



Ref: A0833

PRIME MINISTER

Third London Airport

(E(79) 69)

BACKGROUND

There are two related items on the Agenda for this meeting: the Third London Airport, and the Fourth Terminal at Heathrow. It is logical to take the third London airport one first.

2. The proposal is to develop Stansted, initially by building a new terminal, and eventually by constructing a second terminal and a second runway alongside the present one. This course is preferred to all the other options explored in considerable detail - in the reports by the Study Group and Advisory Committee, which have been separately circulated. They are now being printed and will be ready for publication from Friday 7 December onwards.

3. A decision is now urgent. The delivery of the reports is public knowledge. The Secretary of State for Trade wants to make an announcement before Christmas, accompanied by publication of the Reports, although the timing of this is now being reconsidered. It will probably be delayed until at least after the South West Herts By-Election. Whatever the decision, it will be highly controversial. This is why we have brought it to a Committee under your Chairmanship. If the Committee does not feel able to take a final decision at this meeting, it could be remitted for further study by a small group of interested Ministers, for the final result to come back to Cabinet or to E early in the New Year. In that event, the two Reports could be published this Friday with a 'holding' announcement.





## HANDLING

4. I suggest you call for a general introduction from the Secretary of State for Trade, as the sponsor Minister, and from the Secretary of State for the Environment, who is directly concerned in the planning issues. Other Departmental Ministers can be called as points arise during the discussion.

5. The discussion might fall into three parts: establishing the need; choosing the site; and procedure thereafter.

The Need

6. The Secretary of State summarises the arguments, a bit impressionistically, in paras 3-4. They are set out in slightly more detail in Appendix 1, paras 4-7. To supplement this, you may like to glance at the report of the Advisory Committee, and especially its conclusions in Chapter 7.

7. Points which may come up in this part of the discussion are:

(a) Oil Prices and Supplies: Despite the recovery of the air traffic since the 1974 oil price increases, this must obviously remain a worry.

(b) Tourism: The tourist forecasts are fairly robust, both inwards and outwards. In particular, they assume a strong pound, which tends to damp down inward tourism.

(c) Tunnel: The present Channel tunnel plan would have little impact on the need for a new airport: at most, it would subtract one year's growth from future traffic.

(d) Regional Policy: The Advisory Committee looked hard at this, but concluded that the real need remains for an airport with access to London.





(e) Public Expenditure: A high proportion of the total cost will be self-financed by the British Airports Authority. A small part will remain as a final charge to the Government (through the roads programme) or by way of subsidy to British Rail (if not recovered from BAA). None of this is provided for in the present Public Expenditure Survey, though much would fall outside the survey period.

(f) One run-way or two: The need for a second runway is by no means established yet. A two-runway airfield (though much smaller than the original grandiose four-runway Maplin plan) still sterilizes an enormous area. But the prudent course does seem to be to choose a site which can be expanded to two runways if it proves necessary.

#### The Choice of Site

8. This has been examined exhaustively by the Study Group. Ministers should look carefully at figure 2 in their report. This demonstrates how the various constraints on airport development (shown separately in figure 1) combine to eliminate a very large area in the circle round London. Nevertheless a number of potential sites were identified: the Study Group then narrowed this to a short list of six: four of these are 'green fields' and the other two are Stansted and Maplin. The Secretary of State (para 5) identifies four possible solutions. You might take these one by one.

(a) Heathrow/Gatwick: The case against a fifth terminal at Heathrow is very strong. Discussion of the next item on this Agenda will show how hard it will be even to get a fourth terminal. Expansion of Gatwick to a two-runway airfield is enormously expensive and politically very unattractive. Ministers will probably agree with Mr Nott that both courses must be ruled out.





(b) The Green field Sites: There are four of these: Hoggston (Berks); Yardley Chase (Bucks/Northants); Langley (Herts/Essex/Cambridgeshire) and Willingdale (Essex). All would be expensive to construct, and even more expensive to link by road and rail. None has any advantage over the existing site at Stansted.

(c) Stansted: The tribal memories here will die hard. But the airfield exists: it needs only a new terminal and improved access to cope with expected traffic for some years ahead; land could be reserved for the second runway and terminal without undue disruption; this is the course which Mr Nott prefers. Mr Stevas has a constituency interest in all the Essex sites, as well as his broader Parliamentary role, and will want to speak.

(d) Maplin: The original attractions of Maplin (formerly Foulness) arose from its combination with a deep-sea port. There is now no case for new port construction. Maplin would be extremely expensive, both in construction and in access; would require the removal of the MOD ranges at Shoeburyness; is not much better on environmental grounds than the inland sites; and is unattractive to the airlines. It has the advantage of involving the least noise disturbance. Ministers who were involved, in the last Conservative Government, in the original choice of Maplin may still have lingering regrets: but this option seems to rule itself out.

#### The Next Steps

9. The paper recommends a procedure which will combine a Special Development Order (SDO) with a degree of Parliamentary involvement. Any inquiry will have to range very wide - over the whole field covered by this paper. The problem is unique: it seems very unlikely that we shall ever want a fourth London airport. This distinguishes it from the Fast Breeder Reactor case, which will look at the genetic case for Fast Breeder Reactors as well as the site of the first Reactor,





and set a pattern which will be followed at several other sites. The Lord Chancellor may want to speak on the Tribunal/Inquiry points which arise. It will be important to be clear about these procedural points before any announcement is made in Parliament, partly so as to reassure critics that they will have a chance to make their case publicly. If necessary, the details could be remitted to the Ministers most directly concerned to agree before the announcement is made. You will also want the views of colleagues on the timing of the announcement: before or after Christmas? If an announcement is postponed should the Reports be published separately? If so when?

#### CONCLUSIONS

10. The main choice is between taking a decision now, and remitting part or all of the problem to another Ministerial Group. I think you might aim to reach at least one firm conclusion:

(i) that the Committee accepts the case for establishing a third London airport which can eventually be developed to a two-runway standard.

11. Thereafter, you may be able to get the Committee to agree:

(ii) that the best site for such an airport is at [Stansted], [Maplin], [some other site];

but if you cannot get agreement immediately on this point, the issue should be remitted to a smaller group: the Ministers directly involved are the Secretaries of State for Trade, the Environment, Defence, and (possibly) Employment; the Minister of Transport; the Chief Secretary, Treasury; and perhaps one neutral, who might be the Home Secretary (with the political aspect very much in mind). The Home Secretary would chair the group.





12. In parallel, you might try to seek agreement that:

(iii) the procedure should be as recommended by the Secretary of State for Trade, viz: that BAA should proceed by way of a Special Development Order following a wide-ranging local public enquiry, but should bring forward proposals for compulsory purchase only for the minimum land needed at the first stage (paras 16(e) and (f)).

*Mr.*

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3 December 1979





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