGV drivers); 35 FTEs relating to scheduled air services; and safeguard the existing Airport related jobs. It is estimated that in the process this will deliver an estimated £7.35m of new Gross Value Added annually to the Cumbrian economy of which £5.7m relates to the FDC and £1.65m from the introduction of scheduled flights. The construction spend is estimated to generate 94 construction jobs.
- 6.54 The applicant has explained the basis for the potential economic benefits on the grounds that by 2025 the total number of air traffic movements will have increased to 27,635 with the noticeable provision of a total of 3,650 landings and departures of scheduled passenger services and a total of 1,560 landings and departures of cargo flights. The estimated maximum number of passengers passing through the Airport is in the region of 200,000 per year by 2025 with the air freight predominantly comprising perishable goods such as cut flowers.
- 6.55 The applicant's agent has recently confirmed in three letters that the Airport is currently operating at a loss of £1.2m per year; the proposed FDC will generate an income of around £2m per year; the proposed investment will be £15m (inclusive of the runway works) which at a rate of 5% would equate to interest only payments of £750,000 per year; this would result in the Airport operating at a surplus of £50,000 and thereby make the Airport profitable; a draft construction programme indicates the applicant's intention to commence runway works in January 2012 and complete these works in April 2012; and an ILS is not an essential element of the development.
- 6.56 On the matter of viability, the EKOS Report (2008) provided an analysis of the market potential associated with Carlisle Airport using publicly available data, a review of previous studies, and discussions with Carlisle Airport management. EKOS (2008) concluded that the overall underlying demand for air services to/from Carlisle is unlikely to be particularly high although there would be significant demand for a London service. EKOS also speculated on other potential passenger services including Belfast, Inverness, Cardiff, Bristol, Exeter, Southampton and Dublin. In the case of cargo, EKOS considered it unlikely that significant cargo volumes can be generated although there may be niche opportunities and some potential for

multi-modal integration with Stobart warehouses.

- 6.57 The Stobart Group has purchased London Southend Airport with a new airport railway station close to opening providing fast and frequent train services to Stratford and London's Liverpool Street Station in approximately 50 minutes. As such, the applicant believes that a London Southend – Carlisle Lake District Airport service will be provided and that this will readily develop into a twice daily service in each direction. The applicant envisages that this service route, and the benefits it will bring, will be introduced within 3 to 4 years of the grant of planning permission. Following the Stobart Group purchasing a stake in Aer Arann, the applicant also identifies other potential routes to Belfast, Dublin, Inverness, Cardiff, Bristol, Exeter, Southampton, Isle of Man, and international destinations such as Amsterdam and Paris which might use London Southend Airport as a connection.
- 6.58 When advancing their case on this matter the applicant explains that the City Council need to appreciate that it is very difficult to define what service routes will be realised because operators are unwilling to commit to airports until infrastructure is in place; as a result it is not possible to identify what subsidies might be required.
- 6.59 The Chief Executive of Aer Arann has written to Stobart Air Ltd confirming that they are *“looking at the opportunities to operate service from London Southend Airport to Carlisle Lake District Airport as being a sustainable possibility in order to service the Cumbrian and Lake District region.”* [These proposals do not appear as well advanced as suggested in paragraph 3.42]
- 6.60 ASA are critical of the alleged economic and employment benefits from the proposal for a number of reasons.
- 6.61 At a general level, it is understood that no large scale surveys have been undertaken by the Stobart Group although several organisations were interviewed by EKOS in 2008. The applicant has not provided a detailed financial appraisal based on an analysis of current revenues and expenditure in the light of current operating losses; and future commercial operations inclusive of subsidies, additional revenues, and operating and capital costs. There are also concerns over the application of the data with regard to passengers and use of the chilled docking station by air freight. In the case of passengers ASA consider the figures to be an over-estimate simply because the available seat capacity for the stated aircraft types (Jetstream 41 and DHC-8Q400) is some 25% less than the predicted average passenger load per flight. ASA believe that the extent of use of the chilled docking station by air freight would be comparatively small. In 2010, Humberside Airport opened a similar perishables facility at a cost of £1.6m that employs six staff although there is only one scheduled service per week by Icelandair using the facility. It is clear that there would be insufficient demand from perishable air freight for a facility at Carlisle Airport that would generate 54 warehouse staff, 15 loading staff and 36 HGV drivers, particularly in view of the limited size of cargo aircraft that could use the Airport e.g. the Icelandair flights by B757-200 aircraft currently using

Humberside Airport would not be possible at Carlisle due to its limited runway length.

- 6.62 For passengers, ASA consider the most promising route for a scheduled passenger service in terms of viability is likely to be a London Southend service although further assessment should be carried out, and it is unclear as to the extent to which a possible new air service from London Southend Airport might be used by tourists to the Lake District. It is also likely that the Airport and/or airline(s) would need to be subsidised at least in the short-term. ASA are of the view that the size of markets for routes to Dublin, the Isle of Man, Belfast or other destinations would be very limited and would not be commercially viable in the medium to long term. Dependent on the subsidies and types of aircraft, a total passenger throughput could be between 50,000 to 100,000 per annum.
- 6.63 When looking at freight, ASA consider that freight operations would be limited to certain aircraft types such as freighter or combined passenger/freight versions of BAe 146, ATP, ATR 72 or HS 748. The payload and range would therefore be low and there would be little or no hubbing operations. ASA can see that theoretically a limited number of movements (probably at most 2-3 per day) might be commercially viable, particularly for perishables such as fish and fruit; however given the Airport's limited runway length there are severe constraints on the size of cargo aircraft used which would largely prohibit flights from the main sources of such items (e.g. Africa, Iceland and Norway). In general ASA consider that it is operationally and financially preferable for such cargo to be flown direct to the main airport hubs and be distributed by road. There may be some ad hoc cargo activity but this tends to be very limited as usually traffic loads need to be reciprocated i.e. delivery of inbound cargo and pick-up of outbound cargo. ASA consider that, even in an optimistic case, total cargo movements would be unlikely to exceed 300-400 per annum by 2025.
- 6.64 In the absence of details of the likely costs of the runway works the City Council was obliged to take its own advice although this information was subsequently received as detailed in paragraph 6.55 above. The City Council has been advised that the runway resurfacing and delineation works are likely to cost in the region of £11.8 million, and the costs of the new apron at least £6.0 million. The figure of £11.8 million is very significantly different from the figure provided in confidence to the City Council by the applicant as forming part of the £15 million referred to in paragraph 6.55. In ASA's view, even with an optimistic case of 100,000 passengers per annum and cargo throughput of 2,000 tonnes pa (which might be attained in 10-12 years), the total revenue generated would be in the region of £2.0 – 2.5 million pa – which would not cover the additional operating costs (say £1.5-1.8 million pa), repayment of the capital costs and interest (say £1.6-1.8 million pa) and fails to provide any contribution towards the current operating deficit. Comments on the apparent discrepancy in the figures are awaited from the applicant.
- 6.65 A separate report prepared by York Aviation LLP (commissioned by a local resident) reaches the following conclusions.



- They do not believe there is a current market for air freight at Carlisle Airport. To the extent that a market exists, independent of the ability of the Stobart Group to create a hub based on the FDC, such freight could easily be handled through one of the existing buildings on the site. No new facilities would be required.
- The applicant may have misunderstood the market, in particular the nature of the perishables market. Most of the perishable goods imported by air to the UK arrive in the South East of England. This is because the largest markets for such products, particularly flowers are located in this area and such goods are typically carried in the belly-holds of large passenger aircraft operating from outside of Europe. There are very few perishable products that arrive by air from destinations which could be served from the runway length at Carlisle, with the vast majority being to and from Africa and South America. It is difficult to anticipate any other forms of freight which could be generated on a large scale by the Cumbrian market.
- The infrastructure proposed does not lend itself to air freight operations due to the restricted runway length and lack of facilities to make the operation reliable, such as an Instrument Landing System (ILS) and the provision of only temporary lighting on part of the new development which is not conducive with air freight because it is dominated by night time activity.
- On the face of a rational analysis of the market, the scale of air freight operation set out in the ES does not appear likely to arise based on the local need for air freight and in a manner which would deliver local benefits.
- They do not believe that the level of air freight activity projected will arise in normal market circumstances, yet the level of facilities being provided suggest potential for a significantly larger market opportunity than is considered to exist. No evidence has been submitted as to how such a larger market opportunity could be realised nor in any event have its effects been assessed in the ES, for example the largest apron stands are 58m by 70m which are large enough to handle wide bodied aircraft but this is inconsistent with the capability of the Airport's runway.
- The scale of the FDC required to service the projected air freight traffic would need to be minimal in size. York Aviation LLP estimates that only 330 square metres of the proposed facility [i.e. 1%] would be used for air freight if delivered at the maximum forecasted level. In these terms it is difficult to classify the facility as having an airport related purpose, other than on the margin.
- The passenger forecasts appear to be overstated and the opportunities, given the infrastructure available, would appear to be limited based on the underlying market in the region. Of the top 25

highest demand destinations from Cumbria, the majority could not operate from the runway. Of the routes which could be served, there is unlikely to be the critical mass, even by 2025 and allowing for market stimulation, on many routes to make them viable for airline operators, for example in 2009 there were only 9,000 air passengers travelling to Belfast from the region which would be unlikely to make a scheduled service to this destination sustainable.

- A Carlisle Airport to London Southend Airport service would struggle to be sustainable because the journey time from central Carlisle to central London would be too long – York Aviation LLP estimate that the journey time is 3 hours 43 minutes to get from Carlisle to Leicester Square by train compared to 3 hours 45 minutes to fly from Carlisle and then get a train from London Southend.
- Based on the levels set out in the Environmental Statement, air freight activity supplemented by a low level of passenger activity is unlikely to sustain viable airport operations.
- In the event that the runway is refurbished, the CAA would need to check the capability of the airfield and may require additional RESAs (i.e. Runway End Safety Areas that would allow for landing short, or overshooting the runway in an accident) to be provided which might further restrict the runway length available. This could have further consequences for the ability of the Airport to attract any commercial traffic.
- It is alleged that the lack of facilities such as ILS only serves to suggest that the operator is not serious about attracting air services, potentially suggesting that they know the market does not exist for freight or large scale passenger services at Carlisle. The reliability provided by such equipment is often a pre-requisite for commercial air services.
- Refurbishment of the runway will not, of itself, serve to extend the market potential of the Airport as there are no proposals to overcome the inherent runway length restrictions currently in force. Improving the runway PCN will, on its own, deliver little benefit in terms of the type and range of aircraft which can use the Airport whilst the runway length restrictions remain in place.
- The EKOS Report (2010) appears to have significantly overstated the multiplier effects of employment through the use of the Scottish National Multiplier – within the Airports Council International framework for economic impact analysis it is estimated that the more likely multiplier at a regional level is only 1.5 as opposed to 2.4 used by EKOS.

6.66 When assessing this issue in the light of the available information it is concluded that no convincing evidence, that includes a breakdown of all costs, has been presented by the applicant regarding the effectiveness of the

proposed FDC in enabling development in the light of the disputed costs regarding the runway works. No convincing evidence has been given showing that the forecast passenger flights and air freight movements are either realistic or achievable. The figures given by the applicant lack detailed supporting evidence and analysis. No evidence in the form of extensive market research nor a business/master plan has been presented to substantiate these claims. Thus even if the Council were to impose a condition requiring the runway works to be carried out in advancement of commencement of the proposed FDC, there is no guarantee that flights will actually take place, nor that further building to raise sufficient revenue will not be required.

6.67 Based on the work of ASA, the aviation benefits appear over-optimistic.

6.68 The lack of supporting evidence is a surprising omission. It would be inappropriate to allow a development on the basis of enabling development, if there is little realistic prospect of the runway being used as proposed. As such the asserted benefits, should in the view of officers, be given little weight.

## ii) **Redevelopment of existing premises**

6.69 The new FDC will bring together the Stobart Group's road freight distribution and warehousing facilities at Kingstown Industrial Estate broken down into different Titles: 1) Sites 85, 90 and 90a; 2) Site 91; 3) Sites 100 and 101; 4) Site 102; 5) Site 76; 6) Site 83; and 7) Site 63 on Millbrook Road. This equates to approximately 25,000 square metres in floor space of which 23,842 square metres relate to warehousing; 1020 square metres are offices; and just over 80 square metres are a canteen. This compares to the current proposal involving the provision of a general warehouse/storage area of 28,940 square metres; two chiller chambers measuring a total of 4,756 square metres; a workshop (3,000 square metres); 823 square metres of offices; and a welfare building with an internal floor area of 192 square metres. In effect the proposal involves the provision of additional space for general storage, the chiller chambers, workshop and canteen with a reduction in office floor space (the latter remains at Parkhouse).

6.70 In relation to the existing premises, paragraphs 2.22 of the ES and 1.2 of the Planning Policy Position Statement explain that the existing buildings are now more than 25 years old and approaching the end of their economic life; some of the buildings are in need of substantial refurbishment to satisfy the Stobart Group's and customers' quality standards, in particular customers now insist on more sophisticated fire protection measures (typically sprinklers) than those installed at Kingstown; and the relocation will enable its existing sites to be redeveloped and would remove HGVs from the main highways leading to the centre of Carlisle.

6.71 When considering alternatives to the current proposal, the ES states in paragraph 2.81 that it might be possible to relocate to another Stobart Group site, probably in Cheshire. This would, however, lead to the loss of wages and local spend, local purchasing and sponsorship that totals some £50m

per year.

- 6.72 When assessing this situation Members will be aware that the Kingstown Industrial Estate is allocated for employment purposes and will have a direct access onto the Carlisle Northern Development Route which is due for completion in 2012. Six of the units occupied by the Stobart Group are currently being advertised for lease or sale with the particulars describing them as *“high quality units...located less than a mile from Junction 44 of the M6... (and) adjacent to the Carlisle Northern Development Route and the proposed £multi-million Kingmoor Park Hub development.”*
- 6.73 It is also apparent that an assessment of Carlisle’s employment land supply shows there to be an oversupply of land in B1, B2 and B8 uses. The Carlisle Employment Sites Study confirms that as of June 2010 there was 68.83ha of land allocated and available for employment purposes. In addition to this figure 20ha of land at Brunthill has also been allocated in line with Policy EC22 of the Local Plan 2001-2016. This brings the total supply of allocated employment land to 88.83ha.
- 6.74 How the supply relates to future trends in employment land requirements has been forecasted using two different scenarios: a baseline scenario and an aspirational scenario.
- Baseline scenario – factors in the potential impacts of the current recession to forecast how Carlisle may be affected in terms of employment change by sector up to and including 2026.
  - Aspirational scenario – factors in growth in a number of key sectors in the long term. The underpinning assumption is that over the two periods 2010-2015 and 2016-2026, Carlisle matches growth of either the North West or the UK.
- 6.75 The baseline scenario predicts the future land requirement to only be 0.7ha to 2026 whilst the aspirational scenario predicts a requirement of 13ha.
- 6.76 Kingmoor Park (including Brunthill) and Kingstown Industrial Estate are the two highest scoring sites qualitatively. Under Policy EM13 of the Structure Plan 2001-2016, Kingmoor Park is designated a Regional Investment Site. As such there is allocated employment land that is available closer to the motorway network than the Airport. This is also at a time when no argument has been advanced that there is an essential need for the road haulage to be located at the Airport that could not either be addressed by the redevelopment of existing sites or available land within the immediate vicinity.
- 6.77 Whilst PPS4 and recent Government statements promote economic development, the deliverability of the asserted airport related benefits of this proposal are open to serious doubt and there appear to be clear opportunities for the FDC to be more appropriately located elsewhere.

**3) To what extent is the proposal consistent with PPG 13 with regard to the integration of sustainable development and the need to**

**reduce the length and number of motorised journeys and encourage alternative means of travel**

- 6.78 The delivery of sustainable development lies at the heart of Government planning policy with overarching policies set out in PPS1. Paragraph 3 of PPS1 stating that *“sustainable development is the core principle underpinning planning”*. Paragraph 13 (ii) goes on to say that development plans need to have policies which reduce energy use, reduce emissions (for example by encouraging patterns of development which reduce the need to travel by private car, or reduce the impact of moving freight), promote the development of renewable energy, and take climate change impacts into account in the location and design of development. Paragraph 42 of the Supplement to PPS1 explains that development needs to create and secure opportunities for sustainable transport including through: the preparation of travel plans; providing for safe and attractive walking and cycling opportunities; and an approach to the provision and management of car parking. This is in the context of the Climate Change Act 2008 stipulating a legally binding target of at least an 80 percent reduction in greenhouse emissions by 2050 and of at least a 34 percent reduction by 2020 using 1990 as a baseline.
- 6.79 These policies and associated objectives are reflected in other PPSs/PPGs, including PPG13 and PPS23.
- 6.80 In order to deliver the objectives of PPG13, paragraph 6 explains that major generators of travel demand need to be focused near to major transport interchanges. However, recognising that airports have become major transport interchanges and traffic generators that attract a range of related and non-related development, PPG13 also advises that LPAs should, when preparing development plans and in determining planning applications, consider the extent to which development is related to the operation of the airport and is sustainable given the prevailing and planned levels of public transport. It goes on to emphasise that *“the operational needs of the airport includes runway and terminal facilities, aircraft maintenance and handling provision, and warehousing and distribution services related to goods passing through the airport”*.
- 6.81 PPG13 notes that related development appropriate to airports includes *“transport interchanges, administrative offices, short and long-stay car parking”*. Less directly related development is also outlined and *“includes hotels, conference and leisure facilities, offices and retail. For such activities, the relationship to the airport related business should be explicitly justified, be of an appropriate scale relative to core airport related business and be assessed against relevant policy elsewhere in planning policy guidance”* while non-related development (which is not defined but presumable means everything not covered by the other definitions) *“should be assessed against relevant policy elsewhere in planning guidance”*.
- 6.82 In considering matters of sustainability it is also relevant to take into account the Government’s objectives in respect of existing aviation infrastructure. The White Paper “The Future of Air Transport” (2003) makes it clear that the

starting point is to make best use of existing capacity with growth at regional airports to be encouraged. However, this does not give carte-blanche for development at regional airports; it is necessary to make a critical judgement based on the circumstances of each case. Indeed this is implicit from the White Paper (2003) which, in the Foreword, advocates *“taking a measured and balanced view”*; and explicit with regard to Carlisle Airport with its encouragement for the operator to *“bring forward proposals for the development of the airport, to be considered through the normal regional and local planning process.”*

- 6.83 “The Future of Transport – A Network for 2030” White Paper highlights that the promotion of sustainable transport is fundamental to reducing air pollution and road congestion; and that travel plans could reduce commuter car driving by 10-30% at the local level.
- 6.84 Policy DP1 of the RSS sets out the key “Spatial Principles” that drive the overall Strategy, with Policies DP2-9 elaborating on each of these which are, thematically:
- Promoting sustainable communities (DP2)
  - Promoting sustainable economic development (DP3)
  - Making the best use of existing resources and infrastructure (DP4)
  - Managing travel demand, reducing the need to travel and increasing accessibility (DP5)
  - Marrying opportunity and need (DP6)
  - Promoting environmental quality (DP7)
  - Mainstreaming rural issues (DP8)
  - Reducing emissions and adapting to climate change (DP9).
- 6.85 On the matter of managing travel demand, Policy DP5 recognises that:
- development should be located so as to reduce the need to travel, especially by car, and that a shift to more sustainable modes of transport for both people and freight should be secured
  - safe and sustainable access for all, particularly by public transport, between homes, employment and a range of services and facilities should be promoted and should influence locational choices and investment decisions
  - major growth should, as far as possible, be located in urban areas where strategic networks connect and public transport is well provided
  - all new development should be genuinely accessible by public transport, walking and cycling and priority should be given to locations where such access is available
  - within rural areas, accessibility by public transport should also be a key consideration in providing services and locating new development emphasising the role of Key Service Centres.
- 6.86 The supporting text to DP5 notes that the principle of managing demand, reducing the need to travel and increasing accessibility has influenced, amongst other matters, the locational criteria for regionally significant

economic development with accessibility by public transport.

- 6.87 Policy W3 of the RSS requires the site to comply with the spatial development principles outlined in policies DP 1-9 and office development to be, as far as possible, focused in the regional centres, in or adjacent to town/city centres listed in RDF1 and in Key Service Centres, consistent with RDF2 and the sequential approach in PPS6.
- 6.88 The Local Transport Plan 2006-2011 identifies, amongst other things, the need to improve accessibility by reducing the need to travel by guiding development to Key Service Centres that are accessible by public transport, on foot and by cycle. Policy T5 of the LTP explains that priority will be given to surface transport measures that support the development of the Airport where necessary. Policy RT5, on freight traffic, states that the County Council will encourage the movement of goods by rail and sea wherever possible through travel plans and freight quality partnerships and to reduce the amount of freight on the road network. Policy LD5 requires all proposals for commercial development to be or be made accessible by public transport, walking and cycling.
- 6.89 Policy T31 of the Structure Plan requires travel plans for certain types of development. In "Travel Plans and the Planning Process in Cumbria: Guidance for Developers" (March 2011) the County Council stipulate that a travel plan should have a minimum 10% target for reducing private vehicle trips, and that as part of a travel plan there should be a guaranteed travel plan contribution paid upfront but repaid dependent upon whether the modal shift targets are met.
- 6.90 The Travel Plan (TP) accompanying the current application highlights that such plans are prepared to minimise the negative impact of travel and transport on the environment by reducing congestion, enhancing accessibility by non-car modes, and improving air quality. The TP highlights that the A689 is used by three bus operators running limited daily services between Carlisle and Hallbankgate, Brampton, Nenthead and Newcastle but the nearest bus stop to the Airport is over 400m away in Ruleholme. Travel to the Airport by bus is not currently considered to be a viable option because of the limited service and lack of stops.
- 6.91 In response to the problems of access, the TP puts forward six measures: staff travel awareness; establish a staff travel database; introduce a staff car sharing scheme; provide travel information; and establish an airport passenger shuttle bus. In the case of the staff car sharing scheme, the incentive created is by having 10% of the best car parking bays reserved as car share spaces. A sheltered and secure cycle storage facility will be provided as part of the proposal to encourage staff to cycle should future strategies permit cycling as a travel option. The TP also includes a shuttle bus for passengers linking the Airport with the City Centre that will be reviewed on a three monthly basis to establish viability based on a threshold of an average patronage of five per journey. As part of the TP, the applicant has indicated that the operational issues of maintaining an environment-friendly fleet will be considered including: the regular servicing of vehicles;

the purchasing of replacement vehicles with good environmental ratings; and consideration of conversion to low emission fuels. This is reiterated in a letter from the applicant's agent dated the 22<sup>nd</sup> June 2011, which explains that the Stobart Group is very committed towards minimising its road haulage emissions through better fleet utilisation, more efficient driving practices, using alternatives to road transport, and the development of cross-dock facilities.

- 6.92 Sections 9 and 10, and Figure 2 indicate that the TP will be monitored and reviewed annually through staff surveys; the results of the analysis will be forwarded to the County Council; the information used to set new targets and measures to be implemented; and keeping employees aware of the situation through the use of notice boards, welcome packs and a newsletter.
- 6.93 The TP points out that Government estimates suggest that a 20% reduction in car travel is possible in areas with good public transport provision but, given the site, a revised total target of 10% is set in the agent's letter dated the 22<sup>nd</sup> June 2011.
- 6.94 When assessing this element of the proposal it is recognised that Cumbria and the Scottish Borders air passengers have to use airports outside the region. The LTP (page 31) explains that Cumbria is more remote from access to air services than any other part of the UK with a comparable population. There is an opportunity for air passengers to utilise Carlisle Airport, and thus reduce the number of long distance journeys currently made, mainly by car. The significance of this issue is, however, dependent upon whether there is a reasonable prospect of the forecasted air movements to be realised.
- 6.95 Section 4.4 of the ASA Report (May 2011) explains that the scope for mitigation measures is limited because of such factors as: the use of HGVs to distribute freight; heavy reliance on shift working; air passengers arriving and departing; the Airport's isolated location; and poor public transport.
- 6.96 The current proposal is regarded as a relatively major generator of travel demand. The TP confirms that up to 328 members of staff will be based at the development site. A letter from the agent dated the 14<sup>th</sup> March 2011 explains that this is based on the use of the FDC by 121 Stobart Group staff relocated from the Kingstown Industrial Estate sites and the creation of 69 new jobs (of which 15 relate to the handling of air freight); and the relocation of 102 HGV drivers and creation of 36 new HGV driver posts.
- 6.97 The proposed FDC is intended to be a 24 hour operation 7 days per week, throughout the year with employees having a 3-shift work pattern with changeovers at 06.00, 14.00 and 22.00 hours, although office staff will be present from 08.00 to 17.00 hours. Figure 12 of the Transport Assessment (TA) confirms that for 2012 the expected number of car movements is 328 "in" and 328 "out". Based on the proposed number of car parking spaces, it is possible that there could be a shortfall of approximately 20 spaces during the change in shifts at 13.00 hours depending on how this is managed. Furthermore Figure 17 of the TA indicates that by 2025 the equivalent "in"



and “out” number of car movements rises to 408 per day. This shows the vital need for an effective Travel Plan to be in place.

- 6.98 Carlisle Airport is not directly served by a bus service, and is remote from rail links. In no sense can it be regarded as being a major transport interchange, nor is it near such an interchange. When considering the suggested measures in the TP the proposed shuttle bus for air passengers does not appear to be a permanent commitment and it does not include any travel plan contribution should the development exceed the thresholds. As a consequence, it cannot be attributed much weight. By far the most convenient means of travelling to and from the Airport will remain to be the car as evident by Figures 12 and 17 of the TA and the relatively substantial amount of proposed car parking.
- 6.99 In addition, the ASA Report recognises that much of the impact of the development on the road network will be from HGV traffic which will be unaffected by the Travel Plan mitigation measures although a Designated Advisory HGV route is proposed, to seek to ensure that all HGV traffic between the M6 and the FDC uses Junction 44 of the M6 and the A689.
- 6.100 It is acknowledged that there could be inward investment at the Airport involving uses that fall within Classes B1-B8 that would be acceptable under Policy EC22 of the Local Plan but otherwise it is not a sustainable location.
- 6.101 In overall terms, against the background that the proposal is considered to be contrary to Policy EC22, it is also considered not to be sustainable in terms of being located at or near a transport interchange and does not bring forward measures that satisfactorily address the need to reduce the length and number of motorised journeys.
- 6.102 As will be apparent from paragraphs 6.73 – 6.76 in the report, there are alternative sites available within the settlement boundary of Carlisle with closer connections to the M6.

### **3) Sustainability of Design**

- 6.103 Paragraph 22 of PPS1, on the prudent use of natural resources, explains that local authorities should promote resource - and energy-efficient buildings. Paragraphs 8 and 30 of the Supplement to PPS1 highlights that the planning system needs to support the delivery of the timetable for reducing carbon emissions from domestic and non-domestic buildings. Paragraph 10 of the Supplement also goes on to say that the provision for new development, its spatial distribution, location and design should be planned to limit carbon dioxide emissions; and make good use of opportunities for decentralised and renewable or low carbon energy. Planning authorities should expect new development to comply with policies for decentralised energy supply and for sustainable buildings unless it can be demonstrated by the applicant, having regard to the type of development involved and its design, that this is not feasible or viable (paragraph 42).

6.104 Policy CP9 of the Local Plan states that development proposals should take into account the need for energy conservation and efficiency in their design, layout and choice of materials. Paragraph 3.48 accompanying Policy CP9 explains that applicants should be able to demonstrate how they have attempted to minimise energy use and heat loss through careful and imaginative design, location and construction techniques.

6.105 Section 6.01 of the submitted Design and Access (D&A) Statement states that:

*“....the best practicable technologies suited to the proposed development and its local context are considered to be tri-generation energy harnessing and rainwater collection systems. The introduction of such technologies is still at the inception stage and they are yet to be fully integrated into the design. They are however considered appropriate to the overall design and operation of the proposed development (and) will be taken forward in consultation with appropriate parties.*

*....the development proposals will incorporate further sustainability features designed to minimise the impact of the development. It is possible to install energy saving technologies and techniques across the onsite buildings, reducing the carbon footprint of the proposed development during operation. Throughout construction, we will seek to source local materials; supporting local businesses, minimising transportation miles and generating local jobs. Furthermore, during development construction wastes will be reused onsite wherever practicable; lessening the requirement for landfill and natural resources.”*

6.106 Section 6.01 of the D&A Statement also confirms that the development will incorporate sustainable drainage techniques *where appropriate*; roof and hardstanding areas will drain directly to the stormwater attenuation lagoons; and opportunities for other sustainable measures *will be explored* during detailed design.

6.107 When considering this issue it is recognised that the EU Emissions Trading Scheme provides a mechanism for addressing greenhouse gas emissions from aircraft. Policy initiatives such as Sustainable Aviation also support a reduction in emissions from aircraft. However, no assessment is made in the D& A Statement with regard to either carbon from construction or use of the buildings/airport infrastructure. Furthermore the measures are vague and there is no explanation why other measures are neither feasible nor viable. This aside, in a letter dated the 22<sup>nd</sup> June, the agent has confirmed that *“the applicant aims to achieve a “good” BREEAM rating”*. On this basis it is considered that this matter can be addressed by the imposition of a relevant condition.

#### **4) Highway Network**

6.108 In relation to traffic, and the information contained in the ES and Transport Assessment, ASA initially raised a series of concerns such as the relevant section of the ES not including the B6264 (Old Brampton Road) west of

Linstock although this is likely to form the most direct route from the centre of Carlisle; the assessment is unclear with regard to traffic predictions that take account of the Carlisle Northern Development Route inclusive of Junction 44 of the M6; and the time periods used for background analysis were 08.00 to 09.00 hours for the AM peak, and 17.00 to 18.00 for the PM peak, however these are not the peak hours for traffic generated by the development.

- 6.109 ASA have also pointed out that the submitted TA identifies “...an accident cluster at the A689/Houghton Road North staggered T-junction.” This is on the main route for HGVs between the FDC and the M6, however the significance of this is not addressed in either the TA or the ES. A letter from the agent dated the 11<sup>th</sup> February 2011, states:

*“One accident cluster is evident at the A689/Houghton Road North staggered T-junction and this has been further analysed. There were 6 recorded accidents at this staggered T-junction during the period 1<sup>st</sup> January 2005-31<sup>st</sup> December 2009. Of the six recorded accidents none involved HGVs (>7.5t), however two of the recorded accidents involved light goods vehicles (<3.5t).”*

However, section 2.23 of the Transport Assessment states:

*“Analysis of accident location shows that there is an accident cluster at the A689/Houghton Road North staggered T-junction. Of the total recorded accidents, 4 involved Heavy Goods Vehicles (HGVs).”*

- 6.110 In response to these comments, the agent has explained that: the study area network is relatively large and the nature of traffic on the A689 is known to comprise a high level of longer distance traffic; modelled flows with the Carlisle Northern Relief Route for the A689 between Junction 44 of the M6 and the Linstock roundabout forecasted a 30% drop in flow; the AM and PM peak hours have been assessed because this represents the network peak flow; there is no discrepancy between the TA and the agent’s letter dated the 8<sup>th</sup> February 2011 because the reference in the TA relates to 4 accidents involving HGV’s and covers the whole of the study area as opposed to just the A689/Houghton Road junction.
- 6.111 In conclusion, ASA accept that the underlying background traffic volumes reported are relatively low, and there does appear to be spare capacity on routes within the study area. This would suggest that the development traffic can be accommodated, and the implications could be minimal. The applicant has subsequently addressed any concerns raised with regard to the ES.

**5) The extent to which the proposal is consistent with national planning policy contained in PPG24 “Planning and Noise” regarding the potential**

## **impact of noise and vibration**

### **i) Aircraft**

- 6.112 PPG24 sets out guidance on dealing with proposals for development generating noise. Annex 1 of PPG24 defines 4 levels of noise exposure categories (NECs) for dwellings. These range from NEC A, where noise need not be considered a determining factor in granting planning permission, to NEC D where planning permission should normally be refused. At Table 2 the guidance is that air traffic noise in daytime 57dB LAeq16hr relates to the onset of low community annoyance. This is an average figure, and is not to be taken to mean that people outside that threshold will not be annoyed by noise. Higher up the scale 63 dB LAeq 16hr equates to moderate annoyance; and 69 dB LAeq 16hr to high community annoyance. At night, defined in PPG24 as 23.00 to 07.00, noise is evaluated in a different way using different units, such as the single event level (SEL) unit. For the assessment of night time aircraft noise it is generally, but not universally, accepted that outdoor noise levels below 90 dB(A) SEL are unlikely to increase overall rates of sleep disturbance.
- 6.113 The PPG24 noise guidance in Annex 1 nominally relates to the development of new housing in an existing noise environment, rather than to existing housing being affected by changes in the noise environment as is the case in the context of this application. Nevertheless, it is considered that the thresholds set out in PPG24 offer a reasonable way forward in assessing any impact. Reference has been made to World Health Organisation noise guidelines, however current national policy is set out in PPG24. It is appreciated that the relationship between noise and annoyance is recognised to be subjective, varying between individuals and locations.
- 6.114 The applicant has suggested the imposition of a condition that would restrict the number and type of aircraft landing to control the level of operations at the Airport. The submitted Transport Assessment acknowledges in paragraph 2.6 that Carlisle Airport is not particularly busy and handles a limited range of aircraft types such as private air taxis, the local flying club, occasional helicopter movements and military jets stops for refuelling. Aircraft noise is not currently considered to be a significant feature of the local noise environment. Thus any measures would be offset by the increase in air movements and noise from the FDC.
- 6.115 In relation to the submitted ES, the ASA Report raises concerns because:
- The methodology and criteria used for airborne aircraft traffic noise are standard for fixed wing aircraft. However, people's tolerance to noise from rotary aircraft (e.g. helicopters) has been shown to be far lower (by up to 15dB) than that for fixed wing aircraft. As such, it would have been more accurate to assess the impact of helicopter noise separately to that of fixed wing aircraft and against different criteria.
  - The airborne aircraft noise predictions have been undertaken on the basis of a 90% westerly and 10% easterly modal split. A typical

average modal split for a UK airport is nearer 70% westerly and 30% easterly. From the information provided, it is difficult to see why a 90%/10% modal split has been used, and no investigation has been carried out regarding the effect of changing wind conditions.

- The overall number of aircraft and helicopter movements is relatively low and, as such, it is possible that alternative methods of assessment are preferable than the standard 16-hour Leq used in noise impact assessment at most UK airports. For these activities a relative assessment method, such as that outlined in BS4142:1997, is a far more appropriate tool in establishing the noise impact, where events over a one-hour period during the day or a 5 minute period during the night are compared with underlying ambient noise climate.

6.116 In response, Scott Wilson has stated that no agreement on a helicopter noise differential has been settled; and the 90%/10% modal split was advised by the Airport as the typical split of air traffic movements on the main runway.

6.117 On this matter it is recognised that an increase in air movements will lead to a loss of amenity. However, and irrespective of the above, it is the case that ASA have concluded that fixed wing aircraft and helicopter noise is likely to be below a level representative of the onset of annoyance.

## ii) **Ground and Freight Handling Operations**

6.118 ASA have highlighted that the use of a 16 hour average noise level for ground operations contained in the ES underestimates the noise impact. Activities such as the operation of auxiliary power units, ground power units and engine maintenance runs on high power can produce high noise levels for a short period of time. Furthermore, the use of 60dB LAeq T at 152 metres taken from a different airport for operations at Carlisle overestimates the noise impact. ASA consider that the noise impact would be more accurately equated using a relative assessment method, where events over a one hour period during the day or a 5 minute period during the night are compared with the underlying ambient noise climate.

6.119 On the basis of the background noise survey data, ASA consider it possible that ground operations surrounding the Airport would be occasionally noticeable during the day and evening. ASA recommend that a detailed relative assessment of individual ground running operations should be undertaken in order that the impact can be reviewed fully.

6.120 In relation to the FDC, the ES refers to a topographical variation of approximately 8 metres between the finished floor level and the existing ground level to the east and north; and that this topographical variation provides “significant screening” to noise sensitive receptors. ASA confirm that there is a variation of around 8 metres between the centre of the site and the nearest properties to the east and north-east of the site. However, this variation is a gradual incline and as such would not provide any realistic topographical screening. To achieve significant screening of the order of 10dB or more, such a variation in height would have to occur rapidly near to

either the source or receiver. Furthermore, it needs to be clarified that working practices and machinery are such that machine driven flaps at the docking stations are to be used.

- 6.121 In response to the comments by ASA, the applicant's agent has explained that: a thorough assessment of the risk of ground noise impact was made using a reference noise level 60dB LA eq T which would lead to an overestimation of noise impact; no significant ground noise impacts were predicted because of the considerable separation between the aprons and local noise sensitive receptors; a 10 dB screening attenuation was adopted because the proposed FDC is to be built into the local topography such that the noise producing activities will be hidden from direct view; the noise impact assessment for the FDC was assessed at night time when background noise levels were lowest; that assessment found that during this most critical time the proposal could operate without causing an unacceptable degree of disturbance; and the intention is to use hydraulic and fully automated driven flaps to ensure that the HGV docking operations do not exceed the reference noise level of 80 dB LAmax.
- 6.122 In conclusion, it is considered that the likelihood of the noise being noticeable outdoors during the evening and night-time is high, however none of the presented activity noise levels are likely to cause sleep disturbance when in operation. No objections have been raised by the City Council's Environmental Quality Section. The changes in topography and use of machine driven flaps at the docking stations can be the subject of a relevant condition(s).

### **iii) Road Traffic**

- 6.123 The submitted Transport Assessment refers to the level of traffic generated by the current use of the Airport as being "minimal". Whilst there will be limited occupation of the offices outside of "typical" work times i.e. circa 0800-1700 hours, the proposed FDC is intended to be a 24 hour operation 7 days per week, throughout the year with employees having a 3-shift work pattern with changeovers at 06.00, 14.00 and 22.00 hours. The Airport will operate between 06.00 to 23.00 hours with staff working in two shifts i.e. 04.00 – 13.30 and 13.30 – 23.00 hours. The aviation side of the Airport will occur between 09.00 – 1930 hours (Figures 12 and 17 of the TA, and paragraphs 5.13 and 5.14 of the ES).
- 6.124 Based on the forecasted growth in traffic movements, the submitted ES concludes, as summarised in Table 5.26, that the effects during construction, and operation at 2012 and 2025 range from being "negligible" to "negligible adverse".
- 6.125 On this issue ASA consider that there is nothing within the ES to question the accuracy of the road traffic noise predictions and assessment. ASA conclude that the noise impact from road traffic under such conditions would be negligible.

### **iv) Construction**

6.126 ASA consider that construction noise may be noticeable but it is regarded as within appropriate noise limits. In both these instances mitigation measures can usually be employed to reduce noise and light impact. As such, concerns relating to construction noise and the hours of construction may be addressed through a Construction Management Plan.

**6) The extent to which the proposal is consistent with national planning policy contained in PPS23 “Planning and Pollution Control” regarding the potential impact of air quality and smell**

6.127 Paragraph 6 of PPS23 explains that the “precautionary principle” should be invoked when: there is good reason to believe that harmful effects may occur to human, animal or plant health, or to the environment; and the level of scientific uncertainty about the consequences or likelihood of the risk is such that best available scientific evidence cannot assess the risk with sufficient confidence to inform decision-making. Paragraph 8 goes on to highlight that any consideration of the quality of land, air or water and potential impacts arising from development is capable of being a material planning consideration. Paragraph 10 differentiates between planning and pollution control, with the planning system controlling the development and use of land in the public interest.

*“It plays an important role in determining the location of development which may give rise to pollution, either directly or from traffic generated, and in ensuring that other developments are, as far as possible, not affected by major existing, or potential sources of pollution. The planning system should focus on whether the development itself is an acceptable use of the land, and the impacts of those uses, rather than the control of processes or emissions themselves.”*

6.128 The two pollutants of greatest concern in respect of aircraft and motor vehicles are generally NO<sub>2</sub> (nitrogen dioxide) and PM<sub>10</sub> (airborne particulate matter less than 10 micrometres in aerodynamic diameter). Aircraft are also the source of odours from burnt and unburnt hydrocarbons from aviation fuel. The submitted ES sets out impacts with regard to national Air Quality Strategy objectives and the assessment focuses on dust (during construction only), NO<sub>2</sub>, PM<sub>10</sub>, PM<sub>2.5</sub> and NO<sub>x</sub> (nitrogen oxide) deposition from vegetation.

6.129 In terms of the effect on air quality and dust, the ES observes that existing conditions within the study area (an 8km radius from the site) are generally good but instances of the health objectives in relation to air quality being exceeded have been recorded alongside the A7 south of J44 of the M6 (i.e. on Kingstown Road) leading to declaration of an Air Quality Management Area (AQMA). Construction works have the potential to create dust and it will therefore be necessary to apply a package of mitigation measures to minimise dust emissions but any effects will be temporary and short-lived. Overall the potential effects during the construction phase are classified as “minor adverse”.

- 6.130 The ES states that, in terms of operational impact on local air quality arising from the development, the changed road traffic flows will have impacts ranging from negligible benefits to minor adverse effects. The benefits will be to reduce traffic on the AQMA through the re-location of Eddie Stobart Group with minor adverse effects being experienced on the roads leading to the Airport. It adds that there will be no significant effect to minor adverse effect on ecosystems and that, while traffic sources may impact on greenhouse gas emissions, it is not possible to assess the significance of the local changes that will take place in the national context.
- 6.131 ASA consider the approach of identifying sensitive locations for pollution sources to be reasonable, although Figure 7.1 of the ES does not include receptors for some of the communities near the Airport such as Irthington and Newtown, and there is the likelihood of slight adverse impacts at one “receptor” as a consequence of considering uncertainty in modelling predictions. ASA go on to say that although inclusion of receptors in these locations would be unlikely to change the conclusions of the assessment, it would assist in understanding the likely magnitude of all potential impacts in all relevant areas. ASA query whether a qualitative assessment of the potential impacts of the proposed development on greenhouse gas emissions is considered appropriate.
- 6.132 Overall, the ASA review has found that the methods used in the ES for assessment of air pollution impacts from construction, road traffic and airport sources are appropriate. The key conclusions are that potential effects during the construction phase are judged “negligible adverse” and that operational effects are judged to have no significant effect on human health or on vegetation and ecosystems. Adequate mitigation of construction dust would need to be dealt with by condition.
- 6.133 In response to criticism from ASA over the lack of any assessment with regard to odour impacts, the applicant commissioned a report from Air Quality Consultants Ltd. The subsequent report (June 2011) draws on research that suggests the odours are not directly associated with aviation kerosene itself, but a product of incomplete combustion. The greatest potential for odorous emissions is thus ground level emissions when the aircraft are on-stand with engines running, and during taxiing to and from the main runway. Air Quality Consultants Ltd conclude that it is highly unlikely the proposed development would cause any significant odour effects to occur because: the change in the number of air traffic movements is small; the prevailing wind will carry any emissions away from the closest properties to the south of the FDC for the majority of the time; residential properties in the prevailing downward direction are at least 0.5km away from the Airport operations; and evidence from other regional airports suggests that the number of odour complaints received is very low.
- 6.134 On the basis of the foregoing, and with due acknowledgment to the precautionary approach contained in PPS23, it is considered that any effects associated with odour are likely to be within acceptable limits.

## **7) Landscape and Visual Impacts**



- 6.135 A distinction is drawn between landscape impacts that relate to the characteristics of the landscape, and visual impacts on receptor points (houses and rights of way etc) effects that relate to individual views within that landscape.
- 6.136 Paragraphs 13(iv) and 34 of PPS1 explain that design which is inappropriate in its context, or which fails to take the opportunities available for improving the character and quality of an area and the way it functions should not be accepted.
- 6.137 As already identified, the proposal is set within the Buffer Zone of the Hadrian's Wall World Heritage Site. The policies of particular relevance are therefore E34 and E37 of the Structure Plan; and CP1, DP10, and LE7 of the Local Plan. Having assessed the submitted material, English Heritage consider that the main built element, by virtue of its location and scale, will be unlikely to have an adverse impact on the ability to comprehend and appreciate Roman military planning and land use in relation to Hadrian's Wall. Due recognition also needs to be made of the fact that under Policy EC22 of the Local Plan 21.15 hectares is identified for a Strategic Employment Site at Carlisle Airport. Although the extent of the proposed development (excluding the car park to the east of the existing passenger terminal) is approximately 28.6 hectares of which over 22 hectares relates to grassland, the application site lies within an area designated in the local plan for development and cannot be regarded as countryside. Policy DP3, that specifically considers the role of Carlisle Airport and the opportunity it offers to enhance the local economy, states that proposals for development will be supported where they are related to airport activities, in scale with the existing infrastructure and minimise any adverse impact on the surrounding environment.
- 6.138 The submitted ES considers that by 2025 the proposed tree planting will have significantly reduced the adverse visual effects from the majority of viewpoints. However, the proposal will have a moderate/minor adverse effect on the landscape character with regard to the Buffer Zone of the Hadrian's Wall World Heritage Site; a moderate/minor adverse effect on visual amenity from the east (Netherfield and Irthington road); a moderate adverse effect on visual amenity for views from the south-east (Military Cottages); a moderate minor adverse effect on visual amenity for users of Hadrian's Wall National Trail from Oldwall to Chapel Field. Whilst no residential properties are assessed as being directly affected by the proposed lighting, the ES recognises that the section of the A689 adjacent to the proposed development is unlit, and this will result in an increase in ambient light levels to the wider area. The ES considers that the impact of the increased lighting levels locally will be restricted to users of the public rights of way.
- 6.139 When assessing the impacts on the landscape character of the area and visual amenity it is appreciated that the proposed FDC is to be built into the ground. However, it still represents a large-scale development that will have a noticeable visual presence detached from the existing buildings at the

Airport. Irrespective of the imposition of a condition, the required external lighting would compound matters.

- 6.140 It is appreciated that development is envisaged at the Airport. In the context of the conclusions reached in the ES, it is considered that despite the proposed landscaping, the FDC and associated structures and parking would be prominent and visually intrusive features in such an exposed and highly visible location, and that this proposal causes harm over other potential development. This is a matter that weighs against the proposal.

**8) The extent to which the proposal is consistent with policies set out in PPS9 “Biodiversity and Geological Conservation”**

- 6.141 The key issues in this case relate to the possible impacts of the proposal on significant nature conservation interests “off-site” together with the “on-site” effects upon features and habitats, including protected species. Although the application site does not lie within the major international or nationally designated areas such as the Upper Solway Flats and Marshes Special Protection Area, the River Eden Special Area of Conservation or either the Whitemoss SSSI or the River Eden & its Tributaries SSSI, it is in close proximity to the River Eden SAC/SSSI and is directly affected by the Airport’s non-statutory status as a County Wildlife Site. In addition, birds (pink-footed geese and whooper swans) considered to be part of the Upper Solway Flats and Marshes SPA populations are known to use land around the application site; therefore, SPA interest features could also potentially be impacted by the proposed development.
- 6.142 In this context the Council has appointed an ecological consultancy (Lloyd Bore) to advise and undertake the relevant Appropriate Assessments with regard to the River Eden SAC and the Upper Solway Flats and Marshes SPA. Lloyd Bore also provided advice to the Council on general nature conservation issues concerned with the proposals, including impacts on protected species. Natural England, the Cumbria Wildlife Trust and Royal Society for the Protection of Birds have also both been informed of the application and invited to comment.
- 6.143 Lloyd Bore has completed the Upper Solway Flats and Marshes SPA Appropriate Assessment and it has been “signed off” by Natural England. The Assessment examined in detail the potential impacts of the proposed development during both construction and operation on the SPA interest features (pink-footed geese and whooper swans), such as potential impacts of bird-strike and disturbance. The Assessment concludes that *“whilst there are still some shortcomings in the information and evidence base provided with the 2010 application, sufficient information has been provided by the applicant for the purposes of this assessment to show that the proposed development will not have an adverse effect on the integrity of the Upper Solway Flats and Marshes SPA. However, to be certain of no future adverse impacts on the integrity of Upper Solway Flats and Marshes SPA, several issues need to be conditioned in any planning permission that may be granted.”*

6.144 The River Eden SAC Appropriate Assessment, following the receipt of revised plans concerning the proposed means of foul drainage, is being completed and has yet to be signed off by Natural England. The Assessment examines in detail the potential impacts of the proposed development during both construction and operation on the SAC interest features, such as potential impacts of pollution on water quality and of disturbance on otters. The draft Assessment concludes that *“sufficient information has been provided by the applicant for the purposes of this assessment to show that there are not likely to be any major barriers to ensuring that the proposed development will not have an adverse effect on the integrity of the River Eden SAC. However, to be certain of no adverse impacts on the integrity of the River Eden SAC, a number of issues regarding potential impacts on the River Eden will need to be conditioned in any planning permission that may be granted”*.

Members will be updated on progress during the Meeting.

6.145 In relation to the impacts on the County Wildlife Site, designated for its breeding bird populations, the key concern is the development of the existing grassland resulting in habitat clearance and permanent loss. Policy E35 of the Structure Plan seeks to protect those areas and features of nature conservation importance other than those of national and international conservation importance e.g. County Wildlife Sites, UK Biodiversity Action Plan Priority Habitats that occur in Cumbria and Species of Conservation Importance in the North West Region that occur in Cumbria. Policy E35 clearly states that development that is detrimental to these interests is not permitted *“unless the harm caused to the value of those interests is outweighed by the need for the development”*. It adds that the *“loss of interests should be minimised in any development and where practicable mitigation should be provided”*. This stance is reiterated in Policy LE3 of the Local Plan 2001-2016.

6.146 The applicant’s agent, in the light of the information accompanying the ES, is of the opinion that the loss of area to the County Wildlife Site does not need to be compensated for. However, in the context of the comments from Cumbria Wildlife Trust and RSPB, the applicant has agreed to make a payment of £100,000 in order to enable the undertaking of a habitat scheme as per the previous proposal (application number 08/1052).

6.147 In relation to the potential effect of the development on European Protected Species, principally Great Crested Newts and Bats, as well as other wildlife interest, Lloyd Bore has concluded that: based on the information that has been provided by the applicant and on responses received by Natural England and other consultees, it is considered possible that the proposed development may impact on populations of the following protected species:

- Bats
- Great crested newts
- Breeding/wintering birds (and the CWS)

- Badgers
- Otters

On the basis of the information supplied to date and according to advice received by Natural England and others, several recommendations have been made and issues regarding protected species have been suggested for conditioning in any planning permission granted and in a Section 106 Agreement. Providing that the recommendations are followed and the issues as outlined in this report are adequately conditioned in any planning permission that may be granted, it is considered that it can be concluded that the proposed development is unlikely to significantly impact on populations of protected species and other wildlife.

## 9) **Archaeology**

- 6.148 The Ancient Monuments and Archaeological Areas Act 1979 is the basis for the protection of nationally important archaeological sites. Further guidance is contained in PPG15 and this is reflected in the policies of the Development Plan.
- 6.149 In relation to this application, English Heritage initially raised concerns with regard to the potential impact of the drainage and resurfacing of the runway on the scheduled remains of Watchclose Roman camp, and the potential implications with regard to the option to connect to the public sewer.
- 6.150 In relation to the former, English Heritage has subsequently confirmed in an e-mail sent on the 9<sup>th</sup> June 2011 that they have no objections on the basis that the maximum depth of excavation for the drainage is 300mm below the present ground level; the imposition of conditions requiring further approval by the Council of a final drainage design and resurfacing; and (given the discovery of a probable defensive feature outside the northern entrance to the camp) the results the evaluation work are placed in the public domain, through a short publication in a local archaeological journal.
- 6.151 In the case of the latter, English Heritage has confirmed that they have no issues with the works shown on the main sewer although the rising main route crosses the line of the Stanegate Roman road because it is in an area where this is unlikely to be well preserved, and the Agent's recommendation for this work to be covered by an archaeological watching brief is considered to be acceptable. In terms of other archaeological impacts, works outside the airport site involve the use of existing sewer pipes with no excavation. As such, the only remaining potential concern is with reference to United Utilities intention to 'upgrade to Irthlington works' details of which would need to be resolved.

## 10) **Hazard Assessment**

- 6.152 The application of "Public Safety Zones" (PSZ) criteria is of some assistance to assessment of risk in this case. DfT Circular 1/2002 "Control of

Development in Public Safety Zones” indicates that:

- PSZ policy is based predominantly on individual risk;
- PSZs are to be based on 1 in 100,000 risk contours, and within those zones there shall be no increase in the number of people living, working or congregating, and the number of people should be reduced over time as circumstances permit;
- People living within the 1 in 10,000 risk contours should have their residences bought by the airport operator and move.

6.153 Based on the foregoing there is a general presumption against new development within a risk contour of 1 in 100,000; but there is no reference in the guidance to any restrictions to development outside that contour.

6.154 An alternative approach to risk assessment is that of the HSE based on tolerability of risk divided into the following categories:

- Unacceptable – risks regarded as unacceptable whatever their benefits, except in extraordinary circumstances such as war i.e. more than 1 in 10,000 per year;
- Tolerable – risks that are kept as low as reasonably practicable, and tolerated to secure benefits i.e. between 1 in 10,000 and 1 in 1 million per year;
- Broadly acceptable – risks that most people regard as insignificant i.e. less than 1 in 1 million per year.

6.155 The applicant’s baseline assessment of third party risk, set out in the ES, shows an increase in the size of the individual risk contours. For the baseline operations, it is estimated that the 1 in 100,000 per annum risk contour lies entirely within the Airport boundary. The 1 in a million per annum contour extends beyond the Airport boundary to include a haulage building to the south-west and the majority of Irthington to the north-east. Based on the anticipated growth to 2025, the risk contours increase in size such that the 1 in a million per annum risk contour would increase in length and width and cut through a building on the A689 at Watch Cross, include another building slightly to the north at Watchclose, and include almost all of the village of Irthington. These risks are potentially significant at these locations because the individual risks there would exceed the level 1 in a million per annum below which HSE would consider the risk to be “broadly acceptable” and *“are typical of the risks from activities that people are prepared to tolerate to secure benefits...”* Such risks represent detrimental impacts to be weighed against any benefits arising from the proposed development.

6.156 On this basis ASA have concluded that the risks encountered at Carlisle might be regarded as relatively modest i.e. below the level of 1 in 100,000 per annum, though not below the level of 1 in a million per annum at which they would generally be regarded as acceptable. ASA consider the level of risk that would arise from the proposal is not unusual in comparison to that encountered at other UK airports.

- 6.157 The estimated risk is also dependent upon the numbers of future movements of different aircraft types. Historical accident data indicates that different types of aircraft operation have different crash rates, for example freight operations have had higher crash rates per movement than civil passenger operations and executive jet aircraft typically have higher rates than commercial civil airliners. ASA consider the model used tends to overstate rather than underestimate risks for any given operations. Any concerns over growth above the level envisaged in the ES can be addressed by the imposition of a planning condition.
- 6.158 The ES recognises that there is potentially a risk of bird strike due to the presence of numbers of birds, including pink-footed geese, in the vicinity of the Airport. The CAA is responsible for ensuring that an airport has an appropriate bird management policy as part of its safety management systems as a condition of its licence. ASA realise that technically the risk of bird strike will increase as a result of higher traffic levels, but also consider that the Airport would still be able to apply the necessary preventative measures in order to meet CAA requirements.
- 6.159 In overall terms, ASA have confirmed that it is strictly the responsibility of the airport operator to ensure that safe operations are carried out in accordance with the conditions of the CAA Public Use Licence that the Airport possesses, or any variation to that which CAA authorises. Whilst there is a Carlisle Airport Safeguarding Map lodged with the City Council, this is to indicate where proposed development in the vicinity of the Airport should be subject of consultation with the airport operator. It does not, however, place any responsibility on the Council for aviation safety either within or outside of the Airport boundary. Similarly, although Public Safety Zones are in place at airports where the number of ATMs (Air Traffic Movements) by commercial aircraft is in excess of 30,000 ATMs per annum (when a statutory PSZ is required) this does not apply to Carlisle Airport. ASA point out that the level of future ATMs at Carlisle Airport will be significantly less than the 30,000 ATMs “trigger point” when a statutory PSZ is required but observe that it is *“nevertheless good practice to prepare a safety risk assessment for aviation-related planning applications”*.
- 6.160 Questions have been raised by interested parties concerning the safety benefit that might be gained from re-orientation of the main 25/07 runway. In order to justify not undertaking the re-orientation of the runway, the operator of the Airport would need to show that the costs associated with the runway re-orientation would be disproportionate to the risk reduction benefits that would be gained from it. It is to be expected that construction of a new, re-aligned runway would be more costly than resurfacing of the current runway and there may therefore be an argument that those additional costs would not be justified by the risk reduction benefit provided. ASA recommend that the ES should contain evidence that demonstrates whether a re-orientated runway would be disproportionately expensive and would not provide sufficient benefits to justify those costs.
- 6.161 In conclusion, it is considered that that there is no sound basis, in terms of bird strike risk or any other hazard risk, to resist the current proposal. The

ASA recommendation concerning the option of re-orientating the runway should be viewed in this context. Overall, the risks associated with the proposal are considered to be within acceptable limits.

### **Other matters**

- 6.162 The previous decisions reached by the Committee with regard to application reference numbers 07/1127 and 08/1052 are considered to be relevant but not determinative when assessing the current proposal. Clearly the present application needs to be assessed in the light of current information specific to the proposal.
- 6.163 Objectors have highlighted that emissions from aircraft are an important contributor to climate change and global warming, and that such growth should not be encouraged. Paragraphs 3.35 to 3.43 of The White Paper “The Future of Air Transport” (2003) recognise that there is a debate about this issue, acknowledges the growing contribution of air transport to climate change, and outlines a number of avenues the Government is following to tackle the problem. In effect, it is considered that such concerns can only be addressed through a review and changes in Government policy that are beyond the remit of the assessment of this application.
- 6.164 Solway Aviation Museum has requested that any permission should include a Section 106 Agreement safeguarding the Museum. These concerns are noted but are considered not to fall within the ambit of this application.

### **Conclusion**

- 6.165 The proposed distribution centre and associated development is not considered to be inward investment, relates primarily to road haulage that does not have a need to be located at the Airport, and does not involve a local business in the Brampton area. The proposal is therefore contrary to Policy EC22 of the Carlisle District Local Plan 2001-2016. No convincing evidence has been presented regarding the effectiveness of the proposed distribution centre as enabling development, with the forecasted flights for passengers and freight considered not to be realistic. The Airport related development is supported.
- 6.166 In overall terms, and against the background that the proposal is considered to be contrary to Policy EC22, it is also not sustainable in terms of being located at or near a transport interchange and does not bring forward measures that satisfactorily address the need to reduce the length and number of motorised journeys. The proposed freight distribution centre is a major generator of travel demand. Carlisle Airport cannot be regarded as being a major transport interchange, nor is it near such an interchange. Despite the contents of the submitted Travel Plan, by far the most convenient means of travelling to and from the Airport will remain the car. This is at a time when no convincing argument has been advanced that there is an essential need for the road haulage use to be located at the Airport that

could not be addressed by the redevelopment of existing and available allocated sites in an identified sustainable development location. It is therefore considered that the proposal would not meet sustainability objectives in terms of being located at or near a transport interchange and address the need to reduce the length and number of motorised journeys contrary to paragraph 42 of the Supplement to PPS1, paragraph 6 of PPG13, Policies DP5 and RT5 of the North West of England Plan Regional Spatial Strategy to 2021, the underlying objectives of Policy T31 of the Cumbria and Lake District Joint Structure Plan 2001-2016, Policy RT5 of the Local Transport Plan, and Policy DP1 of the Carlisle District Local Plan 2001-2016.

- 6.167 The Airport sits within a generally rolling and undulating landscape that is relatively open with a southern frontage onto the A689 and the Hadrian's Wall Path national trail with interconnecting public rights of way to the north and east. In such a highly visible location the proposed distribution centre and associated structures and lighting would have an adverse effect on the landscape character and an adverse effect on visual amenity from the east, south-east, along the Hadrian's Wall Path from Oldwall to Chapel Field, and the A689. The proposal is therefore considered contrary to Policies E34 and E37 of the Cumbria and Lake District Joint Structure Plan 2001-2016, and Policies DP3 and CP1 of the Carlisle District Local Plan 2001-2016.
- 6.168 In this particular case, having weighed up the arguments for and against the proposal, it is concluded that the proposal is in conflict with the development plan and that the conflict with sustainability objectives and the harmful impact caused, is not outweighed by the unsubstantiated socio-economic benefits.
- 6.169 The ES appears to be deficient in not having assessed how the additional passenger throughput will be managed (what additional building needed and the environmental consequences thereof). In law therefore permission could not be granted.

## **7. Planning History**

- 7.1 An application, reference number BA 2040, by Carlisle Corporation for planning permission to create a civil airport was made to Cumberland County Council in January 1959. Following an Appeal, against that authority's failure to give a decision within the statutory period the Minister of Housing and Local Government allowed the Appeal and granted planning permission subject to one condition that the siting, design and external appearance of any buildings, and the location and design of any accesses, and the extension or alteration of any existing buildings shall be as may be agreed with the Local Planning Authority.
- 7.2 In 1989, under application number 89/0898, outline planning permission was granted for the provision of small industrial units, flying training facilities, small business park, and a new airport terminal complex.



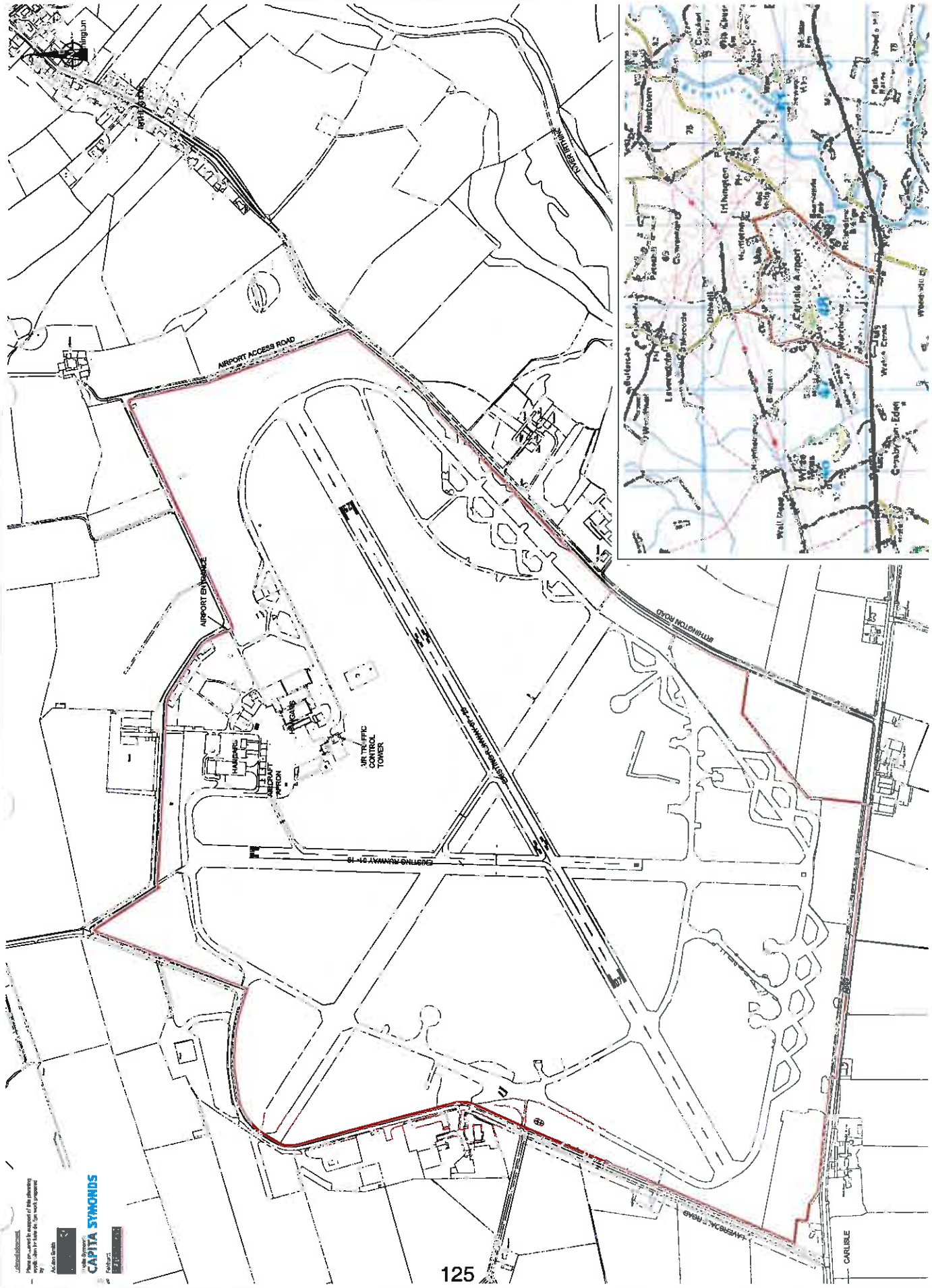
- 7.3 Also in 1989, planning application number 89/1140, full planning permission was granted for a new flying training facility incorporating small hanger, workshop and amenity facility, and the erection of a maintenance workshop.
- 7.4 In 1994, full planning permission was granted for the erection of a hanger to house and maintain police support aircraft and for the temporary siting of 3 no. Portacabins for use as office and stores.
- 7.5 In 2001, under application numbers 01/1122 and 01/1123, full planning permission was granted for the erection of a new hangar to house aircraft; and an extension to the existing fire station, adding 3 no. 6m bays, to house further fire vehicles.
- 7.6 In 2007, application number 07/1127, full permission was sought for a replaced and realigned runway and related aprons and taxiways, a new air traffic control tower, Instrument Landing System and other navigational aids including approach lighting, and an extensive building that was proposed to be used for warehousing, hangarage and as a Terminal. The Development Control Committee resolved to grant conditional permission but the application was withdrawn in July 2008 when called in by the then Government Office for the North West.
- 7.7 In 2008, application number 08/1052, full permission was sought for the erection of a freight storage and distribution facility (including chilled cross dock facility) with associated offices, gatehouse/office/ canteen/staff welfare facilities, new vehicular access, car and lorry parking, landscaping, new vehicular access, and other infrastructure works. The applicant indicated that it intended only to repair/resurface rather than replace the existing main runway and to use an existing building as a passenger terminal; and to rely upon permitted development rights for these elements. The application was approved by the Development Control Committee subject to the completion of a Section 106 Agreement to secure the renewal of the runway (to last for about 20 years) and the provision of passenger terminal facilities, the latter to be kept open for at least 10 years provided it was, in the opinion of the applicant, commercially viable to do so. This decision was later overturned in May 2010 by the Court of Appeal following a Judicial Review that found all aspects of the development, i.e. including the airport works as opposed to just the freight distribution centre, should have been the subject of an Environmental Impact Assessment.

## **8. Recommendation: Refuse Permission**

1. **Reason:** The proposed distribution centre and associated development is not considered to be inward investment, relates primarily to road haulage that does not have a need to be located at the Airport, and does not involve a local business in the Brampton area. The proposal is therefore contrary to Policy EC22 of the Carlisle District Local Plan 2001-2016. No convincing evidence has been presented regarding the effectiveness of the proposed distribution centre as enabling development, with the forecasted flights for passengers and freight considered not to

be realistic. It is considered that the conflict with the Development Plan is not outweighed by the unsubstantiated socio-economic benefits.

2.     **Reason:**     The proposed freight distribution centre is a major generator of travel demand. Carlisle Airport cannot be regarded as being a major transport interchange, nor is it near such an interchange. Despite the contents of the submitted Travel Plan, by far the most convenient means of travelling to and from the Airport will remain the car. This is at a time when no convincing argument has been advanced that there is an essential need for the road haulage use to be located at the Airport that could not be addressed by the redevelopment of existing and available allocated sites in an identified sustainable development location. It is therefore considered that the proposal would not meet sustainability objectives in terms of being located at or near a transport interchange and address the need to reduce the length and number of motorised journeys contrary to paragraph 42 of the Supplement to PPS1, paragraph 6 of PPG13, Policies DP5 and RT5 of the North West of England Plan Regional Spatial Strategy to 2021, the underlying objectives of Policy T31 of the Cumbria and Lake District Joint Structure Plan 2001-2016, Policy RT5 of the Local Transport Plan, and Policy DP1 of the Carlisle District Local Plan 2001-2016.
  3.     **Reason:**     The Airport sits within a generally rolling and undulating landscape that is relatively open with a southern frontage onto the A689 and the Hadrian's Wall Path national trail with interconnecting public rights of way to the north and east. In such a highly visible location the proposed distribution centre and associated structures and lighting would have an adverse effect on the landscape character and an adverse effect on visual amenity from the east, south-east, along the Hadrian's Wall Path from Oldwall to Chapel Field, and the A689. The proposal is therefore considered contrary to Policies E34 and E37 of the Cumbria and Lake District Joint Structure Plan 2001-2016, and Policies DP3 and CP1 of the Carlisle District Local Plan 2001-2016.
-

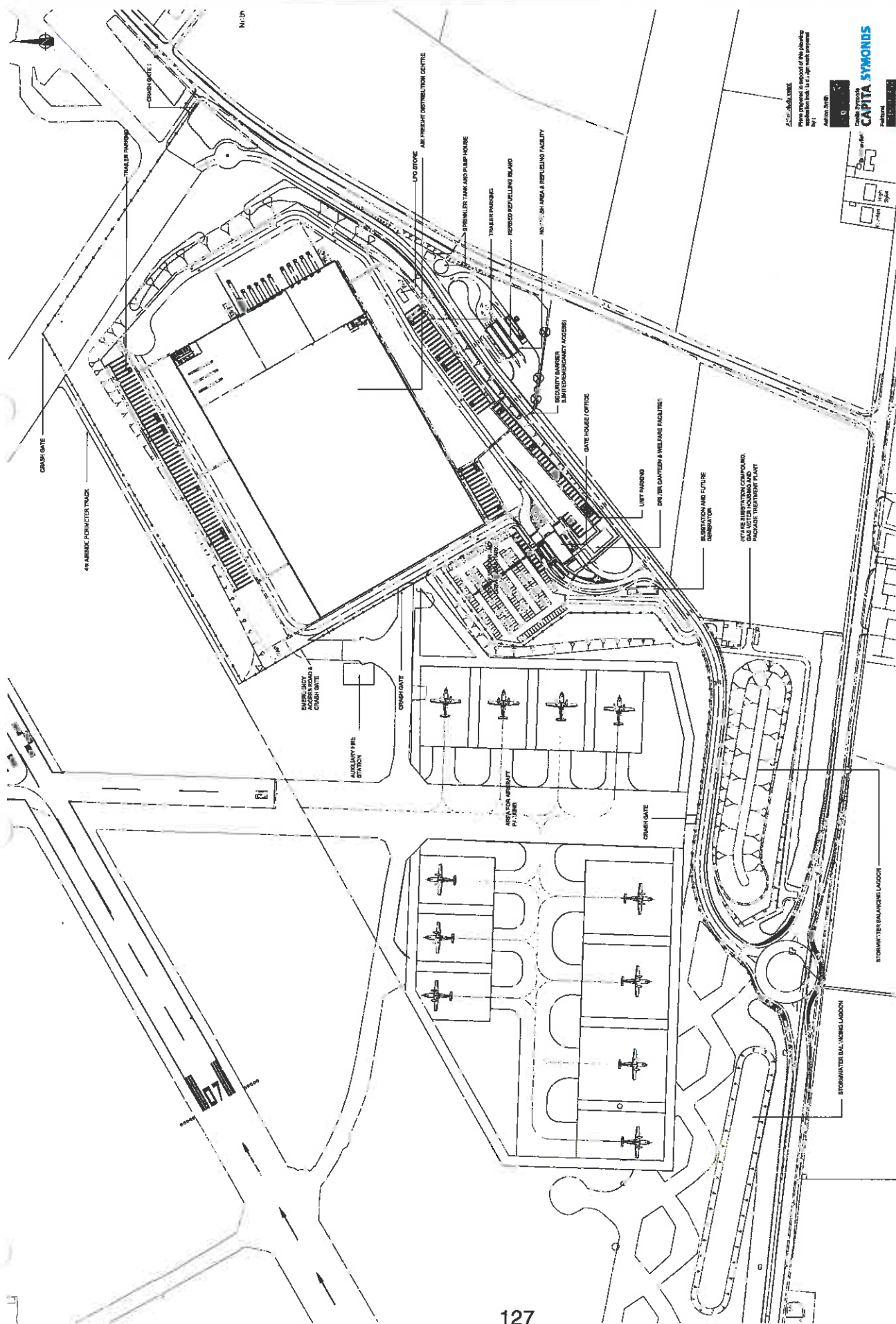


SITE LOCATION PLAN  
SCALE NTS

EXISTING SITE PLAN  
SCALE 1:2500

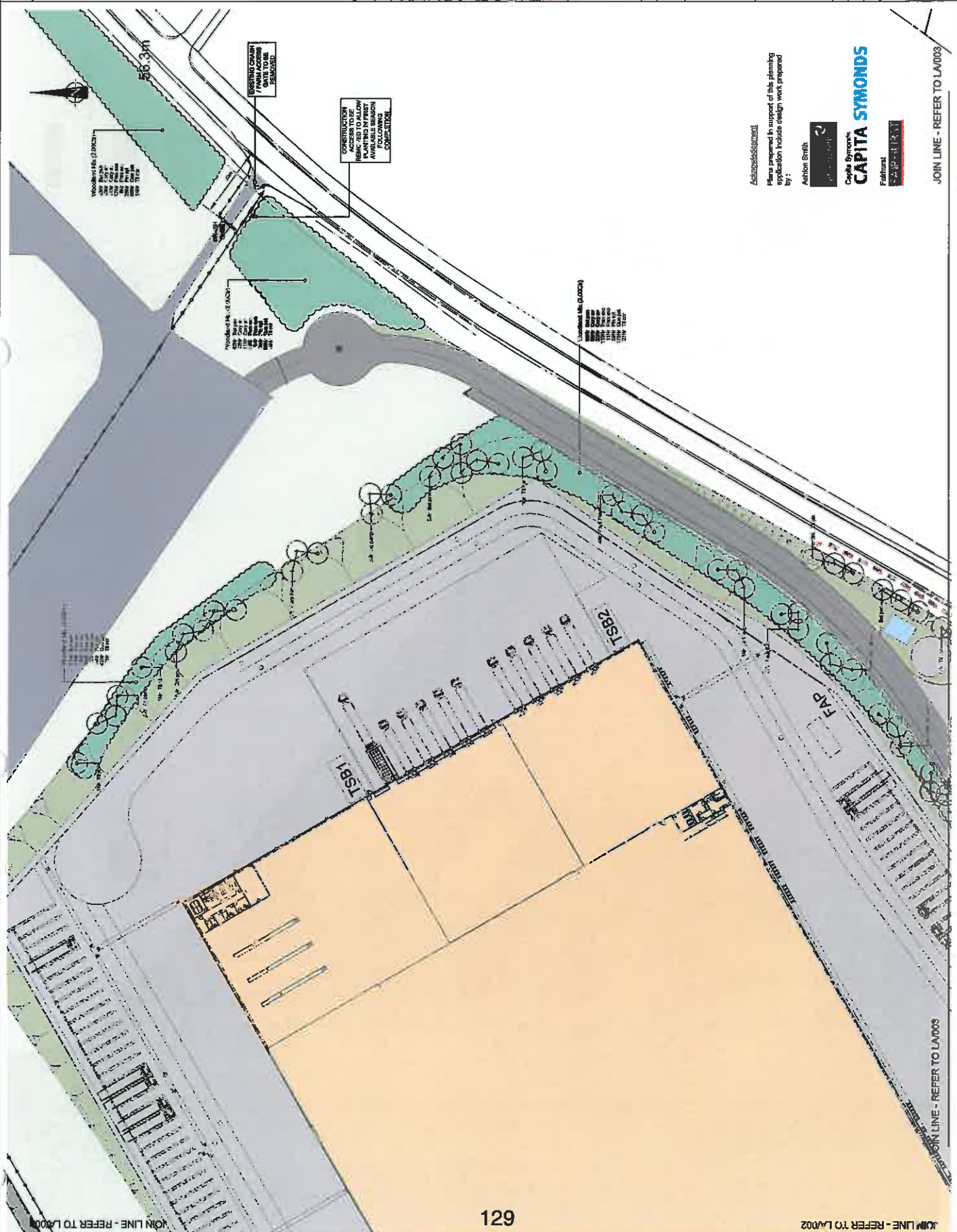






# CARLISLE LAKE DISTRICT AIRPORT AIR FREIGHT DISTRIBUTION CENTRE DEVELOPMENT PLAN





JOIN LINE - REFER TO LA/003

**Festivals**  
**فستیوال**

Capita Symonds  
**CAPITA SYMONDS**

**Ashlon Smith**

**Acknowledgement**

#### Acknowledgement

## PLANNING

**CARLISLE LAKE DISTRICT  
AIRPORT AIR FREIGHT  
DISTRIBUTION CENTRE**

**LANDSCAPE PLANTING  
PROPOSALS  
WOODLAND PLANTING  
SHEET 2 OF 5**

[illegible]

PL D133593/LA/002

Stobart Air

**KEY**

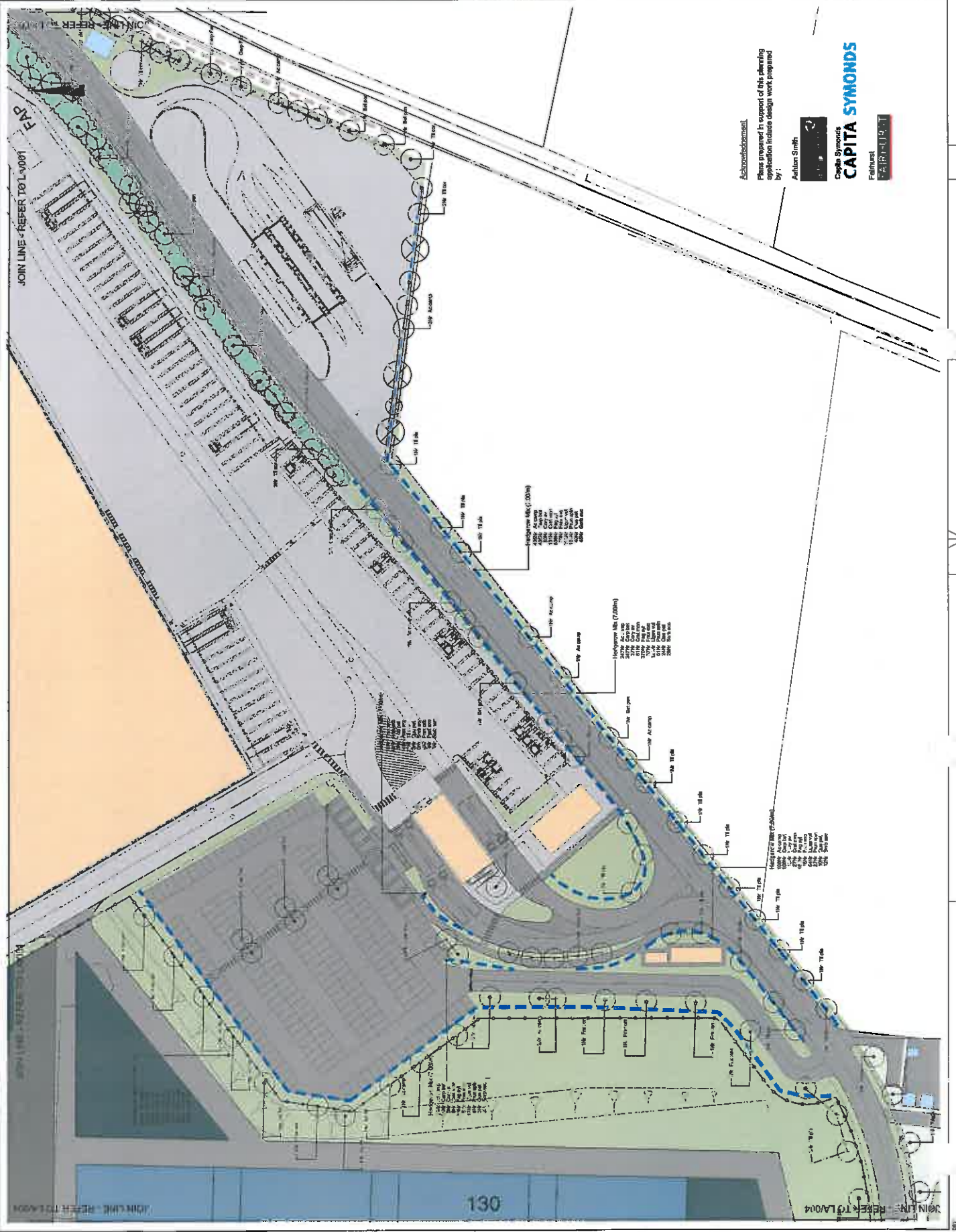
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|---|--|
|  | EXISTING HEDGE   |
|  | EXISTING TREES   |
|  | SPECIMEN TREES   |
|  | GRASS  |
|  | WATER, POND, SWAMP, ETC.   |
|  | WILDED WOODLAND  |
|  | PROPOSED BUILDING  |
|  | REARRANGEMENT MANUALLY TO BE IN 1:3 EXCEPT LOC NORTH EAST CORNER C |

## NOTES

1. FOR PLANT SCHEDULES AND  
SPECIFICATION REFER TO DWG NO.  
D13362-A4001













- (A) CLEARANCE HEIGHTS BY COLOUR: GREEN (PER 100 FT)
- (B) PAVING COLOUR TO MATCH EXISTING
- (C) WAREHOUSE DOORS
- (D) ROOF RISE
- (E) LEVEL ACCESS DOORS
- (F) INTERNAL DOORS INTO STORAGE
- (G) DOORWAY DOORS INTO +3
- (H) DOORWAY DOORS INTO +3
- (I) DOORWAY DOORS INTO +3
- (J) TECHNICAL SERVICE BLOCK
- (K) TRUCK OFFICE ACCESS & ROOF
- (L) WAREHOUSE ACCESS & ROOF
- (M) DRIVERS SHOWER & WC ACCESS

As shown/indicated.

Please refer to the site plan for application of the design shown.

By:

Aaron Smith

Capital Symonds

CAPITA SYMONDS

Fairfax

PLANNING

CARLISLE LAKE DISTRICT AIRPORT AIR FREIGHT DISTRIBUTION CENTRE

AIR FREIGHT DISTRIBUTION CENTRE WAREHOUSE ELEVATIONS & SECTIONS

Scale: 1:500

Drawn: J. Smith

Check: J. Smith

Date: 10/12/2010

Project: 10102010

Client: Scott Wilson Ltd

Location: Carlisle Lake District Airport

Drawn: J. Smith

Check: J. Smith

Date: 10/12/2010

Project: 10102010

Client: Scott Wilson Ltd

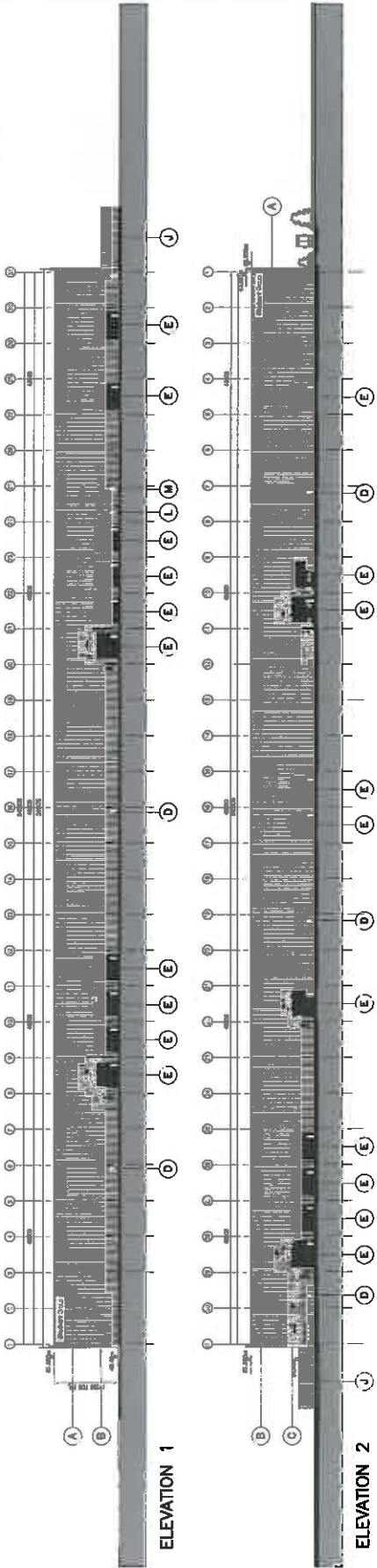
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Check: J. Smith

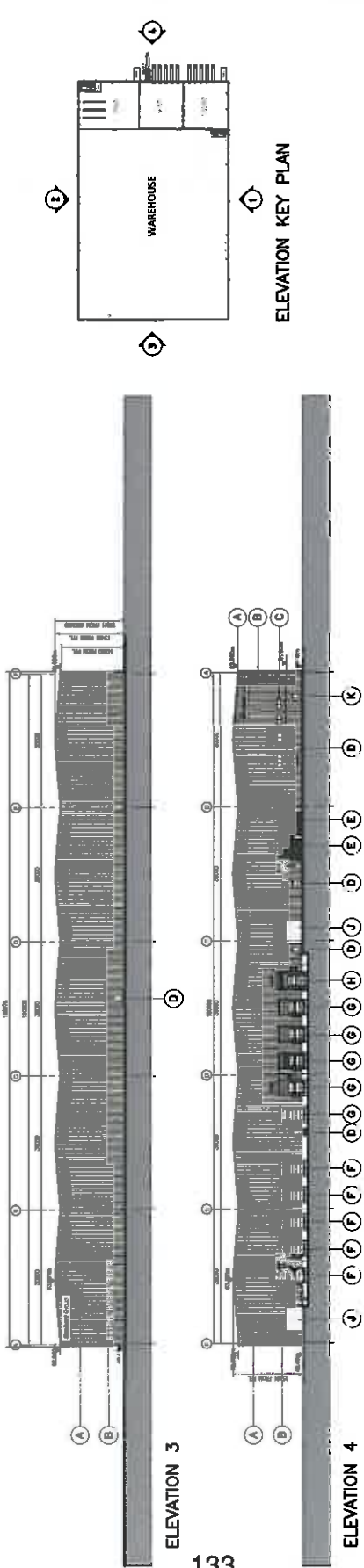
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Project: 10102010



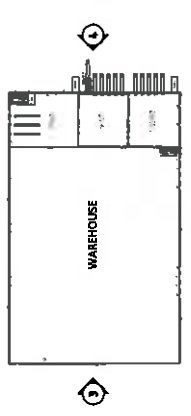
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ELEVATION 2

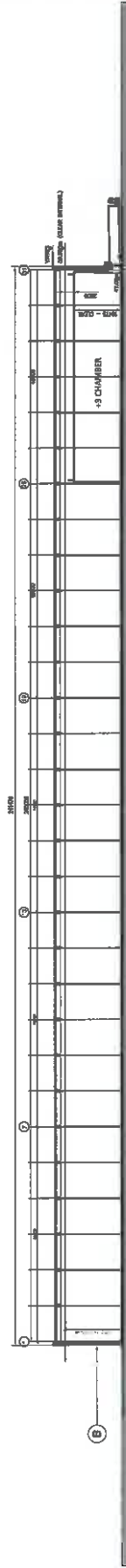


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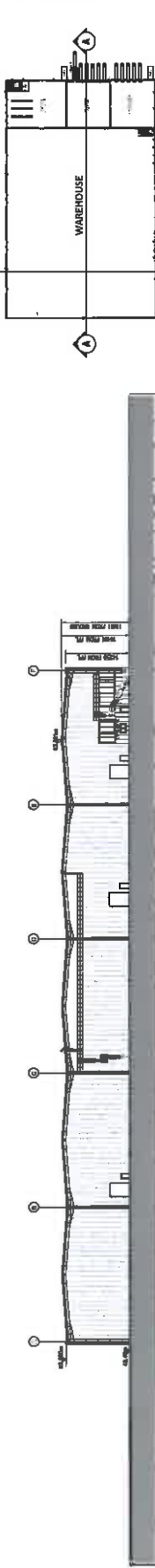
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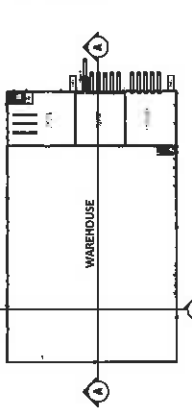
ELEVATION KEY PLAN



SECTION A-A



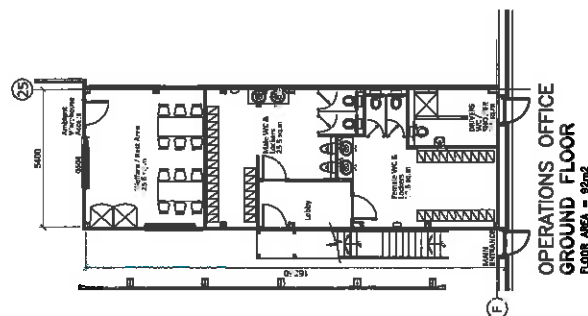
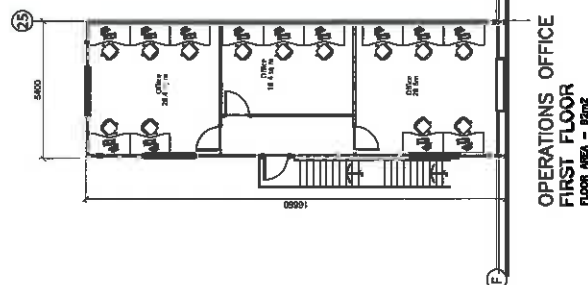
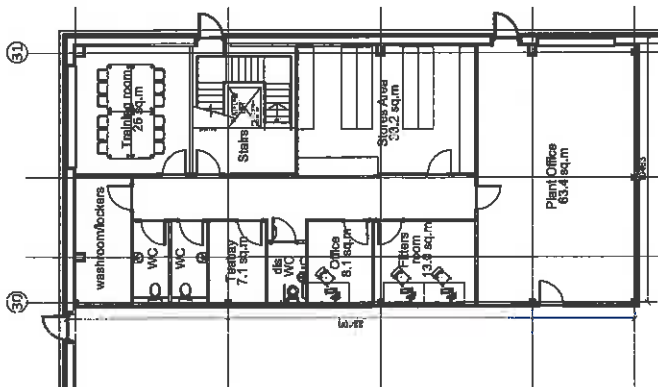
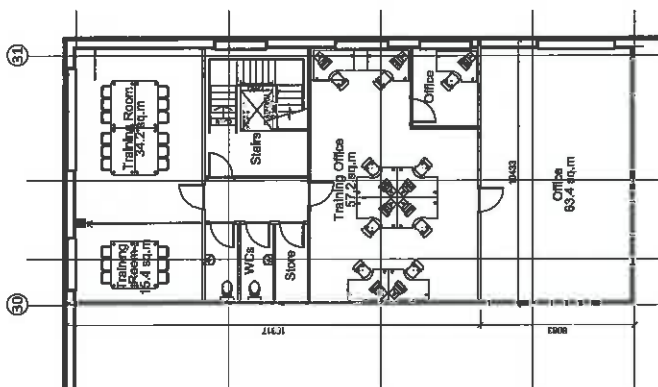
SECTION B-B



SECTION KEY PLAN



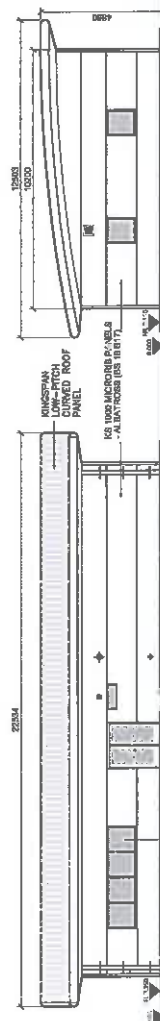
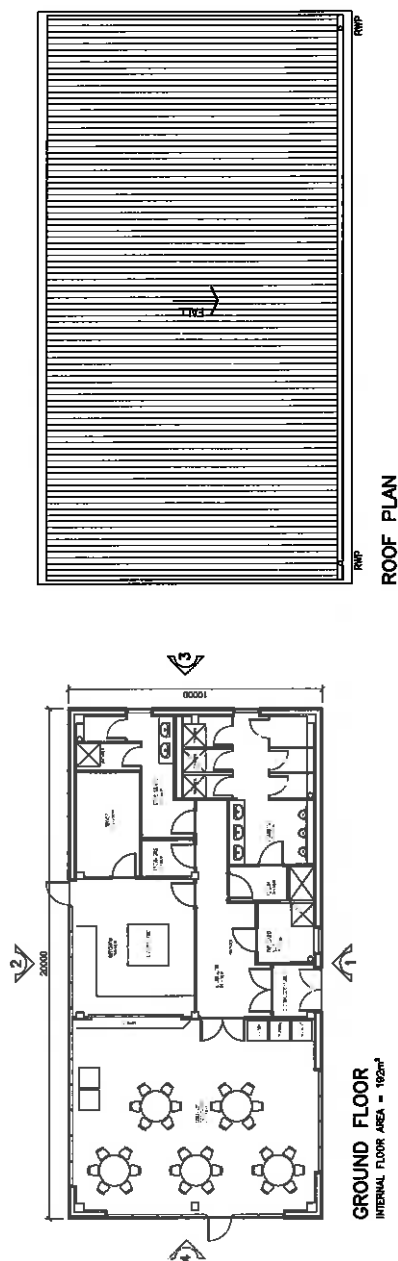




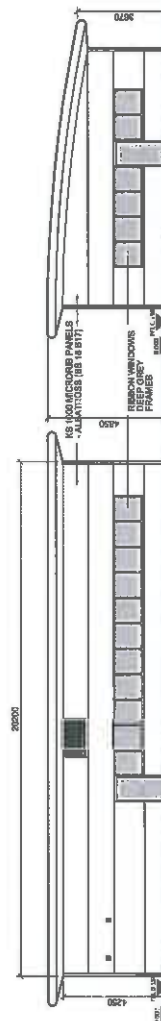
As shown on the plan  
Please prepared in support of the planning application include design work prepared by:  
Ashlin Smith  
Capita Symonds  
URS  
Scott Wilson Ltd  
D133593/A/1004

Revision No.	1.0	Date	10/12/2010
Drawn by	ASHLIN	Check by	ASHLIN
PLANNING			
CARLISLE LAKE DISTRICT AIRPORT AIR FREIGHT DISTRIBUTION CENTRE			
AIR FREIGHT DISTRIBUTION CENTRE WAREHOUSE OFFICE & OPERATIONS OFFICE PLANS			
Scale	1:500	North	10/12/2010
Project Name	WAREHOUSE	Project No.	10/12/2010
Client	URS	Design Stage	10/12/2010
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URS 100, The Quadrant, London, W1A 0AB Tel: 020 7460 8000 Fax: 020 7460 8001 Email: info@urs.co.uk			
Scott Wilson Ltd 100, The Quadrant, London, W1A 0AB Tel: 020 7460 8000 Fax: 020 7460 8001 Email: info@scottwilson.co.uk			
Drawing Number			





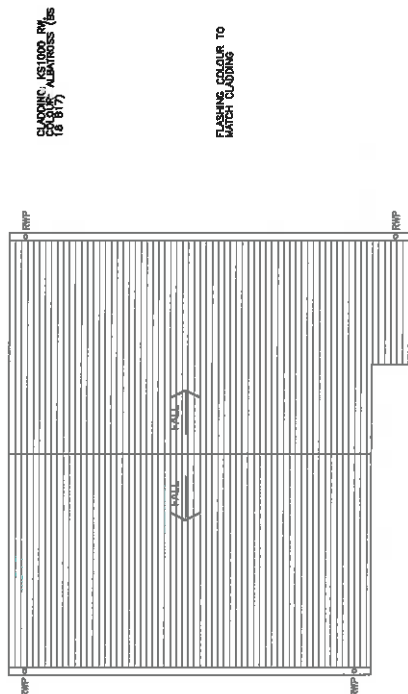
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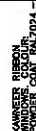
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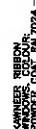
ROOF PLAN



ROOF PLAN



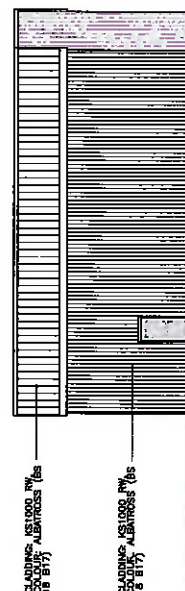
ELEVATION



ELEVATION 2



### ELEVATION 3



ELEVATION 4

#### Acknowledgments

Plans prepared in support of this planning application include design work prepared by:

Richard Smith

Capita Symonds

Capita Symonds  
**CAPITA SYMONDS**

Environ Biol Fish (2015) 98:1091–1101

Fahrstuhl

100





① FUEL ISLAND



② ABOVE GROUND FUEL TANKS



③



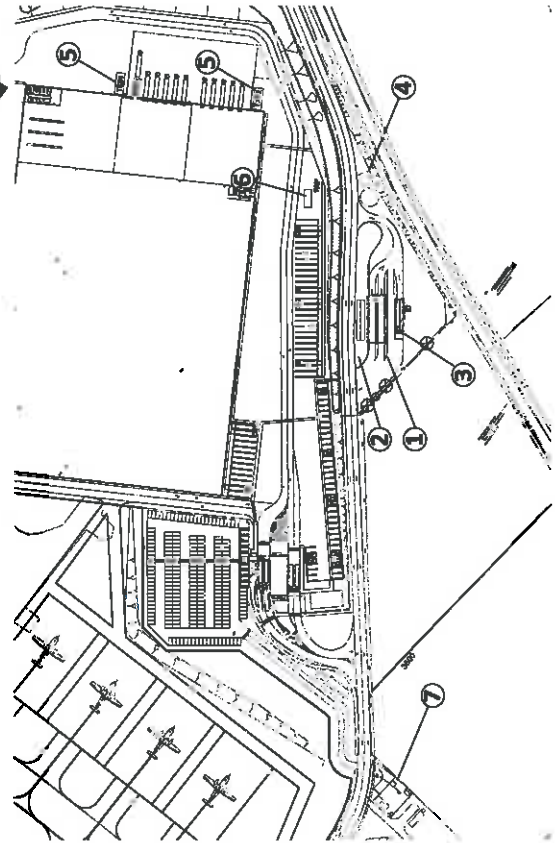
④ VEHICLE WASH AND PUMP ROOM



⑤ SUBSTATION



⑥ UPS TANK



PLANNING

Carlisle Lake District  
 Airport Air Freight  
 Distribution Centre

TYPICAL PLANT  
 & EQUIPMENT IMAGES

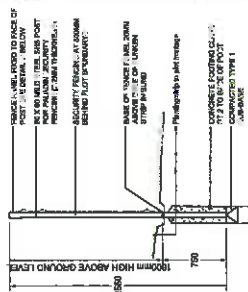
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Client	MANCHESTER
Site	MANCHESTER
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Phase 2 Date	10/10/10
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Phase 5 Date	10/10/10
Phase 6 Date	10/10/10
Phase 7 Date	10/10/10
Phase 8 Date	10/10/10
Phase 9 Date	10/10/10
Phase 10 Date	10/10/10
Phase 11 Date	10/10/10
Phase 12 Date	10/10/10
Phase 13 Date	10/10/10
Phase 14 Date	10/10/10
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Phase 98 Date	10/10/10
Phase 99 Date	10/10/10
Phase 100 Date	10/10/10

Advertisement  
 Photos prepared in support of the planning application include design work prepared by:  
 Capital Dynamics  
 Architects  
 Architects

CAPITA SYMONDS

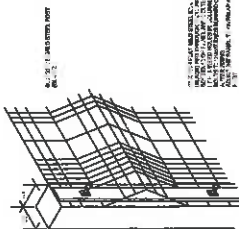
PLANNING

DISTRIBUTION CENTRE FENCING



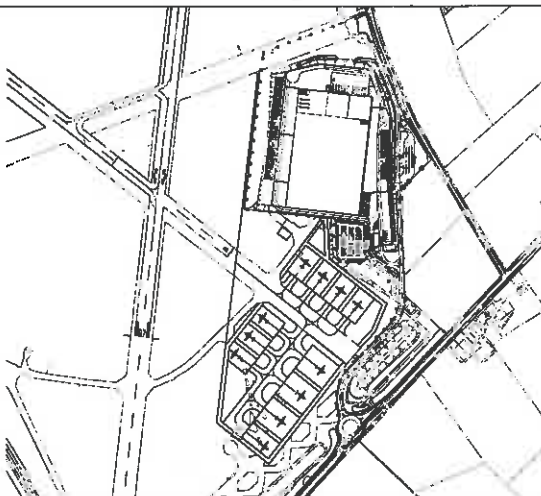
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DISTRIBUTION CENTRE FENCING



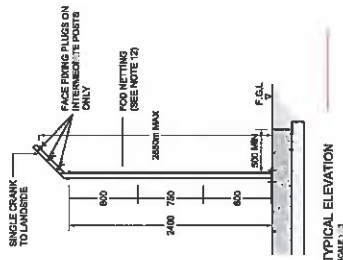
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KEYPLAN: NTS (SEE DRG PL 060)

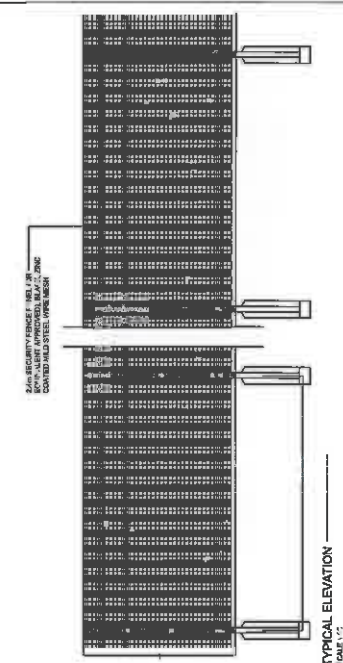
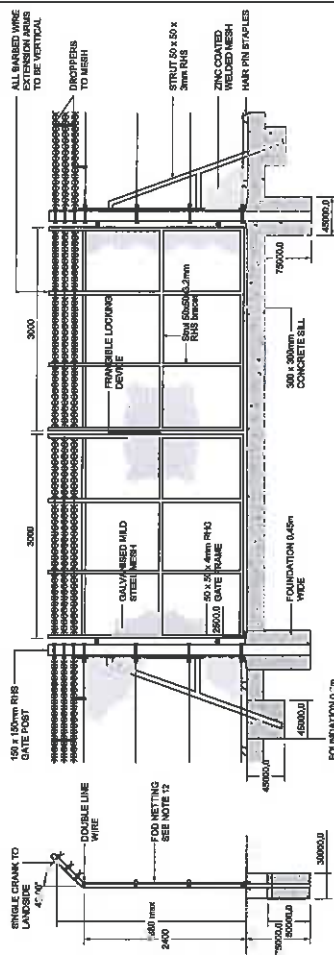


CRASH GATE ELEVATION

## AIRPORT FENCING

TYPICAL ELEVATION  
CAMEO 3

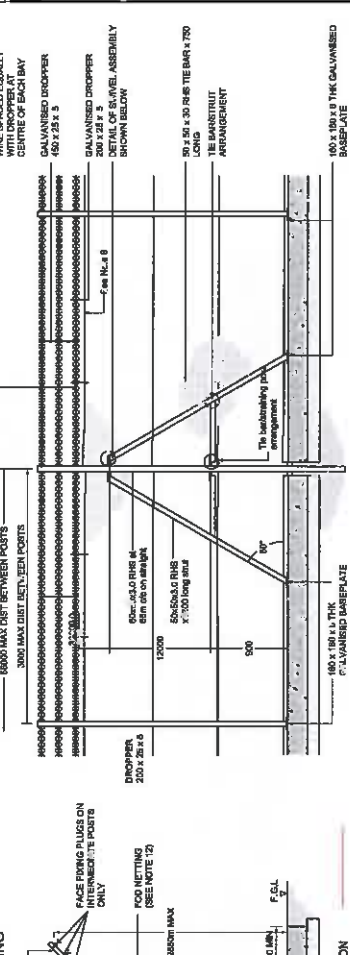
DISTRIBUTION CENTRE FENCING

TYPICAL ELEVATION -  
 1000'

**TYPICAL CRASH GATE**  
SCALE 1:25

**SECTION 1-1**  
**SCALE 1"=5'**

3 ROWS OF BARBED  
WIRE REMOVED FULLY

100 x 180 x L THK  
PLVANKSD BASEPLATE

**Acknowledgments**

Plans prepared in support of this planning application include design work prepared by

### Captain Symonds

**Faloutsos**

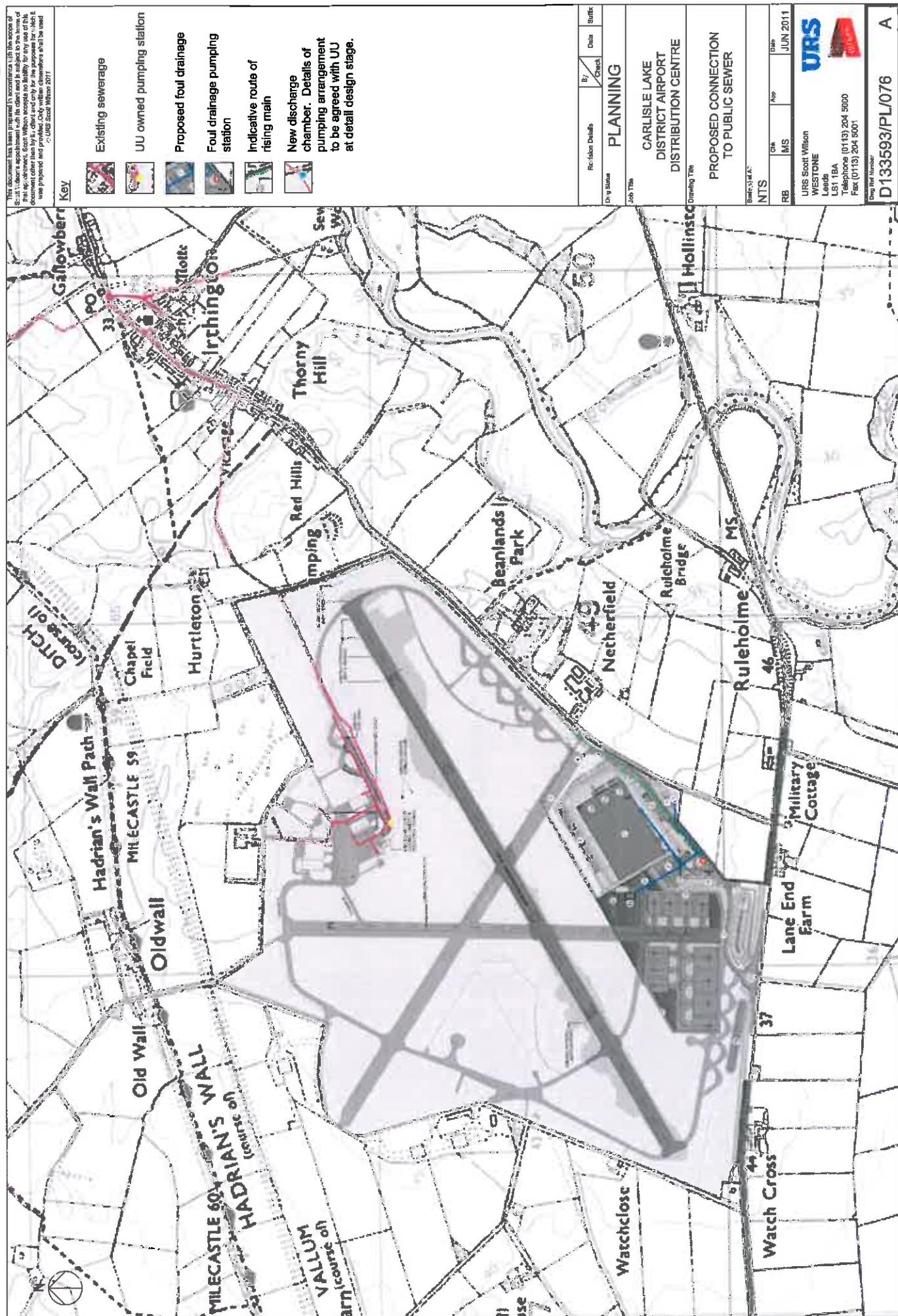
CAPITA SYMONDS

PL D133' .J061  
Gladys Dowling Number

PL D133

19061





# **CARLISLE** Economic Development Directorate

## **CITY COUNCIL** Assistant Director –Jane Meek BSc(Hons), DipTP, MRTPI



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D133185  
AH/LR/10/1116

29th July 2011

Dear Mr Smedley

I refer to your letter dated 14<sup>th</sup> July addressed to Darren Crossley. I have been asked to respond.

For reasons of clarity, I address the points raised under a number of headings:

- (1) publication of the Committee report;
- (2) the capacity of the existing terminal and the requirements of the Town and Country Planning (Environmental Impact Assessment) Regulations 1999;
- (3) the role and advice of ASA;
- (4) runway costs;
- (5) the weight given to York Aviation Ltd report and the reporting and presentation of representations;
- (6) the reasons for refusal.

In the light of your criticisms of the Council's processing of your client's application, it is appropriate first, however, to review this matter from the Council's perspective.

You will recall that in pre-application discussions in November 2010 officers made it clear that your client's application, when received, would be given priority. Very senior representatives of your client pointed out that, given the history of previous applications, including the quashing of the permission issued in 2009, objectors might well seek to challenge any future permission. Council officers commented that it was important to be as open and transparent as possible; and, moreover, that it would be a good idea to involve those who were known to be very interested from the outset to ensure that their

concerns were addressed. The Stobart representatives acknowledged that this would be acceptable.

Council officers further stressed the importance of ensuring that the full effects of the application were assessed. When it was nevertheless suggested that the plan was to use existing facilities and to use permitted development rights to expand, it was pointed out that the ES should address the whole of the project.

Officers also stressed that the linkage of the distribution centre with the airside improvements should be explained and the “revenue stream” argument be demonstrated.

In late November 2010 the Council was concerned to learn that the description of the proposed development included “the erection of an “Air freight Distribution Centre ...” when it appeared that this might well not be the primary use of the relevant building.

Whilst an email of 6<sup>th</sup> December from your company subsequently thanked the officer for his “prompt response”, the description was nevertheless not amended accordingly; and this led, apparently unnecessarily, to continued correspondence (e.g. emails of 15<sup>th</sup> and 20<sup>th</sup> December 2010 and 7<sup>th</sup> January 2011 and the Council’s letter dated 18<sup>th</sup> January 2011). In particular the e-mail from your company dated the 7<sup>th</sup> January 2011 referred to the scheme including not only the relocation of the existing Eddie Stobart operation from Kingstown but also *“the larger air freight related operation”* [emphasis added].

It was necessary of course for the Council to have to seek clarification of the proposed user of the building; and in this regard the Council sought information, for example, as to the proposed split of the floor space between air freight and road haulage. In turn you stated that it was not appropriate to break down the floor space when precise details of future air freight operations could not be confirmed. You referred to Land Use Classifications which include air freight terminals within the Goods and Freight Terminals definition but did not explain why an air freight terminal necessarily included a road-based, goods haulage business operating there from.

Attention was drawn by the Council to the fact that the ES envisaged no more than 1560 atms per annum by 2025 i.e. the approximate equivalent of two aircraft landing and departing per day, that the payload of the proposed types of aircraft suggested that the distribution centre would be for road haulage distribution with only some air freight.

As the Council set out in its letter dated 18<sup>th</sup> January 2011, *“so that this application can be processed as smoothly as possible it would be helpful if you could review your position and give active consideration to what I have suggested so that the description is not unintentionally misleading and that the application can be properly advertised.”*

The Council's solicitor advised Mr Howarth by telephone that the present view of officers was accordingly that the airside element of the application was insufficient to make the application policy compliant and should be advertised as a departure.

At the same time the Council received email correspondence from an objector (Mr G. Brown) who suggested that in the court proceedings last year legal representatives of both the applicant and the Council had *“insist[ed] that a building of near identical if not actually identical dimensions and location would accommodate not one cubic inch of air-freight.”* We have no way of confirming whether these were the actual words used but there is no doubt that this was the argument put forward by both parties. Further a letter dated 19<sup>th</sup> January 2011 from Mr Brown also referred the Council to extracts from Stobart Group's annual report (2010): *“... it is unlikely that significant cargo volumes can be generated from Carlisle Airport.”* and that the *“primary purpose”* of the acquisition of Carlisle Airport was to consolidate its present operations whereby there are presently *“five separate storage, cross-dock and administrative facilities within Carlisle”* leading to greater efficiencies and reduced labour and other costs.

The fact that the objector's view separately raised a similar concern to that raised by the Council is not to be equated with the Council being *“swayed”* by objectors.

It was only by your letter dated 7<sup>th</sup> February that you amended the description to refer to *“erection of a Distribution Centre ...”*. In your letter dated 22<sup>nd</sup> February 2011 you further amended the description by referring to a *“raised and re-profiled Runway 07/25”* instead of the original wording *“re-surfacing”*.

The Council's letter of 18<sup>th</sup> January was also accompanied, as a matter of good practice and courtesy, by copies of formal consultation responses, both dated 13<sup>th</sup> January 2011, from the County Council's Historic Environment Officer and Development Control (Highways) Engineer. The former advised that no information had been supplied by your clients relating to the areas of the proposed aircraft parking and the proposed western attenuation balancing lagoon; and that information needed to be supplied prior to the determination of the application. You responded by letter dated 22<sup>nd</sup> February. The Development Control (Highways) Engineer indicated that 8 issues needed to be addressed by your clients before the Transport Assessment could be considered satisfactory. Your response to the latter was received by letter dated 8<sup>th</sup> February 2011.

In respect of issues raised by consultees, the City Council cannot control the timing of their resolution.

By email dated 20th January RSPB comments received on 19<sup>th</sup> January were forwarded to your company; and later that same day, related guidance in respect of the RSPB issues was given by the Council by email. Consultation responses from Cumbria Wildlife Trust (CWT) and Natural England, both dated 21<sup>st</sup> January 2011, and Friends of the Lake District/Campaign to Protect Rural England – Cumbria Association) dated 24<sup>th</sup> January, were similarly forwarded. Your response to RSPB and CWT was received by letter dated 9<sup>th</sup> February.

The letter from Natural England advised, in particular, that the Council must undertake an “appropriate assessment” within the Habitats Regulations because, in their view, the proposal is likely to have a significant effect on the River Eden SAC and Upper Solway Flats and Marshes SPA; and that Natural England (NE) would thereafter need to be re-consulted. NE also advised that the ES be updated to incorporate the “Interim Wintering Bird Survey Results” received on 14<sup>th</sup> January. You responded by letter dated 24<sup>th</sup> February. (Ultimately the final wintering bird data report was received from yourselves on the 19<sup>th</sup> April 2011).

Quite separately, on 21<sup>st</sup> January 2011 a letter was received from Mr Brown’s solicitors (Messrs Dickinson Dees). This referred not only to the policy approach of the Council in respect of the previous application, and expressed their view that the application be advertised as a departure but also submitted that the proposed development fell to be considered by the Infrastructure Planning Commission (IPC) under section 23 of the Planning Act 2008. Naturally this needed to be considered carefully, particularly in the absence of published advice or case law under this new procedure. Correspondence was undertaken with the IPC and you made representations to the Council (letters dated 7<sup>th</sup> and 22<sup>nd</sup> February 2011, and 9<sup>th</sup> March 2011), responded to Dickinson Dees’ letter (10<sup>th</sup> February 2011) and your client’s solicitors (Messrs Squire Sanders Hammonds) also wrote directly to the Council’s case officer (10<sup>th</sup> February 2011). We forwarded the response from the IPC with our letter dated 15<sup>th</sup> February and this was followed by your letter of 22<sup>nd</sup> February. By letter dated 19<sup>th</sup> March the Council advised that, unless otherwise advised by the IPC, it would continue to determine the planning application. You concurred with this position.

The Council cannot be criticised for having had to investigate the IPC issue.

Thereafter, with the description settled and the IPC issue considered, the Council was now able to concentrate further on the detail of the application, and, in a comprehensive letter (letter dated 3<sup>rd</sup> March), raised various points for clarification with you arising out

of the application documentation received – viability, staff numbers, how the multipliers relating to economic benefits had been calculated, growth rates etc; and confirmed that the Council had commissioned consultants Alan Stratford Associates to provide an independent report with regard to socio-economic impacts, traffic and transport, noise and vibration, air quality and dust, airspace and air traffic management, and hazard assessment; and raised a separate query about the treatment of waste water.

You responded to the points of clarification on 14<sup>th</sup> March and the Council in turn responded by letter dated 29<sup>th</sup> March. In this letter the Council again sought clarification (as it had in pre-application discussions) on the linkage between the proposed distribution centre and the future viability of the airport and sought a business plan and the results of any market research undertaken.

You responded on 6<sup>th</sup> April confirming that the distribution centre constituted ‘enabling development’ and that Stobart Air would be *“in a position to finance expenditure on aviation infrastructure upon receipt of rental income from freight distribution operations”* [emphasis added]; and you suggested that a condition requiring works to be carried out to the runway within a reasonable timescale would be appropriate.

The Council’s subsequent letter of 14<sup>th</sup> April sought further information, particularly an itemisation of the costs of the proposed airside works. Your letter dated 21<sup>st</sup> April indicated, however, that this was not possible because the costs would be subject to detailed design and competitive tender; and you suggested that a condition requiring the agreement of a programme of works to be reached before works on the distribution centre commenced would be appropriate. It now transpires that such costs were in fact already available.

ASA issued a draft report in early April and this was of course copied to you on 5<sup>th</sup> April. In its letter of 14<sup>th</sup> April the Council made it clear that it was for your client to respond on any of the matters raised by ASA that it considered appropriate, as well as referring to 5 paragraphs in the Executive Summary. You were aware that the Council had only very recently received the report themselves but had wished to share it, entirely consistently with its transparent approach, as soon as possible, whilst it considered it too.

You chose to respond only to the 5 paragraphs specifically mentioned in your letter of 21<sup>st</sup> April. In its letter dated 6<sup>th</sup> May 2011 the Council noted with surprise that the points on viability raised by ASA had not been addressed thus far by you and reference to further paragraphs in the Executive Summary was made. It was pointed out that Councillors would want to be advised upon, amongst other matters, the timing of the delivery of the airside works. It was noted, in this regard, that the proposed development might not all be considered to be in accordance with the development plan and that the delivery and timing of benefits would therefore need to be weighed too. The



information would also be relevant to determining the nature of any mechanism to secure the benefits.

In your letter of response dated 16<sup>th</sup> May you stated that the cost of the runway works was now being investigated so as to be able to inform the construction programme. It was now envisaged that runway works would commence within 1 year of the grant of permission but *"[i]t is presently unknown when all of the runway works will be complete (particularly because the costs of those runway works are yet to be defined) ..."*

In that letter you expressed concern over the length of time taken for the ASA report to be compiled, although the Council had itself sought detail and demonstration of the enabling argument for 6 months. This included costing and viability.

Your letter recorded that, at that time, a number of further responses from consultees were awaited. Unfortunately the relevant officer at Natural England, with whom you had been having correspondence, had left. One of the "appropriate assessments" had still to be completed and both would need to be submitted for agreement.

The ASA report was finalised in May. This referred to the advice on costs which the Council had been obliged to take in the absence of information from your client.

In a letter to you dated 7<sup>th</sup> June the Council stated that:

*"I know that your clients are very keen to progress the application, however, if the application is to go to Planning Committee on 15<sup>th</sup> July 2011 we will need this information by 21<sup>st</sup> June 2011 if it is to be included in the report. "*

On 20<sup>th</sup> June a report from York Aviation consultants, commissioned by Mr G. Brown, was received by the Council and forwarded to you for your comments. It was also sent to ASA for their comments. Comments were also received, particularly relating to the runway etc costs, from Mr G. Brown and Mr D. Ransley, the latter indicating that he was a senior building and civil engineering estimator in a construction company.

On 22<sup>nd</sup> June you responded to an email sent on the 6<sup>th</sup> June and the letter dated the 7<sup>th</sup> June:

*"Carlisle Lake District Airport is currently operating at a loss of £1.2m per year. The distribution centre will generate an income of around £2m per year. The proposed investment will be £15m (part of which is the costs associated with the runway works as shown in the enclosed letter), which at a rate of 5% would equate to interest only payments of £750k per year. Consequently, this level of investment would result in the Airport operating at a surplus of £0.05k before any benefits associated with commercial passenger and air cargo operations are taken into account. (and in addition to the wider economic benefits that would accrue from commencement of those operations). The*

*development would therefore make the Airport sustainable and profitable, and enable it to continue operating. ...*

*A construction programme is currently being prepared which we intend to submit to the Council prior to the 15th July 2011 planning committee. At the time of writing, we envisage that the runway works will commence within 1 year of the grant of planning permission and be complete within one year of those works commencing, to a minimum PCN value of 31. It should be noted that this PCN is identified because it meets the standard required to accommodate the aircraft predicted to use the Airport (as defined in the ES) and was accepted as an appropriate PCN Value by the Council during the course of the previous application."*

You appended some costings on an "in confidence" basis. These had clearly been available since at least February 2011.

You referred to the greatest potential for passenger services being between Carlisle and Southend and Carlisle and Dublin and Belfast, enclosed a letter from Aer Arann which stated that opportunities were being looked at in respect of the former route, but reiterated that airlines were unwilling to commit in advance of infrastructure being in place.

You expressed your concern over the delay in responses from NE and CWT.

On 28<sup>th</sup> June you sent a construction programme to the Council. Having suggested previously (letter of 6<sup>th</sup> April) that runway works could only start upon receipt of rental income generated by the distribution centre, the draft programme indicated that runway works would take place and be completed between January and April 2012, by which time the warehouse would also be complete. This appears from your letter of 22<sup>nd</sup> June to be intended to be funded by a loan. Whilst this timescale is in principle of course to be welcomed, the advice received by the Council/ASA from Gleeds painted a very different picture regarding the costs of the runway, apron etc works.

On 29<sup>th</sup> June the Council by email informed you that the report to committee was being prepared to meet the deadline (committee of 15<sup>th</sup> July) and that it might not be possible to incorporate your client's response to the York Aviation report (which had not at that stage been received); and offering to delay taking the application to committee to allow your client more time, if desired.

On 1<sup>st</sup> July you responded to the York Aviation report but you did not respond to the Gleeds estimates. The points mentioned were discussed with ASA.

On Thursday 7<sup>th</sup> July the officer's report was published 5 days ahead, as required, of the Development Control Committee Meeting of the 15<sup>th</sup> July.

On Monday 11<sup>th</sup> July your letter of the same date was received.

On the 15<sup>th</sup> July, in the light of the content of your client's email sent on 14<sup>th</sup> July, officers recommended that consideration of the application be deferred.

### **Publication of the Committee Report**

The duty upon the Council is to act fairly, both to the applicant and to objectors. There is no legal obligation to inform an applicant of a proposed recommendation, moreover given that the report was not completed, and the recommendation set out therein, finally decided upon until shortly before its publication, it would not have been practicable in any event. As you will be aware, reports to planning committee must be published 5 clear days before the meeting of the planning committee. The applicant is thereby made aware of the recommendation and can make representations before and to the committee meeting.

The report is the culmination of a consideration of all of the planning application/ES documentation received, consultation responses and representations received, including additional information received from you on behalf of the applicant. This process has necessarily extended over a considerable period of time and, once a date is fixed for the determination of the application by committee (as it was in early June), representations from all parties tend to increase rather than diminish, indeed for example, the York Aviation report was not received until 20<sup>th</sup> June, your letters of the 22<sup>nd</sup> and 28<sup>th</sup> June, correspondence from Mr Ransley was received on 29<sup>th</sup> June and your further response on 1<sup>st</sup> July. The report has to reach a conclusion based upon a consideration of all of the representations and officers would be criticised if it did not. As regards your reference to the application being determined outside its 'target' date, the chronology set out above shows how and why this was not possible.

Finally, the recommendation cannot have come, with respect, as a complete surprise to you in the light of the points raised by the Council and the responses received on behalf of your client.

## Capacity of Terminal

In the pamphlet *"Planning a bright future for Cumbria Lake District Airport"* (2007) the Stobart Group, under the heading *"Outdated facilities that are no longer fit for purpose"*, state that the Airport has a *"small, outdated terminal building"* and application reference number 07/1127 included the provision of a new passenger terminal. [emphasis added]

You will also be aware that in March 2010 W.A. Fairhurst and Partners wrote to the Council explaining that *"[t]he existing terminal building ... provides the current requirements for the airport's operational needs ... it is envisaged that as the airport grows ... this facility will require a further enhancement programme to ensure that the facilities meet the needs of the customer base. This enhancement programme may take any number of different directions ..."* [emphasis added]

In your letter dated 9th March you nevertheless stated that the existing terminal will not be extended.

However, the draft ASA report of April 2011 raised concerns as to the capacity of the existing terminal building and this concern was then reiterated in their Final Report (May 2011). It was only in your letter dated the 11<sup>th</sup> July that a response was given. The Council had expected that you would have addressed this point sooner. Unexpectedly, therefore, the report had to consider the consequence of the matter not having been rebutted. As you know we rely for aviation-related advice upon ASA. The officer's report to committee recorded that the *"ES appears to be deficient ..."* First that allows for further submissions to persuade officers/ASA in the mean time. Secondly, if that apparent deficiency had been the only point upon which the Councillors were to be concerned, then officers would have advised that the determination of the application be deferred.

ASA's advice was that *"even with a lower passenger throughput (say 50,000 – 100,000 passengers per annum), it is unlikely that the terminal could cope with peak period throughput, particularly in the event of delays etc."* We understood this advice to have been given *irrespective* of the fact that ASA had *"not examined the current size and nature of the present building in any detail"*; and ASA have since confirmed that this was indeed their advice. The advice appears to be consistent with the previous statement of W.A.Fairhurst and Partners.

If further buildings/works are likely to be needed to accommodate the capacity for 200,000 passengers per annum that you envisage, irrespective of whether the works need planning permission, the likely significant environmental effects thereof need to be considered before the present planning application can in law be determined favourably. It was entirely correct to write the report in its present terms in the light of the advice received from ASA. Obviously, if only internal refurbishment works to the existing terminal building would be needed, the Council accepts that this would not give rise to EIA issues.

You refer to Coventry Airport. Your comments, which could of course have been mentioned in response to either the draft and/or final ASA reports, are noted. We are taking further advice on this matter. As a very general point, we believe that the terminal building at Coventry Airport may in the past have been quite controversial and given rise to planning disputes but we shall of course seek to check the facts and to assess your attached plan. We note that the plans do not presently appear to allow for wc facilities or a refreshment area, and the baggage reclaim area appears to be located outside the terminal building.

200,000 passengers on 4 flights in and out per day, with 70 passengers per flight would of course theoretically equate to 357 days per year; but it is surely likely that there will be peaks in the number of flights per day and passengers per flight, according to the season, and day of the week, and this was ASA's stated concern.

We entirely reject, with respect, the suggestion that the report is unbalanced. Officers have afforded you and our clients every opportunity to make representations and have encouraged you to address points of potential concern. From the outset of the report we draw attention to officers' view that airport-related development is in principle to be welcomed. You will be well aware of the Council's previous statements (in respect of the previous as well as the current application) concerning the proper application of policy.

### **Role and findings of ASA**

Of course the Council does not wish there to be another Judicial Review. That does not mean that the Council is therefore disposed to refuse the application. You will be aware that in respect of the 2007 application the Council was minded to approve, and in respect of the 2008 application, the Council granted permission. Objectively, it is of course a matter of regret that the last planning application was not accompanied by a more extensive ES, despite requests. Officers are simply concerned, however, to ensure that the present application is considered carefully; and that is why we have

written on a number of occasions seeking more information, particularly concerning the deliverability of the benefits sought.

Just as we have sought aviation-related advice from ASA in respect of the applicant's application, so too we need to take advice from ASA in respect of aviation-related representations made by objectors. An example of this is in respect of representations made by York Aviation. You appear to criticise the fact that ASA were asked to comment on such representations but, with respect, that criticism is misconceived. The Council seeks an independent view on the respective contentions.

You criticised ASA for wishing to "*remain at arms length*" in your letter of the 10<sup>th</sup> June but in your most recent letter you make no reference to the explanation from the Council contained in an e-mail sent on the same day. We do not accept that this has added significantly to any delay. The benefit of their independence has meant that it has allowed for greater transparency, and enabled objective consideration of all the issues. In the case of the latter you will be aware of the difference of opinion with the Highway Authority regarding the need to stop up the Irthington Road and the creation of a link road through the airport.

You also suggest that ASA has failed to appreciate the nature of the proposed development and give as an example the reference made to a Boeing 747. However, the point that is being made is that some of the proposed stands are large enough to accommodate a 747, and thus seem to be unnecessarily large. It is nowhere suggested by ASA or the Council that such aircraft are proposed to operate from Carlisle.

### **Runway Costs**

As mentioned at the outset of this letter, the importance of explaining and demonstrating the "revenue stream" argument was mentioned in pre-application discussions. This is because, as previously stated, the Council needs to be satisfied that the annual income will be sufficient to cover the costs (as well as the current losses) and thus inform Members on the likely timescale for provision, whether it is deliverable, or whether further development may be required.

You will further be aware that in February 2010 W.A. Fairhurst and Partners referred in their letter to the Council to the fact that:

*"[t]he current runway lighting and cabling is very old and likely to also need replacing as part of these works to enable the airport to continue to comply with normal CAA safety requirements";*

and that, in their letter in March 2010, W.A. Fairhurst and Partners referred to the fact that : *"the existing runway drainage includes a centreline drain that is unsuitable for a commercial air transport runway. This will be removed as part of the project and replaced with runway edge drains ..."*

Thus the runway works embrace not simply planing and resurfacing the existing runway but also removing and replacing the existing drainage; providing new lighting and cabling; and work on the taxiways and the aprons.

The delay in providing costings and the necessity for confidentiality in respect of the costs has not been explained. More importantly, it is necessary that the discrepancy with the Gleeds' figures is now reconciled, if possible, and that a business plan showing how the real costs (capital and interest repayments) of the airside works, alongside the current losses will be financed into the future.

The tender returns provided are referable to drawing numbers PL D133593/PL/050 Rev and /051 Rev but these plans do not include a specification on the standard of construction, the taxiways and aprons, lighting, and drainage. It appears that part of the discrepancy may be based on the aforementioned plans, however the stated £50,000 surplus makes no reference to capital repayments.

In your letter of the 11<sup>th</sup> July you refer to the works at London Southend and state the estimate figure of £2.9m for carrying out *"runway resurfacing and ancillary work packages associated with the Airport application."* However, it is important to be clear as to whether the work at London Southend is directly comparable.

The draft construction programme does not appear to refer to the provision of the aprons or taxiways. Could this be clarified please. Further it is unclear whether the programme is compatible with the existing agricultural tenancies. This aside, the need to know the detailed costs based on all the proposed works to the runway/aprons/taxiways/lighting/drainage including any GNSS landing system still remains.

A copy of ASA's Final Report was attached to an e-mail sent to yourselves on the 6<sup>th</sup> June. For you now to state that *"no reasonable opportunity has been provided to the applicant or its agent to comment upon the costs set out"* [by Gleeds] is therefore both surprising and not, with respect, accepted.

## **York Aviation Ltd Report**

The York Aviation Report was forwarded to ASA who subsequently advised the Council before the officers' report was completed, that they generally agreed with the points made. Where it coincided with the views of ASA it was therefore accorded some weight. Generally the content of representations made are not included in the main body of the report but, since the points were raised by professional consultants and supported the advice given by ASA on important issues, for ease of reference it was felt appropriate to include them in the main body (whilst clearly noting their provenance).

You highlight that the York Aviation Report has an error, that it indicates that runways 07 and 25 have TORA lengths of 1,470m and 1,505m respectively although the actual lengths are 1,659m and 1,714m respectively. This apparent error in one respect does not mean that the basis of the Committee report is unsound. The more important measurement may be the landing distance area in any event.

### **Reporting and Presentation of Representations**

You suggest that representations have been unfairly presented in the Committee report. This is not accepted. However, having gone through all the representations received again prior to the Meeting the following differences have become apparent:

- the Committee report states 67 in favour but this should have stated 66;
- the Committee report states 62 against but the correct number at the time was 61;
- the figures given in the Committee report concerning Solway Aviation Museum and those who made comments are correct.

An update on the situation, inclusive of subsequent comments received, would have been included in the presentation to Members during the Meeting along with the contents of your letter dated the 1<sup>st</sup> July which had been copied in full and included within the Supplementary Schedule given to each Member of the Committee.

The Case Officer was not aware that your letter dated the 1<sup>st</sup> July had not been uploaded onto the Council's web site. This has been corrected and it is noted that you were not at any disadvantage with regard to the comments received from objectors.



## Reasons for Refusal

In the context of previous correspondence from yourselves on this matter and the way the application has been advertised, you were already well aware that the road haulage elements are not considered by the Council to be in accordance with the Development Plan. This view was taken in relation to the previous proposal in 2008 and, although reviewed afresh, it cannot be a surprise that the Council has reached a similar conclusion with regard to the current proposal. The different interpretations of policy are, moreover, fairly set out in the Committee report for Councillors to consider.

You will be aware from the ASA Report of the view taken that only 5-10% of the proposed distribution centre would be likely to be utilised for air cargo whilst York Aviation Ltd state 1%. On either view, it should not be perplexing that it is considered that the proposed the distribution centre is primarily, indeed almost exclusively, for road haulage.

The Council's Economic Development Section were unable to respond but we can ensure their comments regarding the previous application are put before the Members of the Committee.

As the Committee report makes clear from the outset, Officers share support for the Airport. The issue is whether this proposal can realistically ensure the stated benefits.

The Committee report makes clear that the Airport could close under the Lease. If a decision not to grant planning permission would lead to the closure of the Stobart Group's presence in Carlisle then that is a material planning consideration to be taken into account. The submitted ES does not analyse this as part of a "do nothing" alternative; moreover, on a separate point, whilst the "do nothing" alternative refers to a *"requirement to maintain an operational airport"*, as we understand the provisions of the lease to which you refer, there is no requirement to maintain an airport if, after 31<sup>st</sup> May 2011, it is not capable of economic operation. Once again the importance of the viability issue looms large: it would be most unfortunate, for example, if the airport were to close leaving simply a road haulage operation at the airport.

Reverting to your point as to the potential closure of Stobart, absent a permission for the distribution centre at the airport, we note that you do not raise any concerns with regard to the section of the report concerning the existing premises and the availability of alternative sites. For the avoidance of any doubt, however, please confirm.

When looking at the market for passengers and air freight, the direct comparison with London Southend is not readily apparent. We are mindful of the letter from the Chief

Executive of Aer Arann but you will be aware that the advice from ASA, and supported by York Aviation, is that there is not a viable market. It is neither inconsistent nor contradictory to take projections at face value whilst also looking at the underlying assumptions such as rent, operating losses, costs of the works, capital and interest repayments, the payment (if at all) of any subsidies, and any return to shareholders.

We have discussed the second reason for refusal with the relevant Engineer of the Highway Authority who explained that he could have recommended refusal on the basis of the inadequacy of the submitted Travel Plan but instead chose to recommend the imposition of a condition requiring the submission of a new Travel Plan inclusive of bond figures/penalties. The need to address the second reason for refusal still remains and in the Council's view it is important that any bond figures/penalties are made clear to the applicant up-front and that mechanisms are secured in advance of any permission being granted. We have spoken to the County Council accordingly.

In relation to the third reason for refusal you allege that the author appears to disregard the advice of English Heritage although paragraph 6.137 of the report explicitly states that:

*"English Heritage consider that the main built element, by virtue of its location and scale, will be unlikely to have an adverse impact on the ability to comprehend and appreciate Roman military planning and land use in relation to Hadrian's Wall."*

The report identifies that the issues being considered relate to the impacts on the character of the landscape and visual impacts on particular receptor points. This was written with due acknowledgement of the comments from English Heritage with regard to the distinct issue of the ability to comprehend and appreciate Roman military planning. You will also note that the reason for refusal makes no reference to LE7 of the Local Plan 2001-2016.

Your comments regarding the ambient light levels are noted but not felt to alter the overall assessment.

In conclusion it is considered that the allegation is unsubstantiated and, at the same time, the language used, and the nature of the comments, do not positively address the issues in hand.

At your client's request the Committee agreed to defer consideration of the application to enable the submission of further information. To avoid any confusion, it is considered that your client needs to submit further information with regard to:

- a detailed breakdown of the cost of the proposed runway works (inclusive of taxi ways and aprons, and lighting etc) and any other aviation associated works (such

as the terminal and GNSS landing system), a breakdown of the remaining costs associated with the proposed development, anticipated capital and interest repayments, and whether further development is anticipated;

- why it would not be viable for the Stobart Group to stay in Carlisle should permission be refused;
- the aviation markets for passengers (e.g. Carlisle to Southend) and freight based on research, field work and surveys, and the payment (if at all) of any subsidies;
- address the concerns with regard to the submitted Travel Plan; and
- see whether the concerns regarding the impact of the proposed development on the landscape character and visual amenity can be addressed beyond the already submitted details.

We intend to take further advice regarding the submitted ES and the capacity of the existing terminal.

I hope this letter clarifies matters and await the receipt of the necessary information. It is very important that we deal with the issues raised as soon as possible. You are aware of the correspondence from United Utilities, dated 21 July 2011, in which they indicate that funding for a proposed sewer transfer and upgrade project will be *"extremely likely to be reallocated to another scheme"* if the application is not determined by 19 August 2011. In addition to the loss of funding, United Utilities also indicate that they will modify their response to the application and register an objection for the reason explained in their correspondence.

For the Council to be able to properly consider information requested we require receipt from you of the same no later than **5th August 2011**.

Yours sincerely

**Jane Meek**

Assistant Director, Economic Development

Copy to: Trevor Howarth, Stobart Group



INVESTOR IN PEOPLE

Angus Hutchinson  
Carlisle City Council  
Planning Services  
Civic Centre  
Carlisle CA3 8GQ



17 May 2012

Dear Angus

Full Planning Application for the 'Erection of a Distribution Centre (inclusive of air freight and road haulage, and including integrated +3 °C chiller chamber, +12 °C chiller chamber, workshop and offices) (use classes 81 and 88), gatehouse, canteen, welfare facilities, landscaping, new access, parking and other infrastructure works (such as auxiliary fire station, package sewage treatment works, fire sprinkler system and electrical substation) and raised and re-profiled Runway 07125.'

Application Ref: 10/1116

This letter represents an update to our Report dated May 2011 and takes account of subsequent correspondence and information submitted on behalf of the applicant including a letter sent by Aer Arann to Carlisle City Council on 29th February 2012 regarding the possible introduction of new services at Carlisle Airport; a letter from York Aviation to Dickenson Dees (advisors to a local resident, Mr Thomas Brown) dated 16th March 2012; and a report 'Carlisle Lake District Airport: Potential Passenger and Freight Markets' prepared for submission to the North West Regional Development Agency in May 2009 which has recently been made available to us.

#### Air Traffic Forecasts

##### Passenger Forecasts

Air traffic forecasts for Carlisle Airport were prepared initially by Avia Solutions (on behalf of the Applicant) in 2008 – and indicated that traffic levels might potentially be in the range 50,000-200,000 passengers per annum. Their analysis was based on a consideration of the airport's 'natural catchment area' (typically one in which Carlisle is the nearest scheduled service airport) and the potential for inbound tourism to the Lake District. The same forecasts were replicated in the report 'Carlisle Lake District Airport: Potential Passenger and Freight Markets' prepared for the North West Regional Development Agency in May 2009. More recent analyses (2011) have been produced by Mott MacDonald (on behalf of the Applicant) and by York Aviation (on behalf of a local resident, Thomas Gordon Brown).

It is recognised by both Mott MacDonald and York Aviation and, to a lesser extent, by Avia Solutions that the key potential route from Carlisle would be to a 'London' airport and we concur with this view. Stobart Air has now indicated that this would be to London Southend Airport, which they purchased in December 2008 and developed significantly since this date. A new rail station accessed by shuttle bus from the current passenger terminal has been constructed, offering a 55 minute rail connection into London Liverpool Street station. A new passenger terminal opened in early 2012. Based on my understanding Stobart Air have also invested in a 5% stake in the Irish regional airline, Aer Arann, who offer daily services from Southend to Waterford and Galway. In their letter of 29th February 2012, Aer Arann indicate that they are planning to introduce a twice daily service

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from Carlisle to London Southend and a single daily service from Carlisle to Dublin using a 48 seater ATR 42 aircraft. Based on their projected load factor of 70%, this represents a total of 74,500 passengers per annum (49,000 on the Southend service and 24,500 on the Dublin service). Aer Arann have indicated, however, that the service would be profitable (for them) with less traffic, although they have not indicated their breakeven load factors. It should be noted that the Aer Arann letter is not a firm commitment to operate these services and there is no indication that key operational issues such as crew scheduling or the lack of an ILS and ground radar at Carlisle have been considered at this stage.

Traffic levels on any new route are difficult to estimate as a number of variables are involved. In practice, traffic demand for a Carlisle-Southend service would be generated both from existing air passengers travelling from or to the Carlisle Airport catchment area who could feasibly use Southend (rather than other London airports) to travel to (or from) their final origin/destination and some additional passengers who would transfer from rail (or car) to air travel. Some further demand will be generated by the fact that an air service is available (otherwise they would not travel at all). An additional factor, however, is price – the air fare on a Carlisle-Southend service would need to be competitive with those from other neighbouring airports and with the existing rail service.

Our own assessment is based on an appraisal of the likely catchment area for Carlisle Airport and on the existing air travel market as assessed through the 2009 CAA Passenger Survey<sup>1</sup>. In the case of a possible Carlisle-Southend route, we take account of the relative location of Southend within the London/SE region, the expected air fare and the possible time-savings in comparison to an alternative journey by rail.

It is difficult to define a precise catchment area for an airport where there are potentially other competing airports which might be used. One method is to define the area within which the airport is the closest airport (in terms of surface access time). In practice, however, many passengers are prepared to travel to more distant airports if the air fares are cheaper. In the case of Carlisle Airport, we believe that the catchment area is broadly, but not exclusively, defined by the county of Cumbria. In the Scottish Border area to the north, we believe that the majority of passengers would use Glasgow or Prestwick Airports as the M74 road link is quick and a greater range of service frequencies and possibly lower air fares (due to the larger sizes of aircraft used) might be expected. To the south (Northern Lancashire), we would expect passengers to use Blackpool, Manchester or Liverpool airports, whilst to the east, we would anticipate most passengers using Newcastle Airport as much of the A69 linking Newcastle and Carlisle is a single carriageway road. The CAA Passenger Survey indicated that, in 2009, just over 50,000 passengers travelled to or from Cumbria to a London airport using air services from Manchester, Newcastle or Glasgow airport. However, as indicated below, the majority of these passengers transferred to or from other flights at the London airport.

**Annual Passengers with Origin/Destination in Cumbria using air services to a London airport**

	Terminate	Transfer	Total
London City	0	163	163
Gatwick	4,918	1,337	6,255
Heathrow	6,654	33,289	39,944
Stansted	3,165	737	3,902
<b>Total</b>	<b>14,737</b>	<b>35,526</b>	<b>50,263</b>

Source: CAA Passenger Survey 2009

<sup>1</sup> As advised by the Civil Aviation Authority. Although this survey is undertaken annually at many larger UK airports, this represents the latest data available with a suitable sample size.

We would not expect many passengers travelling on a Carlisle-Southend service to transfer onto other flights at Southend. Although Southend is expected to have a small network of routes in the future, these will largely be to European holiday destinations. Passengers from the Cumbrian region travelling to (or from) these destinations would be better served using other Northern airports to save additional travel time and cost. This likely absence of any significant onward connecting traffic at Southend is endorsed by York Aviation in their letter of 16th March 2012.

The number of terminating passengers (14,737 in 2009) might therefore be regarded as an estimate of a 'core' market for a possible Carlisle-Southend service – although it must be remembered that not all such passengers would definitely use this – particularly if they were travelling to more remote destinations in the SE such as Surrey, Sussex or the Thames Valley, or if the air fare for a Carlisle-Southend service was significantly more expensive than alternative air services.

The likely number of passengers transferring from rail to air is more difficult to estimate. We believe that the true time-savings for a journey by air in comparison to rail may be quite small. A typical journey by rail from Carlisle to central London (Trafalgar Square) currently takes about 3 hours 45 mins, whilst the same journey using a Carlisle-Southend air service would probably take around 3 hours 25 mins and would require more changes of travel mode. Furthermore, for many locations within the London/SE region (particularly to the north and west of London), a rail journey via Euston would be comparable in terms of total journey time.

A second factor is price. The Aer Arann letter indicates that the return air fare from Carlisle to London Southend would be £100.00, although it is unclear whether this includes airport taxes or Air Passenger Duty which increased to £26.00 per return trip from 1<sup>st</sup> April 2012). The standard rail fare for onward travel from Southend airport to London Liverpool Street station is £49.00 return. If the proposed fare excludes airport taxes and APD (which we believe it must do to cover Aer Arann's direct operating costs), then the actual cost to passengers will be about £200.00 per return trip (to or from Central London). This is comparable to the standard economy rail fare which is currently £192.60 return – although a range of special rail fares are available, with some offered at less than £100.00 return.

It has been suggested that there would be some traffic generated on a Carlisle-Southend service by tourists to the Lake District. Some of this tourist demand may be using existing London air services to the Northern airports – although the 2009 CAA data suggests that this is quite small (just 4,289 passengers travelled to or from the main tourist areas - Allerdale and South Lakeland districts). We do not believe that there is potential to significantly develop this market segment.

Based on these multiple factors, we estimate that the potential demand for a Carlisle-Southend service would be in the order of 25,000-30,000 passengers in Year 1 – dependant on the air fare / level of subsidy by either the Stobart Group or from the public sector. A Dublin service from Carlisle would probably contribute a further 10,000-12,500 passengers per annum at most, although it should be noted that Aer Arann also operate a Blackpool- Dublin service (under its Aer Lingus Regional branding). This service currently carries about 20,000 passengers per annum although Blackpool has a larger catchment area (in terms of population) and it would compete directly with a Carlisle service where the two catchment areas overlap, thereby reducing the traffic demand on each service.

We also envisage that there might be a number of special charter flights and seasonal services to the Isle of Man and/or Jersey – perhaps representing a further

3,000-5,000 passengers per annum. We see no prospects for any other routes from Carlisle to other UK or European destinations.

Unlike Mott Macdonald, we do not envisage that there will be significant opportunities for major traffic growth at Carlisle. We expect that there could be some traffic increase in Year 2 as the market develops – but thereafter growth will be limited due to the increasing costs of domestic services and any reduction in subsidy required for the first two years of operation. We do not envisage any significant increase in demand even after recovery from the current economic recession. For the purposes of the analysis, we have shown a 2.5% annual increase in traffic between Years 3-20, in line with the Dept for Transport's 2011 forecasts for domestic traffic in the UK. On this basis, our passenger forecasts for Carlisle Airport are shown in Table 2.

**Table 2: Carlisle Airport - ASA Passenger Forecasts – Years 1-20**

	Year 1	Year 2	Year 5	Year 10	Year 15	Year 20
<b>Most likely case</b>						
- Southend	27,500	30,300	32,600	36,900	41,700	47,200
- Dublin	10,000	11,000	11,800	13,400	15,200	17,200
- IoM/Jersey	2,000	2,200	2,400	2,700	3,000	3,400
- Total	39,500	43,500	46,800	52,900	59,900	67,800
<b>Optimistic case</b>						
- Southend	30,000	33,800	36,600	41,900	48,00	55,000
- Belfast/Dublin	12,000	13,500	14,600	16,800	19,200	22,000
- IoM/Jersey	2,500	2,800	3,100	3,500	4,000	4,600
- Total	44,500	50,100	54,300	62,200	71,200	81,600
<b>Pessimistic case</b>						
- Southend	25,00	26,300	28,100	31,400	35,100	39,200
- Belfast/Dublin	7,500	7,900	8,400	9,400	10,500	11,800
- IoM/Jersey	1,500	1,600	1,700	1,900	2,100	2,400
- Total	34,000	35,700	38,200	42,700	47,700	53,300

These figures are lower than our earlier estimates and reflect the results of the CAA Passenger Survey analysis, together with the latest traffic data for UK regional air services. It should also be pointed out that these traffic levels are likely to be dependant upon a subsidy for Aer Arann (or any other airline operating these routes) and may not represent an optimal use of its fleet.

Our forecasts are significantly lower than those produced by Mott Macdonald. Their 'probable' estimates of traffic on a Carlisle-Southend service rise from 35,000 passengers per annum in Year 1 (2013) to 70,000 in Year 12 (2025). They suggest that additional service would be feasible to Belfast, Dublin, the Isle of Man and to other unspecified destinations. Mott Macdonald's 'probable' forecasts of total traffic at Carlisle rise from 70,000 passengers per annum in Year 1 (2013) to 160,000 passengers per annum by Year 12 (2025).

York Aviation has not produced detailed traffic forecasts – but they estimate that traffic on a Carlisle-Southend route might amount to between 40,000-50,000 passengers per annum by 2025 (Year 13), with a further 1,000-3,000 passengers per annum using specialist charter and other ad-hoc services from the airport. These forecasts are in line with our own estimates.

In their letter of 29<sup>th</sup> February 2012, Aer Arann appear to indicate that they would base an aircraft at Carlisle. Typically the aircraft schedule might be as follows:

	Dep	Arr
Carlisle	0700	
Southend	0820	0800
Carlisle	0940	0920
Dublin		1025
Dublin	1630	
Carlisle	1735	1715
Southend	1855	1835
Carlisle		1955

This schedule would allow for one additional rotation ex-Dublin during the middle of the day to increase aircraft utilisation, although the demand for flights in this time slot is usually lower than in the morning and early evening peak. We would, however, query Aer Arann's intentions to base an aircraft at Carlisle as there are no maintenance facilities and a lack of a back up aircraft available in the event of a technical fault. Furthermore, the flight and cabin crew would need to be based overnight in Carlisle, which adds to the overall operating cost.

In summary, we do not believe that Mott Macdonald's or AviaSolutions' forecasts fully reflect the realities of the domestic aviation market and the financial position of small regional airports in the UK. For comparative purposes we attach a table of passenger and freight traffic in 2009 at similar airports to Carlisle. Many smaller UK regional airports face significant financial difficulties due to a lack of demand as a result of high domestic air fares, APD etc and strong competition from the rail sector. Several of these airports have closed or have introduced an 'Airport Development Tax' to try to recoup revenue – typically around £10.00 per departure passenger. It is obviously conceivable that Stobart may do this in the future, either at Carlisle or at Southend (or both). This, however, would increase the overall cost of air travel and would reduce its competitiveness against rail and we very much doubt whether it would increase bottom-line profitability.

#### **Freight forecasts**

As acknowledged by Mott Macdonald, the limited length of Carlisle Airport's runway will restrict the size of aircraft flown and the volume of freight that might be handled. As such, there are no comparable airports on the UK mainland handling more than 500 tonnes of freight per annum.

We note Mott Macdonald's comments the possibility of flying fresh produce on behalf of Tesco. However, we do not believe that this is financially or commercially viable on the scale envisaged (despite the link with Stobart's freight distribution centre) and there are no comparable example of such flights for Tesco or other supermarket chains in the UK or Europe. As Mott Macdonald point out, this would require a high number of empty or partially empty flight sectors which significantly impacts the financial viable of such operations.

We have significant reservations over Mott Macdonald's apparent forecasts of freight handed at Carlisle. Their 'probable' forecasts suggest a total of 1,100 aircraft movements in Year 1 (2013), rising to 1,600 movements in Year 13 (2025). Based on their average load factor of 3-4 tonnes per movement, this gives a freight volume of 3,850 tonnes handled in Year 1 rising to 5,600 tonnes in Year 13. This is based predominantly on the proposed Tesco operations. As is indicated in Appendix A, this is substantially higher than all other smaller mainland regional UK airports except for Manston airport in Kent, which has a specialist niche market for larger freighter aircraft.



We acknowledge that there may be a small market for ad-hoc freight flights, particularly in connection with Stobart's freight distribution operations – but we believe that these would be limited to 2-3 flights per week – probably by a medium-sized turboprop aircraft. This would be equivalent to about 400 tonnes in Year 1 rising to about 690 tonnes by Year 40.

### **Financial Appraisal**

The Applicant has recognised that the freight distribution centre should be regarded as enabling development for the airport's aviation activities. In the financial appraisal prepared by Scott Wilson (Annex F), the 'profit' (essentially the cost-savings achieved) from the freight distribution centre are used to pay rent to subsidise loss-making aviation activities at the airport. For consistency, we have prepared our financial analysis on the same basis, although this is subject to the caveats shown below.

It should be pointed out that the Stobart Group has already purchased the airport (ie the land and the loss-making business). We understand that the applicant has revalued the land at £5.25m. For the purposes of project appraisal, this should be regarded as a 'sunk cost', and the scheme should now be compared against all alternative options. These would include a 'do nothing' scenario without the proposed scheme and the construction of the freight centre alone (ie without any upgrading of the aviation infrastructure). In both these options, there may be scope to develop or sell the land for non-aviation purposes.

### **Capital Cost Estimates**

There are major differences in the capital cost estimates provided by Stobart/Scott Wilson and alternative estimates obtained from Gleeds and Hyde Harrington. In the case of the runway renovation, this varies between Stobart's estimate of £3.7m and Gleeds' estimate of £5.3m-£10.5m dependent on the type of working (eg use of Stobart's own labour etc). In any event, there are considerable differences in the specifications shown in Scott Wilson's drawings and those used in the estimate (eg the thickness and coverage of the asphalt and the re-use of onsite materials).

There are similar discrepancies in the terminal refurbishment and fit-out costs. Whilst some new equipment is needed, we understand that the baggage x-ray machine(s) at Southend Airport have been replaced and will be transferred to Carlisle – which would significantly reduce the fit-out costs. We are unsure as to why it was necessary to replace these at Southend but for the purposes of the analysis we assume that this is acceptable. Stobart estimate the terminal refurbishment and fit-out costs at £220,000 although both Gleeds, York Aviation and ourselves believe that these will be significantly higher eg between £350,000 - £500,000. We agree with York Aviation that a higher figure is more appropriate in order to comply with the necessary building, H&S, Department for Transport etc requirements for airport passenger terminals.

The proposed new apron is adjacent to the freight centre in the southern part of the airport site. It is unclear how passenger flights would be handled under the reconfigured airport. Normally one would expect aircraft to be parked adjacent to the passenger terminal (in the northern part of the site), although the existing apron area is relatively small and it is not known whether the strength and condition of this apron and the cross-runway/taxiway to access this apron is sufficient to meet CAA airport licencing requirements. If not, it would be possible to park passenger aircraft at the

new freight apron (as and when built), although this would require passenger bussing operations and it would increase overall passenger journey time

Irrespective of this, it is quite clear that the proposed size of the new apron (some 11 aircraft stands – four of which are Code E stands suitable for B747-sized aircraft) is out of all proportion to the type of operations proposed by Stobart Air and Mott Macdonald. It would not be economically viable to build this apron for aircraft storage purposes (as suggested by Stobart Air). This can provide some revenue at certain airports with existing spare apron or parking capacity – although this is associated with suitable maintenance facilities so that the aircraft can be kept airworthy for use when required and, in some cases, act as a source of temporary spare components. URS Scott Wilson has provided a cost-estimate of £1.4m (excluding professional fees) for aprons and hard-standing. We do not have a specific alternative estimate for this figure, although our discussions with Gleeds indicate that the Stobart estimate is substantially too low – even for a downsized apron – and this is likely to cost at least £2.5m (excluding professional fees).

Stobart estimate that the cost of the freight distribution centre would be £12.6m (excluding professional fees) which appears to be low. Hyde Harrington estimate the likely cost to be between £13m - £15m, so we have shown a figure of £14m (excluding professional and third party fees). Of this, it might be reasonable to attribute a small proportion of the cost (say 7.5%) towards the aviation-related use of the freight distribution centre.

Further airport infrastructure requirements include an auxilliary fire station, an electrical sub-station, various roads, a new roundabout on the A689 and airport security fencing. It is not fully clear where the expenditure on new roads and a roundabout is shown in Stobart's analysis (Annex F) – although it presumably is included in other categories.

It is also possible that a ground radar (or perhaps a feed from an existing remote radar eg RAF Spadeadam) might also be needed. This is not a strict requirement (eg for CAA licencing purposes) – but it may be necessary as part of a safety case for an airline operating at the airport. At this stage, we have excluded this cost from the analysis.

Stobart's analysis includes a further 12.7% of total cost for professional and third party fees. We have therefore shown this as a separate item in our own breakdown. On this basis, our summary of capital costs is given in the table below:

**Carlisle Airport Development Cost Estimates**

	<b>Stobart</b>	<b>Hyde Harr</b>	<b>Gleeds/YA</b>	<b>ASA</b>
<b>Freight Distribution Centre</b>	12.60	14.00		14.00
<b>Aircraft Stands</b>	1.40			2.50
<b>Subtotal</b>	14.00	22.18		16.50
<b>Runway Renovation</b>	3.70		5.30	4.50
<b>Terminal Refurbishment</b>	0.22		0.43	0.40
<b>Fire Station etc</b>	0.15			0.15
<b>Subtotal</b>	18.07	22.18	5.73	21.55
<b>Professional Fees (12.7%)</b>	2.29	2.82	0.73	2.74
<b>Total</b>	20.36	25.00	6.45	24.29

Based on our own cost estimates, we believe that around £9.7m of total capital expenditure can be attributed to aviation-related activities at the site and £14.6m to the (road) freight distribution centre. In line with other similar projects, we have assumed that both the airport infrastructure and the freight distribution centre are depreciated over a 40 year period.

### **Traffic Forecasts**

The financial analysis is prepared on the basis that forecasted traffic levels would be achieved and that airlines would be prepared to operate the services proposed (or similar ones). However, as indicated in this letter, we have reservations that this would be the case.

### **Airport Operating Income**

The Applicant has assumed that the operating income (aeronautical revenue and commercial revenue) would be equivalent to £10.80 per passenger<sup>2</sup> on a net basis (ie after deducting fuel sale costs) and providing an allowance for cargo flights (see letter to Jane Meek dated 26<sup>th</sup> September 2011). York Aviation believes this figure is too high, quoting other regional airports eg Liverpool, Blackpool etc. The Applicant's estimate is based on the operating income per passenger achieved by the Scottish Highlands and Islands Airport Group, which offers similar types of services to those proposed at Carlisle airport. Some of this income, however, is obtained from route subsidies (as pointed out by York Aviation) and from some commercial sources such as car parking which, as indicated by the Applicant, will not apply at Carlisle. We believe that a figure of £8.50 per passenger is more realistic. We have ignored the possibility of any income from long-term aircraft parking. Like York Aviation, we believe that this would require supporting aircraft maintenance facilities which do not exist at Carlisle.

### **Rental Income from Freight Distribution Centre**

In their financial appraisal, Scott Wilson have included a rental income of some £2.0m pa from the freight distribution centre and argue that this equates to the current rents paid at their existing sites in the Carlisle area. Hyde Harrington believes this figure is too high and should be approximately £1.8m pa. We have used the Hyde Harrington figure in our analysis, although it must be pointed that this would represent a yield of some 11.4%, which is exceptionally high for commercial property of this type.

### **Airport Operating Expenditure**

The Applicant has now revised its estimate of the total additional operating cost for commercial airport operations to be £1.24m pa – based on 20 additional staff and associated administration costs. We have assumed this figure in our analysis. Given that there is low traffic growth, we have used this annual operating cost estimate over the full 40 year analysis period.

It is assumed that the airport will require a shuttle bus to/from Carlisle city centre. There is some disagreement between York Aviation and the Applicant on the likely cost of this operation. For the purposes of our analysis, we have assumed that a shuttle bus with four daily rotations will be required. We estimate the cost of this to be approximately £70,000 pa, based on figures provided by the Applicant.

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<sup>2</sup> This 'per passenger' based figure also includes freight income and assumes a similar freight revenue profile to that for the Scottish Highlands and Islands Airport Group

### **Current Operating Deficit**

The Applicant has stated that its earlier figure of the airport's current operating deficit has now been revised to £514,400 for the year ended 28 February 2011 (excluding all planning application and related costs). We note however that aircraft movement levels have declined by some 19% in 2011 in comparison to 2010. Furthermore it appears that some management staff at Carlisle may, in fact, be shown on Stobart Air's Southend (rather than Carlisle) payroll. In view of these factors, we believe that the airport 'true' deficit for the year ending 28 February 2012 is likely to be at least £700,000 pa. Given that the 2011/12 Accounts are not yet published, we have used the 2010/11 figure in our financial analysis.

### **Financing Costs**

The Applicant has stated that they intend to finance the development from two separate sources. Approximately 60% would be funded by a bank loan with a 4% pa interest rate (LIBOR + 3%) and with the remaining 40% by its own cash resources from a share placement. The Applicant has also stated that repayment of the loan capital is not envisaged, although we do not understand how this is possible. We believe that a loan interest rate of 4% pa is too low for a 25 year assessment. We also feel that it is necessary to include a return on the cash resources employed. Strictly speaking, this should be the weighted cost of capital for the relevant sectors (eg airports and freight / distribution companies). For the purposes of this analysis, however, we have assumed that the full development costs would be funded by the equivalent of a bank loan with a 7% pa interest rate repayable over a 40 year period. For comparative purposes, the real weighted cost of capital for Heathrow and Gatwick airports which, arguably are less risky investments than that proposed at Carlisle, varied between 6.20% pa and 7.51% pa under the most recent airport charges review (Q5).

### **Financial Summary**

Our analysis shows that the scheme as enabling development would make an annual loss of between £1.6m - £2.2m pa – which is broadly comparable to the total financing costs. If the development comprises the freight distribution centre alone, then the annual cost-savings to the Stobart Group would be in the order of £1.8m, which need to be offset against the financing costs of approximately £1.3m per annual – ie a net annual saving of some £0.5m.

If the scheme is considered as enabling development, we do not believe that there is sufficient variability in our estimates (and/or account taken for the payment of any subsidy) for it to be financially viable over the short, medium or the longer-term periods. If the freight distribution centre is built, we are unclear what commercial incentives there are for the Stobart Group/applicant to complete the necessary airport infrastructure – and, even, if it were to be completed, what incentives are there for the Stobart Group/applicant to introduce the proposed scheduled passenger services and air freight operations on what is clearly a loss-making basis?

It would appear that the freight distribution centre alone is profitable as the prospective yield is considerably higher than the financing cost. Given that the current airport operations are unprofitable, we believe that it would be more in the Stobart Group's interests to close these down and/or redevelop the remainder of the site (or sell the land).

We have set out our reasons as to why we believe that it is inappropriate to treat the proposed freight distribution centre as 'enabling development' for sustainable airport operations in our letter to you of 3<sup>rd</sup> February 2012. You should also note that at the

two airports in the UK (Sheffield City and Plymouth) where 'enabling development' has been used to subsidise loss-making airport operations, the airport itself has subsequently closed.

We acknowledge that there will be some economic benefits from the presence of an airport serving the Cumbrian region, particularly if this has a service to a London airport. In theory, these benefits might justify financial subsidy to the airport (eg from a Regional Development Agency). These economic benefits include the value of time savings for passengers (particularly business passengers) using its services – although this will be offset by high air fares. There would also be some employment benefits in the region through additional direct, indirect and induced employment. Further economic benefits may potentially be achieved through new inward investment to the region.

We should however point out that the time-saving benefits to passengers would be relatively small, particularly for a service to Southend. It is difficult to assess the scope for new inward investment to the region. There would undoubtedly some benefits from the presence of airport in the Cumbrian region – although it should be noted that a potential overseas investor arriving at Heathrow or Gatwick would probably prefer a direct transfer to Carlisle rather than a further journey to Southend. Irrespective of the total value of these economic benefits, the financial analysis indicates that the total subsidy required to operate the airport on a break-even basis would amount to £37 per passenger, reducing to £32 by Year 20. This is significantly higher than other loss-making airports. As a comparison, Humberside Airport, which is subsidised by its parent group, Manchester Airport Group, made an operating loss of £2.47 per passenger in 2010.

#### **Instrument Approaches**

We have expressed some reservations about the lack of an ILS (Instrument Landing System) for the proposed new airport development as Carlisle would potentially be one of the few UK airports with commercial services without an ILS. Whilst airports can operate without an ILS, there is a risk that flights may need to be diverted in poor weather, particularly in fog or low cloud conditions. It is currently possible to make a non-precision approach using the NDB/DME at Carlisle to a decision height of about 500-600 ft. If it is not possible to make a visual approach at this height, the aircraft would need to divert to a nearby airport (presumably Blackpool or Prestwick). This would cause considerable disruption to passengers and additional cost to the airline operator.

It is possible that GNSS LPV (Baro) approaches could be introduced in the future as an alternative to ILS, although currently these only provide a precision approach to about 250 feet (higher than the Category I level of 200 ft). This may however reduce to 200 ft with the introduction of SBAS (EGNOS) – although to date no airport in the UK has so far been certified for SBAS (EGNOS) approaches.

A further concern is that Carlisle is in Class G (uncontrolled) airspace and does not have its own ground radar. This provides a possible safety threat eg collisions with other aircraft – particularly those without TCAS (collision avoidance) transmitters eg microlights and other small light aircraft. The lack of a ground radar could potentially mean that Carlisle would not meet the safety case criteria required by many airlines. In addition to the addition costs from possible flight disruption, we believe that the lack of an ILS and ground radar may provide a public perception that Carlisle Airport is 'unsafe' – even though it might meet CAA licensing and certification standards.

### **Passenger Terminal**

We have previously commented that we feel that the existing passenger terminal would probably be too small to support Stobart Air's forecasted traffic projections of between 150,000 – 200,000 passengers per annum.

To assess this in more detail, we have asked an airport architect to review the Scott Wilson drawing of the passenger terminal and I attach his report. Essentially this indicates that the capacity of the terminal would probably be adequate at start-up where a single flight is handled at any one time. Should however the passenger throughput exceed about 100,000 pa (which we do not believe will be achieved), there are likely to be simultaneous departure flights particularly during the morning peak, potentially causing passenger congestion within the terminal. In addition, the increased number of flights will raise the likelihood that these may overlap (eg from delays due to bad weather). There are also a number of unresolved issues which need further clarification eg departures baggage handling (eg Hold Baggage Screening, make-up etc), queuing areas (eg at Security Control etc).

We note that the Applicant has quoted Coventry Airport as an example of small passenger terminal with a low ratio of floor space to passenger throughput. It should, however, be noted that the terminal at Coventry was a temporary structure (portacabin) and that passengers often needed to queue outside the terminal at check-in.

### **Summary**

Our assessment has covered the the financial viability of commercial airport operations, the need for an ILS and the potential capacity of the current (and modified) passenger terminal.

Our primary concern is the overall financial viability of the airport. Our analysis suggests that the achieved traffic levels would rely heavily on a London service. It is uncertain as to the likely customer reaction to the use of Southend rather than one of the main London airports. The time-savings over alternative rail travel are small and the potential costs considerably higher. From an airline perspective, it is uncertain as to whether the level of traffic generated would be sufficient to retain the route on a long-term basis without an on-going subsidy from either the applicant/Stobart Group or the public sector.

Our financial analysis shows that, even if the scheme is treated as enabling development, the scheme would make an annual loss of between £1.6m - £2.2m. These losses exclude any previous expenditure by the Stobart Group (eg for the purchase of the airport and the land). Such losses reflect the experience of many smaller regional airports in the UK such as Plymouth, Newquay, Humberside, City of Derry, and Dundee. etc. Of these, Plymouth closed in December 2011, whilst the others are subsidised by the public sector, or in the case of Humberside, by the Manchester Airport Group. The freight distribution centre, however, appears to be profitable as a standalone project. On this basis, we are concerned that there would be little incentive for Stobart Air to continue to operate the airport as a loss-making concern – although we recognise the difficulties faced by the Council under the conditions of the lease. We note that there would be some economic benefits from developing the airport, although we believe that these are relatively small and would probably not justify continuous subsidy by a Regional Development Agency or other public body.

In preparing this analysis, we have examined all possible aviation-related uses of the site. We recognise that some UK airports have attracted aviation-related businesses such as aircraft maintenance, although we do not believe that this is feasible at Carlisle due to the limited runway length, the lack of skilled personnel etc.

There is considerable competition in these markets and most UK businesses are already established at other UK airports.

In view of the limited level of traffic, we do not believe that the size of the passenger terminal will be an issue – although this will only be insufficient at traffic levels exceeding about 100,000 passengers per annum. The need for an ILS is debatable. Like York Aviation, we believe that many airlines would be unhappy about the lack of an ILS and ground radar both from a safety management standpoint and in terms of the potential disruption due to flight delays in bad weather. We do not know Aer Arann's view on this.

I hope that this provides sufficient detail on these points but if you require any further analysis or clarification, please do not hesitate to get in touch.

With best regards

Yours sincerely

Peter A Forbes  
Managing Director

**CARLISLE AIRPORT - POTENTIAL ROUTES**  
**TRAFFIC DATA AT COMPARABLE UK REGIONAL AIRPORTS**

<b><u>Total Annual Passengers</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>
London City-Dundee	41,297	40,480	31,632
Gatwick-Plymouth	57,517	55,816	2,765
Blackpool-IoM	29,673	23,795	22,137
Blackpool-Jersey		7,998	7,310
Dundee-Jersey	2,157	2,343	1,813
Plymouth-Jersey	13,434	7,111	
Blackpool-Dublin	22,557	22,009	20,914

**Total Annual Passengers (all routes)**

Dundee	72,495	70,398	61,648
Plymouth	157,933	128,603	28,834
Blackpool	276,866	235,340	235,682

**Total Annual Freight (tonnes)**

Humberside	241	600	1,132
Blackpool	48	41	3
Liverpool	264	265	168



CARLISLE AIRPORT DEVELOPMENT - FINANCIAL APPRAISAL																				
£000s	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Capital costs																				
- Additional airport infrastructure	-9,700	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- Freight Distribution Centre	-14,600	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- Total	-24,300	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital repayments/interest (40 yrs/7.0% pa)	-1,823	-1,823	-1,823	-1,823	-1,823	-1,823	-1,823	-1,823	-1,823	-1,823	-1,823	-1,823	-1,823	-1,823	-1,823	-1,823	-1,823	-1,823	-1,823	-1,823
Operating revenue																				
Annual Passengers	39,500	43,500	44,588	45,702	46,845	48,016	49,216	50,447	51,708	53,001	54,326	55,684	57,076	58,503	59,965	61,464	63,001	64,576	66,190	67,845
Annual cargo (tonnes)	400	440	451	462	474	486	498	510	523	536	549	563	577	592	607	622	637	653	670	686
Aviation-related revenue (@£8.50/pass)	336	370	379	388	398	408	418	429	440	451	462	473	485	497	510	522	536	549	563	577
Rental income (Freight Distribution Centre)	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Total Operating revenue	2,136	2,170	2,179	2,188	2,198	2,208	2,218	2,229	2,240	2,251	2,262	2,273	2,285	2,297	2,310	2,322	2,336	2,349	2,363	2,377
Operating expenditure																				
Additional staff costs	-1,240	-1,366	-1,400	-1,435	-1,471	-1,507	-1,545	-1,584	-1,623	-1,664	-1,705	-1,748	-1,792	-1,837	-1,882	-1,930	-1,978	-2,027	-2,078	-2,130
Shuttle bus costs	-70	-70	-70	-70	-70	-70	-70	-70	-70	-70	-70	-70	-70	-70	-70	-70	-70	-70	-70	-70
Total Operating expenditure	-1,310	-1,436	-1,470	-1,505	-1,541	-1,577	-1,615	-1,654	-1,693	-1,734	-1,775	-1,818	-1,862	-1,907	-1,952	-2,000	-2,048	-2,097	-2,148	-2,200
Cash flow	-25,297	-1,088	-1,113	-1,139	-1,165	-1,192	-1,219	-1,248	-1,276	-1,306	-1,336	-1,367	-1,399	-1,432	-1,465	-1,500	-1,535	-1,571	-1,608	-1,646
Current annual deficit	-514	-514	-514	-514	-514	-514	-514	-514	-514	-514	-514	-514	-514	-514	-514	-514	-514	-514	-514	-514
Net cash flow	-25,811	-1,602	-1,627	-1,653	-1,679	-1,706	-1,733	-1,762	-1,790	-1,820	-1,850	-1,881	-1,913	-1,946	-1,979	-2,014	-2,049	-2,085	-2,122	-2,160

## Carlisle Airport: review of terminal plan prepared by URS/Scott Wilson

### Terms of reference:

The drawing presented, no D133185/EN/TL/001 Rev A, by URS/Scott Wilson is an indicative terminal layout, assumed to be the ground floor plan. An inset 1<sup>st</sup> floor plan is also shown for additional space above the Cafe and WC area. The scale is noted as, A3 1:200 scale. This is critical in a terminal floor plan as the size of space provided for the processing of passengers (pax) and baggage handling determines the capacity of the terminal and its ability to handle a given number of pax in an hour or busy period.

This report shows a spread sheet, identifying the floor area, or number of processors provided and IATA calculations giving an indicative capacity of each processor. These are approximate as the calculations rely on sensitive data such as dwell time and process time; industry standards have been used and where appropriate alternative data has been shown in order to give a 'range of'.

Comments on the planning and operational/functional aspects of the terminal on the basis of the layout shown are also provided.

It is assumed that since Customs and Passport control are shown, the terminal will handle international flights as well as domestic flights.

### Plan layout:

**Site:** It is unclear where the airside/landside boundary is, where the security gate(s) are located and the access to the airside is located.

It is unclear where the set down and pick up kerbs are located. This is critical because the DfT require a 30m standoff off the kerb from the building. Additional regulations regarding the protection of the terminal from unregistered vehicle access are unclear.

To evaluate fully the site plan configuration and security requirements more information is required. simultaneously

**Terminal:** The 'Main Lobby Area' provides a Landside waiting space prior to check-in. This space also serves as an Arrivals concourse. This can work well and is a good utilisation of space. The access to the Check-in is restricted, it is not immediately obvious on entering the building and there is insufficient queuing space in front of the check-in desks. This area will require a queuing system at busy times to marshal waiting pax. Additional Secondary Waiting space is provided by the cafe area and more space at the 1<sup>st</sup> floor level. These spaces are in the wrong position to attract pax/well wisher traffic. Meeters and greeters will use the cafe but not the 1<sup>st</sup> floor area. It is difficult to see who will use the

first floor area, unless there is a flight delay and pax are escorted up to this area.

Access to the Security Control is poorly planned, does not allow even for a minor queue without clashing with the check-in desk queuing area. Security check space should be enclosed in a space not visible from the check in concourse, or Airside lounge.

There is no provision for a Boarding Pass check, prior to entering the Security Control.

If an International flight and a domestic flight are scheduled at similar times pax can wait in a Common Airside Lounge, but, a biometric check will be required on entry (prior to Security Control) and on exit at the Gate. There does not appear to be sufficient space to accommodate this function.

The Hold Baggage flight makeup operation from the check-in desks is not clear. The baggage appears to discharge into an open area, called 'Checked in baggage'. Security check (HBS) is not shown, nor is it clear how flights are made up either into ULD's or as loose baggage. This area must be secure and should not be visible or accessible from the landside.

The Airside Lounge sizing is critical and the space provided of 109m<sup>2</sup> will only be adequate for 1 flight of 75 pax. If 2 flights (150 pax) are required to be accommodated this space will be too small. Please see table below for space required using industry standard space recommendations

Apart from 2 vending machines, there is no provision for F and B or any another basic retail. This is a missed opportunity as pax will dwell the longest in this space prior to boarding their flight.

Airside waiting lounge sizing required for 150 pax (2 flights)		
Activity	Area required m <sup>2</sup>	
	BAA	IATA
Seating: 75% of flight (BAA) at 1.0m <sup>2</sup> /pax or 70% of flight (IATA) at 1.4m <sup>2</sup> /pax. Allow for 150 pax (2 flights)	113	147
Circulation 25% of seating area	28	37
Queuing for full flight (75 pax) to board when embarkation announced, @0.6m <sup>2</sup> /pax	45	45
Total lounge area required	186	229

Arriving pax enter the building and are immediately confronted with 2 Passport Control desks for international flights. It is not clear from the drawing if the

entry corridor is a covered space and therefore suitable for queuing. Queuing will be required for international flights at passport control. The single arrivals entry door and channel means that a domestic and international flight cannot be handled simultaneously.

The arrivals circulation, essentially a corridor of 2 m wide will lead to congestion especially when pax pass the Baggage re-claim, which is assumed to be a belt; the drawing is unclear how the re-claim operates. This would be sufficient for a single 75 pax flight on the basis it is a domestic flight with minimal pax with hold bags. If two 75 pax flights arrived simultaneously, the baggage delivery of one flight would need to be delayed.

Arriving pax enter the Main Lobby Area which is shared with departing pax and visitors, which is acceptable since the two pax streams generally use the facilities at different times.

#### Capacity:

If the annual forecast is in the range of 150,000 – 200,000 pax the daily average will be in the range of between 410 – 547 departing and arriving pax. Pending the results of the forecast it is likely that weekends/Monday will be busier so assuming a busy hour departures peak in the region of 350 – 400pax/hr, the Landside waiting area, Check-in desks, Security control and Airside waiting lounge, will be under capacity at peak times, whereas the

Assuming an arrivals busy hour peak of 250 – 300pax/hr the passport control will have sufficient capacity but queuing is an issue for two 75 seat international flights. The baggage re-claim will also be under capacity for two 75 seat international flights.

#### Summary:

The planning is not ideal and the main processors have insufficient capacity for approx 150 – 200,000 pax/annum based on the assumptions stated above.

The critical planning issues will be the Check-in and Security Control which lack the capacity for peak demand and require re-planning to provide a more operationally efficient planning layout. The departures baggage handling appears to have significant shortcomings but requires more information to make a more accurate assessment. The secondary landside waiting areas main use will be to provide accommodation in the event of flight delays. Particular attention should be paid to landside security and definition of restricted zones (RZ) both within the terminal and the landside/airside interface.

Zone	No	Area m2 1:200 scale	Capacity	Comments
DEPARTURES				
Landside waiting area (departure and arrivals)		84	IATA calc shows 32 pax/hr of both depart and arrive pax on a spacial basis of 1.9m2/pax, 1.5 visitors /pax and allowing for 20min dwell time. If 0.5 visitors per pax are allowed, then the capacity goes up to 59 pax/hr	Capacity depends on the number of well wishers with each passenger. This space will become congested if two departing flights are scheduled within the same hour; it is likely that if a fast turnaround schedule is planned that there will also be an arriving flight at the same time
Secondary landside waiting area (cafe)		50	24 seats shown	
Secondary landside waiting area at 1st flr		66	65 seats shown, but access to seats inadequate. 49 seats possible with realistic access to all seats	
Check-in desks	3	47 pax/hr @ 2.5 min process time: 61 pax/hr @ 2.0 min process time: 85 pax/hr @1.5 min process time		Data required on airline operation; if Internet check-in required by airline and high percentage of pax have no hold bags, then 3 desks likely to be adequate
Check-in queuing (will require queuing system)		18	Will require queuing system penetrating into landside waiting area, if the check-in layout is to work at all	Current plan will cause significant congestion as there is no queuing space. Access to the Security Check is also restricted.
Security control	1 x-ray	125 - 150 pax/hr. No queuing provided and no screening provided for security check operation		Access very restricted and will cause congestion problems. There is no boarding pass check prior to security or biometric check if the airside lounge is used simultaneously for international and domestic flights.
Airside waiting lounge		109	IATA calc shows 57 pax/hr with 40 min dwell. 85 seats shown but layout too tight for adequate access to seats.	Capacity depends on the dwell time. This space will become congested if two departing flights (75 pax ea.) are scheduled within the same hour. Please see separate area calculation for space required for 150 pax, based on BAA and IATA recommendations
Departure baggage sortation and HBS	No information provided.			
ARRIVALS				
Passport control	2	329 pax/hr with 30sec process time allowed. Minimal queuing provided		There is inadequate queuing space for two 75 seat international flights
Baggage re-claim	1	2.0m wide 10m inspection length assuming the L shape shown on the drawing is a belt /waiting space		The re-claim belt will be inadequate for a two 75 seat international flight.
Customs	1	No search bench or search rooms provided		
Landside waiting area (departure and arrivals)		84		If an arriving flight arrives in the departure busy hour the landside waiting area will be very congested. The landsie accommodation could be re-planned to relieve the peak time congestion

Angus Hutchinson  
Carlisle City Council Planning Services  
Civic Centre  
Carlisle CA3 8GQ

26 June 2012

Dear Angus

**Full Planning Application for the 'Erection of a Distribution Centre (inclusive of air freight and road haulage, and including integrated +3 oC chiller chamber,+12 oC chiller chamber, workshop and offices) (use classes 81 and 88), gatehouse, canteen, welfare facilities, landscaping, new access, parking and other infrastructure works (such as auxiliary fire station, package sewage treatment works, fire sprinkler system and electrical substation) and raised and re-profiled Runway 07125.'**

**Application Ref: 10/1/16**

This letter provides a response to the Business Plan (and its assumptions) for the proposed airport and freight distribution centre development at Carlisle Airport submitted to Carlisle City Council by the Stobart Group. It also takes account of further supporting documents sent to Carlisle City Council, including additional analyses on the Business Plan sent on 1st June, the Business Case for air services from the airport submitted by Aer Arann dated June 2012 and comments made by York Aviation in their letter to Dickenson Dees dated 12th June 2012.

This response should be taken in association with our letter to you of 17 May 2012 and our response to the comments made by Stobart/URS which we sent to you on 30 May 2012.

As discussed with you at our meeting last week, we have sought a further opinion on the financial viability of the airport from Economic Consulting Associates (ECA) whom we work closely with. ECA has also prepared a financial analysis based on Stobart's traffic forecasts and revenue/cost parameters. As you will see from their letter, their analysis indicates that the airport operations, including the proposed new commercial services, are not financially viable in their own right. Their analysis shows that the overall project (including the freight distribution centre) is marginally financially viable but high risk – although this is based on Stobart's traffic forecasts and parameters and assumes that their stated rental for the freight distribution centre would be paid to subsidise the airport's operations and infrastructure costs. We have also prepared a financial analysis based on our own (not Stobart's) traffic forecasts and parameters which suggests that neither the airport itself nor the full project would be financially viable (ie provides an appropriate Internal Rate of Return to meet or exceed the nominal pre-tax weighted cost of capital).

Although our own analysis indicates that neither the full project itself nor the proposed airport operations themselves are financially viable, this does depend on the initial airport infrastructure and financing costs. If these can be disregarded (ie treated as 'sunk' costs - possibly as a precondition of planning consent) and Stobart agree to pay the rental for the FDC as indicated by Hyde Harrington, then the project shows positive cash flows to 2035. The airport would, however, make a loss on its commercial air services – so it may seek to discontinue these but keep general aviation operations.

### **Viability of air services from Carlisle airport**

The viability of air services from Carlisle depends on the likely traffic levels, the achieved yields to the airline operator(s) and any technical considerations for the operation of the services. In their letter, Aer Arann (operating as Aer Lingus Regional) have indicated that they are planning to introduce double daily service to London Southend airport and a daily service to Dublin. This is not, however, a firm commitment to do so. In their traffic forecasts, Aer Arann predict that the London Southend route will capture some 40,000 passengers and the Dublin route 20,000 passengers in the first year of operation. As indicated in our letter of 17 May, we believe that these forecasts are optimistic.

In the case of the London Southend route, we do not agree with Aer Arann's analysis of the 2009 CAA Passenger Survey in which they suggest that 32,676 terminating passengers travelled to or from the Carlisle Airport catchment area to London/SE using Glasgow, Newcastle or Manchester Airports. This does depend on the boundaries of the Carlisle Airport catchment area – but, assuming this is defined as Cumbria, the figure was 14,737 rather than 32,676 passengers – which reduces the likely 'minimal' level of demand.

It is also clear that, for many potential passengers travelling to or from London and the SE, there are minimal, if any time savings over a train journey. Aer Arann's analysis assumes a flight time of 1 hour 15 minutes. We believe that, based on Aer Arann's flight sector time between Southend and Dublin, the flight time between Carlisle and Southend is likely to be around 1 hour 35 minutes (York Aviation estimate this to be longer at around 1 hour 45 minutes). This reduces the time available in London/SE for passengers making a day trip from Carlisle. For those passengers making a day trip from London/SE to Carlisle, there is very limited time available at the Carlisle end – and passengers would need to be at the airport by around 2.45 pm for a return trip.

Aer Arann have shown that the potential fares on a London Southend service would be competitive with the standard return rail fare – although this ignores the whole range of discounted rail fares available. This will substantially reduce the likely penetration of the leisure market, including any potential visitors to the Lake District.

Similar considerations apply on the proposed Dublin service. Again we believe that the traffic forecasts are too high and the yields are likely to be very low on what is predominantly a leisure market. There is a single daily service in the middle of the day, which offers less flexibility than the more frequent services to Dublin offered at Newcastle, Glasgow and Manchester Airports. Aer Arann currently operate a Dublin service from Blackpool airport. This currently attracts just over 20,000 passengers per annum – which is effectively just above a breakeven level. A new Aer Arann service to Dublin from Carlisle would capture traffic from their Blackpool service – potentially making this financially unviable. URS suggest that the Blackpool service would be discontinued if a Carlisle service were to be introduced, although there is no mention of this in Aer Arann's Business Case. We also disagree with Aer Arann that there is potential for connecting traffic through Dublin to the US. Given that there is only a single daily flight, it is unlikely that the connecting times would be suitable for both the outbound and inbound journeys.

We note that Aer Arann's Business Case suggests that there are no technical obstacles to operating to or from Carlisle airport – although we note that they state that further discussions would be held with local ATC to evaluate non-radar procedures. We have already highlighted that the lack of radar coverage at Carlisle airport might potentially be a difficulty, particularly in view of the proximity of traffic from RAF Spadeadam. We do, however, accept that Aer Arann may be prepared to operate into Carlisle without an ILS –

although we do not believe that this would be the case for many other UK (or Irish) airlines.

In summary, we believe that commercial passenger services from Carlisle are of borderline financial viability for Aer Arann (or any other operator). We recognise that Stobart Air may initially be prepared to subsidise these, either directly by financial support to Aer Arann or by reduced airport charges at Carlisle and Southend. In the longer-term, however, we cannot see how either commercial passenger or air freight services from Carlisle could be financially viable or in the interests of Aer Arann or Stobart Air.

#### **Financial viability of Carlisle airport**

We have reviewed the Business Plan and Financial Appraisal for Carlisle Airport submitted by the Stobart Group. This is dependent on several factors which we consider in turn:

#### **Traffic forecasts**

We have commented on the traffic forecasts above. In addition to the Year 1 traffic forecasts presented in the Aer Arann Business Case, we feel that the traffic growth rate used in Stobart's financial appraisal (= 4% per annum) is too high. We believe that a growth rate of 2.5% pa (as per the 2011 UK Department of Transport regional airport traffic forecasts) is more appropriate.

#### **Current operating loss**

Stobart's financial appraisal is based on a 2013 'start point' operating loss of £317,832 pa. This is substantially less than the reported loss of £514,000 pa in the year ending 28 February 2011. CAA traffic statistics indicate that aircraft movement levels declined from 18,023 in FY2010/11 to 14,910 in FY2011/12, suggesting that there is likely to have been a corresponding decline in revenue (and higher operating loss) in FY2011/12.

We also note that the reported loss of £514,000 pa in the year ending 28 February 2011 takes account of cost-savings in Carlisle staff who have transferred to the Southend airport payroll. If these staff are still working at (or for) Carlisle airport, then their costs should be included in the Carlisle figures.

#### **Capital costs**

We believe that Stobart's capital cost estimates for the airport are too low (see our letter of 17 May 2012).

#### **Revenue per passenger**

Stobart have used a figure of £8.25 per passenger to estimate total aviation-related income. This incorporates any revenue from air freight. We believe that this figure is broadly correct (we suggested a figure of £8.50 per passenger in our earlier letter, based on revenue per passenger achieved at Scottish airports - HIAL). York Aviation, however, believe that this figure should be less than £7.50 per passenger.

#### **Stand income**

We do not believe that any stand income should be included as additional revenue. The aircraft parking and storage market is very small for the types of aircraft that could operate into Carlisle. We note that Stobart state that parked aircraft could be transferred from



Southend – although this airport has supporting maintenance facilities and we do not believe that there is inadequate apron space.

### **Rental Income**

Stobart's financial appraisal includes a rental figure of £2.0m pa for the FDC which is attributable to the scheme. It is paid on the basis that the FDC can be regarded as 'airport property' so the rental covers both the building and the airport land. It must be noted that the rental is effectively a subsidy in order to maintain the financial viability of the airport. If the freight distribution centre were to be built without the associated airport infrastructure improvements and airport operations were to cease, then this rental would not be payable and the Stobart Group's overall profitability would improve by £2.0m pa. Irrespective of these considerations, we have used Hyde Harrington's lower rental estimate of £1.8m pa in our own assessment of the overall project.

### **Additional operating costs**

We feel that the additional operating costs shown in Stobart's financial appraisal have been significantly underestimated. The costs shown only represent staff and not other operating costs and these have not been escalated by traffic growth. We note that the additional operating costs in the financial appraisal (=£500,000 pa in Year 1) are significantly less than those estimated by Mott Macdonald and shown in URS's letter of 2 September 2011 (estimated at £1,165,000 pa).

### **Financing costs**

Stobart has not adopted a traditional approach to assess the financial viability of the project (or airport operations) eg through the calculation of its IRR (Internal Rate of Rate) to be assessed against the financing costs (ie the nominal pre-tax weighted average cost of debt and equity capital). The analysis prepared by ECA (attached) has used Stobart's parameters to calculate the IRR of both the project and airport operations. We have also prepared our own IRR analysis using our own parameters (also attached)

### **Additional net revenue to Southend Airport**

Stobart's financial appraisal does not include any additional net revenue that would accrue to Southend airport from the operation of the Carlisle-Southend service. Stobart have indicated that this would yield some £0.6m pa. Like York Aviation, we believe that any additional net revenue to Southend should be allocated against this airport rather than Carlisle. We recognise that Stobart may receive some revenue from tickets purchased at the new rail station at Southend airport. However, the figure quoted represents some £15.00 per passenger (or £30.00 per round trip). This amount (plus the marginal operating cost per passenger at Southend) would effectively need to be added to the air (or rail) fare. It is unclear whether this has been taken into account in Aer Arann's assessment – but, together with airport charges at Carlisle and Air Passenger Duty, such additional costs are likely to make the overall door-to-door journey cost uncompetitive against direct rail travel.

### **Economic case for Stobart**

The financial viability of the overall project is dependent on the traffic forecasts and parameters used. As indicated in ECA's analysis based on Stobart's own traffic forecasts and parameters, the IRR for the project is 10% pa. This is probably just acceptable for a low risk project – although not for one which is highly dependent on a single airline, Aer Arann, which itself receives financial support from the Stobart Group. Our own analysis

shows that the annual net cash flows after the first year are very low in comparison to the investment cost resulting a net IRR of -14% pa.

Irrespective of this, airport operations in themselves are clearly not financially viable without the rental income from the freight distribution centre. ECA's analysis indicates that the IRR for aviation operations is -10% pa. Our own analysis does not show an IRR for airport operations. This cannot be calculated as all the net cash flows are negative throughout the 25 year analysis period.

In view of these factors, we do not believe that it would be in Stobart's best interests to proceed with the airport infrastructure improvements, even though the freight distribution centre is, in itself, financially viable. Even if the airport were developed, we do not believe that commercial air services would themselves be sustainable in the longer term.

Despite this, our financial analysis indicates that, if the airport infrastructure capital and financing costs are treated as 'sunk costs' (eg as a precondition of planning consent), then the potential rental received from the FDC would provide the necessary subsidy needed in order to maintain commercial services at the airport. The rental paid could be reduced (effectively to the level of the airport's current operating loss) if it did not introduce (or discontinued) the commercial services proposed.

#### **Terminal size**

We assessed the size of the terminal required for Stobart's proposed operations in our revised draft letter of 17 May 2012. Our view is that this would be adequate for operations up to around 100,000 passengers pa. Stobart's forecasts suggests that traffic levels would reach 100,000 pa by 2027 and would increase to some 127,500 pa by the end of their assessment period (2032).

Congestion levels in the terminal are dependent on the number of flights handled simultaneously and the passenger loads, which themselves are dependent on the size of aircraft used. Aer Arann has indicated that they would upgrade to larger ATR 72 rather than ATR 42 aircraft as traffic levels increase. Even with the use of larger aircraft, it may still be necessary to have overlapping flights at peak times. It might be possible to use slot scheduling to avoid this – although this may not be practical in all circumstances and there will inevitably be some terminal congestion, particularly if there are any flight delays. In any event, we do not believe that these traffic levels would ever be achieved.

I hope that this provides a useful assessment of the latest information submitted to you by the Stobart Group and URS's and that this will assist in the preparation of your report to Council members. Should you require any further clarification of these points, please do not hesitate to contact me.

Yours sincerely

Peter A Forbes  
Director

CARLSLE AIRPORT DEVELOPMENT - FINANCIAL APPRAISAL - 2013-2027																
2008	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Capital costs</b>																
Airport Infrastructure	-9,700	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Freight distribution centre	-14,600	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Taxi	-24,300	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Operating revenue</b>																
Annual Passengers	27,500	30,300	31,000	31,800	32,600	33,400	34,200	35,000	35,800	36,600	37,400	38,200	39,000	39,800	40,600	41,400
London Southend	10,000	11,000	11,500	12,000	12,500	13,000	13,500	14,000	14,500	15,000	15,500	16,000	16,500	17,000	17,500	18,000
Dublin	2,000	2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400	3,500	3,600
Other	39,300	43,500	44,500	45,700	46,800	47,900	49,000	50,100	51,200	52,300	53,400	54,500	55,600	56,700	57,800	58,900
Total	59,300	67,000	70,000	73,000	75,800	78,900	82,000	85,100	88,200	91,300	94,400	97,500	100,600	103,700	106,800	109,900
Annual cargo (tonnes)	450	458	469	479	489	499	509	520	531	542	553	565	576	587	598	609
Aviation revenue (incl. 50/50 split)	336	370	379	388	398	408	416	428	439	450	461	473	485	498	509	522
Stand income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rental income (Freight Distribution Centre)	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Total operating revenue	2,136	2,170	2,179	2,188	2,198	2,208	2,218	2,228	2,239	2,250	2,261	2,273	2,285	2,296	2,309	2,322
<b>Operating expenditure</b>																
Additional spending costs	-1,740	-1,366	-1,400	-1,335	-1,469	-1,507	-1,545	-1,582	-1,620	-1,661	-1,701	-1,745	-1,789	-1,833	-1,884	-1,927
Shuttle bus	-70	-77	-79	-81	-83	-85	-87	-89	-91	-94	-96	-99	-101	-103	-106	-109
Total operating expenditure	-1,810	-1,443	-1,479	-1,416	-1,552	-1,592	-1,632	-1,671	-1,711	-1,754	-1,798	-1,844	-1,890	-1,937	-1,987	-2,036
Cash flow (Passenger/cargo operations)	326	727	700	763	646	616	586	557	528	496	463	434	405	376	347	318
Current annual deficit	-514	-514	-514	-514	-514	-514	-514	-514	-514	-514	-514	-514	-514	-514	-514	-514
Net revenue - Southend (EID 27/50 split)	275	303	310	318	326	334	342	350	359	368	377	387	397	407	417	427
Net cash flow	-23,713	-516	-486	-477	-458	-436	-415	-393	-372	-349	-325	-302	-277	-253	-226	-199
Net cash flow (incl. EDC rental income)	-25,513	-1,284	-1,304	-1,323	-1,342	-1,364	-1,385	-1,407	-1,428	-1,451	-1,476	-1,498	-1,523	-1,547	-1,574	-1,601
IRR - Total project	14%															
IRR - Aviation operations	10%															

Peter Forbes  
Director  
Alan Stratford and Associates Ltd  
175 Borough High Street  
London SE1 1HR

21 June 2012

Dear Peter

**Carlisle airport financial appraisal model**

I have carried out a review of the financial model you sent me on 14 June 2012, identified as 'Carl Airport Bus Plan.xls' and an accompanying document 'Carl Airport Assum Bus Plan.docx'.

You have asked me to consider the appropriateness of the model for the appraisal of an investment in airport infrastructure. As you know, I am a Chartered Accountant and have specific experience in the financial modelling of airport businesses in many circumstances over the last ten years and more.

**Observations on the structure and operation of the model**

I have identified a number of anomalies in the model:

- Assumed cargo volumes appear to have no impact on revenues or any other part of the model.
- Although revenues per passenger are inflated by 13.1% every five years and passenger volume growth of 4% is assumed, aviation-related revenues in row 32 are adjusted only by inflation of 2.5%. In other words, these revenues per passenger and volume assumptions are not implemented in the financial model at all.
- All operating expenditure (i.e. excluding depreciation and interest) and other revenues are similarly adjusted only by inflation of 2.5%, with no reference to passenger or cargo volumes.
- Although depreciation is calculated for each year in row 99 (assuming asset lives of 40 years), depreciation is only included in the total expenditure line (row 102) for 2013, thereafter depreciation is ignored.
- The two metrics apparently used to appraise the investment are both percentage returns on equity, but the value of equity is inconsistently calculated. The model assumes £10 million of debt is repaid at a rate of £1 million each year but does not compute the cash flow implications and makes no adjustment to the value of equity. The cash flows would imply further injections of equity capital or new sources of debt. Even in terms of

balance sheet accounting, equity measured as the depreciated value of the investment less debt would also imply significant increases in equity. Either way, the returns on equity computed would overstate the actual returns.

Taken together, these observations lead me to conclude that the model version I have seen would not be a safe basis for an investment appraisal.

### **Observations on the investment proposition**

I have carried out a high level analysis of the investment proposition, after correcting for the error in the computation of aviation-related revenues. I have not incorporated revenues in respect of cargo and I have not corrected the model for any increases in operating expenditure arising from volume growth assumptions. This means that, in broad terms and assuming the underlying assumptions are otherwise reasonable, I would expect my analysis to overstate the level of returns.

I have separated my analysis of the business into two components – airport and freight distribution centre. I have carried out a discounted cash flow analysis to identify the internal rates of return shown by the investment on a pre-financing and pre-tax basis. This indicates the levels of overall return to investors, taking debt and equity investors together, and is a common reference point for investment appraisal. The benchmark rate of return for such an appraisal would be an assessment of the nominal pre-tax weighted average cost of capital.

I have computed internal rates of return assuming a value of the business and of its two components at the modelling horizon, at the end of 2032, equal to the depreciated book value of the investments.

The results are:

- |                               |                |
|-------------------------------|----------------|
| ▪ Airport:                    | -4% (negative) |
| ▪ Freight distribution centre | +15%           |
| ▪ Overall business            | +10%           |

A nominal rate of return of 10% on a pre-tax basis does not look especially attractive, but it is possible that it may be attractive for a low risk investment.

From my experience of considering risk and financing in the airport sector, I would observe that airports at the periphery of a regional market and at an early stage of commercial development tend to be more exposed to systematic risk than the generality of airports. It seems unlikely that this investment should be considered low risk.

The results I compute for the airport part of the business would be particularly concerning. The results, showing a negative internal rate of return, do not support the airport investment proposal taken in isolation. I note further that the pre-financing (i.e. before taking account of any debt interest, debt repayment or dividend) cash flows for the airport component are negative every year until 2027.

I conclude that, from the evidence presented in this model, I see no evidence that the airport investment is commercially attractive or that the airport would be financially sustainable, even disregarding financing costs.

### **Observations on scope of benefits for other airports**

I understand that the investing company has expressed the view that a commercial decision to invest in Carlisle airport would be in part underpinned by significant benefits arising at another airport. Such benefits were not reflected in the model I have reviewed.

It is well recognised that commercial benefits can arise for an airport as a consequence of increasing passenger numbers. For airports in a competitive market, this influences the charges that can be levied on airlines and the prevalence of heavy discounting by airports to attract new routes is well documented. The nature of markets mean that an airport cannot rely on retaining such benefits for long. It seems implausible that benefits of this kind arising at another airport should materially underpin an investment decision at Carlisle airport.

I enclose with this letter a copy of the model with an additional sheet appended with my calculations.

I hope you find this helpful. Do please let me know if you have any queries.

Yours sincerely

**Ian Rowson**

*Director of Regulation and Forensic Services*



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12<sup>th</sup> June 2012

**Carlisle Airport – Comments on Additional Information provided by the Applicant**

Dear Antonia,

This letter provides brief comments on the additional Business Plan material submitted by the applicant over the last week. Our comments relate principally to the input assumptions which drive the financial appraisal submitted rather than the financial appraisal itself. The appraisal is only valid if the input assumptions themselves are valid. As set out in our previous correspondence and our original report, we do not believe that many of these underpinning assumptions can be relied on. This letter should be read in conjunction with our earlier documents.

We note that many figures submitted by the Applicant differ from those previously submitted, e.g. attached to the URS letter of 16<sup>th</sup> December, without any explanation being given for the variations. The lack of consistency in the material submitted in support of the application means that we consider that less weight can be placed on any particular set of figures than if there was consistency and an evident audit trail for any variations.

Nonetheless, I do note that the appraisal sheet (Appendix 2) appears to simply show the effect of inflating the cost and revenue inputs by 2.5% per annum from 2013 and hence does not form a reliable basis for assessing the future costs and revenues from the operation of the Airport. I note that, even on the basis of the Applicant's figures, the net profit shown is less than the notional assumed rental from the Distribution Centre. Hence, this confirms my view that the Stobart Group will be worse off with the Airport retained in operation than without, creating an incentive for them to seek closure as has arisen at Plymouth and Sheffield.

In the remainder of this letter, we comment in more detail on the aviation specific aspects of the Business Plan Summary, Appraisal and attached documents in the order covered in Appendix 1.0 Assumptions Summary.

***Capital Costs***

As stated in our letter of 16<sup>th</sup> March, we continue to believe that the capital costs associated with the refurbishment of the runway, aprons and terminal are understated and that financing costs shown in the appraisal are understated.

### *Demand Projections*

We have reviewed the material submitted by the Applicant in detail as the viability of the proposed air services is a crucial component of the Business Plan submitted. This document appears to have been produced by the Stobart Group for Aer Lingus rather than being produced by the airline so it should not be taken as indicating acceptance of the business case by Aer Lingus or Aer Arann.

We understand that the services to Southend are covered by a 5 year agreement in return for the Stobart Group investment in the airline, in other words the services are effectively being heavily subsidised. We are unclear whether these arrangements extend to cover the potential Carlisle operations or whether an additional financial subsidy would be necessary to secure operations. If so, this would need to be accounted for in the appraisal.

Furthermore, Aer Arann no longer flies in its own right and now operates solely on behalf of Aer Lingus Regional or on a charter basis. As such, Aer Arann has withdrawn from operating services (such as from the Isle of Man to London City) other than those to and from the Irish mainland (branded as Aer Lingus). It is unclear whether Aer Lingus would support or be willing to market the operation of a UK domestic route between Carlisle and Southend. It seems likely, at the very least, that substantial expenditure by the public sector would be required to market the services as is indicated in the business case document.

We have assessed the demand projections set out in the business case document using CAA survey data from 2009 to establish the local catchment area market to all London airports as this was the last year when the Scottish Airports and Newcastle Airport were included in the survey alongside Manchester, so giving as complete a picture as possible of air passenger demand to and from the Carlisle Airport catchment area. We have taken the same core catchment area as set out in paragraph 2.37 of our July 2011 report. Our analysis shows 69,880 passengers travelling by air to/from the core catchment area to the London airports in 2009, of which 38,699 were point to point passengers, and 15,312 passengers travelling to/from Dublin (including those making onward connections). This is consistent with the analysis set out in Table 2.4 of our July 2011 report. We consider that the figures quoted by the Stobart Group are unrealistic in assuming penetration of the market in South Lakeland, Barrow and the Scottish borders which are more conveniently served by more frequent services from other airports. Hence, our initial assessment of the market is around half of that assessed by the Applicant.

A further factor in respect of a route to London Southend is the surface origin/destination in the London area. Given surface traffic congestion in and around London, it is unrealistic to expect passengers from South and West London to consider flying from Southend on a domestic air service. Considering only those passengers with surface origins/destinations North and East of the City using 2010 CAA survey data<sup>1</sup>, including the immediate southbank of the Thames estuary, would limit the potential market to a maximum of 36% of the total, i.e. some 14,000 passengers at 2009 demand levels. Of these, the data shows approximately 5,000 to be business travellers. It should be noted that demand on domestic air services has fallen by around 10% since 2009 due to the effects of the recession, increased taxes and improved rail services.

It becomes relevant then to consider competition from rail and from other airports as in reality a Carlisle to Southend service is unlikely to capture all of those point to point passengers currently flying. There are a number of issues with the information provided by the applicant:

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<sup>1</sup> The 2010 data used to assess the London catchment area includes London City Airport and so gives a more reliable pattern.



- The assumed sector length in the flight schedule is too short. Based on the current Aer Arann flight to Dublin from Southend, which is of a similar sector length, the block time should be 1hr 45 mins, making the arrival time at Southend 08.45. On this basis, arrival time at Liverpool Street would be after 10.00. This could have implications for the length of the business day if the aircraft has to be back to Carlisle by 18.30 as this would require a departure from Liverpool Street before 15.00. This would be unattractive compared to the length of business day available by rail.
- Should the return flight be scheduled later, this could have knock on consequences for the opening hours and operating costs of the Airport and for the crew hours and operating costs for the airline.
- The comparison between air and rail fares appears predicated on a high proportion of passengers travelling on business and using first class rail but this is not the case on either count. With only around 5,000 business travellers, the service would require a significant number of leisure passengers. However, with an average sector fare of £100, the air journey will be more than double the cost of a typical standard rail journey. This will severely limit penetration of leisure markets and make the stimulation of additional tourist trips to the Lakes highly unlikely. In any event, the nature of Lake District tourism is such that most visitors will need a car available and will have substantial luggage associated with walking and climbing.
- The business case claims that the inauguration of the service to Southend has resulted in substantial market stimulation but, as pointed out in our letter of 16<sup>th</sup> March, the passenger numbers on the combined Luton and Southend services to Galway and Waterford are now substantially below the numbers of passengers previously carried from Luton. The Galway service has now been suspended as being unviable at an annual passenger volume of around 20,000 passengers a year.
- It is not credible that passengers would use a service to Southend to connect to the easyJet offer from that airport as all routes are available by easyJet or other carriers from Newcastle and Manchester Airport. A comparison of air fares on offer from easyJet on destinations served from both Newcastle and Southend<sup>2</sup> for a week in early July shows that air fares are not systematically lower from Southend, with the median fare across these baskets of routes being marginally higher based on a web search of available fares. Hence, it is not credible that passengers would incur the additional cost of flying to Southend, noting that through ticketing arrangements will not be available, making missed connections the sole financial responsibility of the passenger and probably requiring an overnight stop in most cases to guarantee the connection.

Taking all factors into consideration, we consider that the Carlisle to Southend route will struggle to capture the full existing air travel market of 14,000 passengers to north and east London and East Anglia as at least part of the market will be influenced by higher frequency services available from the other airports and by flight timings. Nor will there be much likelihood of the service attracting travellers away from rail or car or of stimulating new trips to the area. On this basis, it is highly unlikely that a twice daily service would be viable for the airline, particularly as it has recently withdrawn services operating at 20,000 passengers per annum for a single daily flight.

<sup>2</sup> Alicante, Barcelona, Belfast, Faro, Ibiza, Majorca, Malaga.

In terms of the Dublin route, the volume of passenger demand would suggest this will be below the threshold for route viability. It also needs to be considered that 90% of this demand is using the low fare services operated by Ryanair from neighbouring airports and would not automatically switch to Aer Arann. Equally, passenger demand to Dublin has fallen by 8% since 2009.

Whilst some transatlantic connecting passengers might be attracted to supplement the route potential, the timing of the flight to Dublin would, as the Stobart paper suggests, limit connections to 1 daily outbound flight each to Boston and New York on current timetables. Inbound connections would be less attractive, resulting in passengers having a considerable time to wait in Dublin when coming from the USA.

On the basis of our analysis, it would seem unlikely that the Dublin service would be viable.

We believe that it is also unsafe to assume 4% per annum growth in both markets as shown in the appraisal. As indicated, UK domestic traffic has been in decline and growth expectations in the latest DfT forecasts are approximately 3% per annum based on economic projections of 2010. We would expect a similar low growth trajectory to apply to a Dublin route.

Hence, there are considerable doubts as to whether 60,000 passengers would be carried on the proposed services in current market conditions. It is more likely that the maximum initial passenger volume on both services would not exceed 30,000 passengers per annum and might over time grow to the order of 50,000 passengers as indicated in our original assessment. However, it is not likely to be viable for the airline to base an aircraft at Carlisle on this basis nor to operate services at the frequency indicated, unless in receipt of substantial subsidy from the Stobart Group and/or from local authority partners, which casts the achievement of any volume of commercial passengers in doubt. The lower realistic passenger potential is materially less than suggested in the financial appraisal submitted by the Applicant, with material implications for the assessment of viability.

### *Freight*

A figure of 400 tonnes of air freight a year is now cited in the Business Plan appraisal. This is not consistent with the number of freighter movements shown in the ES and would amount to just over 1 tonne of air freight per day on average. We previously assessed the air freight component of the Distribution Centre to be only 1% of throughput on the basis of over 30 tonnes of air freight per day. On the basis now submitted by the applicant, the air freight element would represent less than 0.01% of the activity in the Distribution Centre, highlighting the complete lack of any synergy between the Distribution Centre and the Airport.

### *Revenue per Passenger*

An overall revenue per passenger figure of £8.25 per passenger is cited in the Business Plan appraisal. This is significantly less than the claimed aeronautical revenue in the previous reports from Mott MacDonald. It is claimed to be based on the revenue earned, including non-aeronautical income earned from Aer Arann passengers at Southend. There are a number of reasons why we would expect the income at Carlisle to be lower than achieved at Southend:

- the lack of adequate commercial facilities within the terminal will severely limit potential revenues from retail and catering;
- Aer Arann, letter of 29<sup>th</sup> February 2012, state that there will be no car parking charges compared to £10-15 per day charged at Southend;
- the Southend income will include rail fare income.

Based on our assessment, the total additional income per passenger is likely to be less than the £7.50 which we used in our indicative assessment in our letter of 16<sup>th</sup> March, which we stated at the time was likely to be an over estimate.

It is also not clear where any support payments, such as paid to Aer Arann to operate the Southend services are factored into the analysis. This would be an additional cost to the business.

We are unclear as to the basis upon which the Applicant claims that additional revenues to be earned at Southend from passengers using the Carlisle service are relevant to the appraisal of investment in Carlisle. Given the stated £115 million investment in Southend, this income will need to be applied to mitigate losses there even accepting the argument that it is incremental to the Group. It is not income available to mitigate losses at Carlisle.

#### *Current Cost and Revenue Figures*

Various cost and revenue figures are given for existing airport operations. Although these are claimed to be taken from the Airport's current management accounts, we have been unable to reconcile these back to the previous estimates of current costs and revenues stated in the previous appraisals submitted by the Applicant.

#### *Stand Income*

As stated in our previous correspondence, there is no evidence to support demand for aircraft parking at Carlisle, particularly when, by the Applicant's admission, it would require engineering personnel to fly up from Southend once a month for checks.

#### *Additional Staff Costs*

The basis for the £500,000 per annum figure is not set out in the Assumptions sheet but previous correspondence from the Applicant confirmed that the incremental staff costs to support scheduled service operations would be £1.150m per annum (letter of 16.12.11) The additional costs will only serve to increase the losses on airport operations so increasing the risk of closure.

In summary, we do not consider that the Business Plan and Financial Appraisal recently submitted by the Applicant can substantiate a sound case that the Airport at Carlisle will remain in use should planning permission for this Application be granted. Many of the figures contained within it differ from those previously submitted by the Applicant without explanation or justification.

As with previous submissions from the Applicant, the appraisal relies on an over-optimistic assessment of the viability of air services and a likely material under-estimation of the capital cost of the works necessary to allow such services to operate. Hence, we consider that it would be unwise to treat the development of the Distribution Centre as enabling development. Rather the latest submission confirms that there is an even more negligible linkage between the Distribution Centre and aviation operations than previously claimed and fails to demonstrate that the Airport could attain profitable operation in its own right over the longer term. Hence, the real risk of closure of the Airport remains, which would leave a road haulage Distribution Centre stranded in the countryside adjacent to Hadrian's Wall.

Yours sincerely,

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**Managing Partner**  
**York Aviation LLP**