**UK airport expansion**

**What are the options being considered by consultants?**

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Consulting›Commercial awarenessUK airport expansionWhat are the options being considered by consultants?

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It's widely agreed that airport capacity in the South East is no longer great enough to cope with demand, and that the UK is losing business opportunities to European neighbours as a result. However, disagreement over the best solution to this problem is equally commonplace.

In September 2012 the government announced the creation of a commission on aviation expansion to consider the options. Former financial services Authority boss Sir Howard Davies will chair the commission, and be joined by expert economists, environmentalists and business chiefs to review airport expansion. On 1 November Davies outlined the range of possibilities that will be considered by the commission.

Strategy and management consultants regularly consider the economic, social and environmental costs and benefits of business opportunities, as well as the scale and timing of projects. But how would consultants weigh up the business cases for and against the options to be considered by the commission? We take a look at the possibilities...

**Third runway**

The option of adding a third runway to the UK's largest airport and international hub, Heathrow, was ruled out by the coalition agreement for the duration of this parliament. But Davies has put the possibility of constructing another runway back on the political agenda.

Strategy consultants are likely to view the third runway option as the best short-term solution to keep the UK internationally competitive. Construction would be relatively quick, and it would create jobs and bring more business to the South East and the whole country. In addition, short-haul flights could be moved to the RAF Northolt, just six miles north of Heathrow, while construction takes place.

But it's possible that by the time a third runway is completed it could already be insufficient to meet rising demand. So a longer-term solution could be more efficient...

**Boris Island**

London mayor Boris Johnson favours the construction of a brand new airport in the Thames Estuary to replace Heathrow, and consultants might agree.

The construction of a large-scale, £50 billion infrastructure project would create thousands of jobs in east London and result in an airport that will meet future demand. Proposals suggest construction would be privately funded, and it would have less of an impact on the capital's residents than the expansion of Heathrow.

But a new airport would take a long time to construct, leaving the UK economy to suffer in the meantime. What's more, the wind-down and eventual closure of Heathrow could devastate the local economy, which is dependent on the airport.

**Gatwick/Stansted expansion**

Gatwick and Stansted are bases for predominantly low-budget airlines offering flights to European destinations, and neither airport is used as a transfer hub. A second runway could be added to either, or both, to add international routes to emerging markets.

There's less political and environmental opposition to expanding these airports, so it's less likely that construction would be held up. There are already good transport links between Gatwick and central London, but Stansted is more remote and expansion of the airport would have to be accompanied by the construction of transport infrastructure to link it to London.

All in all, these are feasible options but they don't present dramatic opportunities for the country.

**Rail links**

If construction of a new runway or airport is to be avoided, the only option left is to connect Heathrow and Gatwick or Heathrow and Birmingham Airport via high speed rail to share aviation demand between two airports.

Work has already begun to expand Birmingham so it will have capacity for an additional 27 million passengers annually by 2014. It's a good idea because diverting transit passengers through the Midlands could spread the economic benefits to regions outside the capital. However, transit time would still be over an hour, so it risks being a costly failure.

A high speed link between Heathrow and Gatwick would be a long-term and expensive project.

**Reports pending**

The Davies commission will consider each of these options in turn. It will produce an interim report by the end of 2013 to narrow down the most feasible solutions, ahead of a full report to be completed by 2015, which will be presented to government after the next election.

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