



# 2023 GATWICK CAPITAL INVESTMENT PROGRAMME

Published following consultation with Gatwick's airlines and  
GATCOM's Passenger Advisory Group

Issued July 2023



**LONDON GATWICK**

POWERED BY **VINCI** AIRPORTS   GLOBAL  
INFRASTRUCTURE  
PARTNERS

## 2023 CAPITAL INVESTMENT PROGRAMME

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## FOREWORD



Nearly ten years ago, Gatwick Airport sought to create an alternative to the regulatory arrangement that was in place at the time, one which would fundamentally change how we worked with our airline customers and enable us to deliver our strategy to compete and grow to become London's airport of choice. Central to this approach was a dynamic, flexible and collaborative approach to capital investment; delivering a five-year programme that was reviewed annually and adapted to reflect the changing business needs of the airport, our airline customers and our passengers.

Over the first seven years (2014/15-2020/21), we invested £1.36 billion, supporting record passenger growth, expanding long-haul and short-haul route networks and improving passenger experience. In early 2020, we were completing consultation on our next five-year investment programme and planning that, by 2025, we would have invested a further £1.3 billion.

This programme would have delivered 8 new stands through an extension to Pier 6, new taxiways, the first of two departure lounge expansions and a multi-storey car park, amongst many other initiatives. Then the Covid-19 pandemic struck.

The pandemic was devastating for the entire aviation industry. Over the period, we saw empty terminals, aircraft sitting idle at our stands, and friends and colleagues leaving the industry. To preserve liquidity, we had to scale back capital investment and limit spend to just a handful of critical projects. Annual capital spend dropped from a previous average of over £200m per year to under £50 million in 2020/21 and 2021/22. However, business critical projects like the upgrade of the airfield data network continued, as did our contributions to the rail station project which will transform the experience for millions of our passengers who travel to and from the airport by train.

As travel restrictions started to lift and South Terminal re-opened in March 2022, capital investment projects re-started. Critical assets were prioritised, with over £20 million invested in the re-surfacing of the main runway. Passenger experience investment was also a priority; projects such as the refurbishment of the domestic gates in North Terminal that were paused during the pandemic re-started, and new projects such as the refurbishment of the North Terminal international departure lounge were initiated.

Difficult times foster innovation and efficiency. The Gatwick Construction team exemplified this last summer when it came to re-surfacing the Main Runway which was accomplished in half the time and for half the cost, while saving significant amounts of embodied carbon by using 70% less asphalt compared with traditional resurfacing methods. Similarly, the Pier 6 western extension has also been reimagined: a revised design is being developed, which still provides eight new pier-served stands to improve passenger service, but with a 50% smaller footprint, which requires less carbon to build and operate.

Thanks to the collective efforts of the Gatwick teams, our airline customers and ground handling communities who successfully delivered through a difficult ramp-up period, we saw rapid business recovery in 2022. Looking ahead, 2023 is promising but there are still headwinds in front of us. We cannot ignore the current cost-of-living crisis and the war in Ukraine, but we have learnt that our passengers want to and will continue to travel. Good experience will be key to maintaining passengers' confidence and encouraging them to choose Gatwick. We are unwavering in our commitment to invest to deliver a good service to passengers and airlines and believe that a steady rate of investment is important to safeguard service levels.

As we look to the future, we have been working to develop a new vision to act as a guide in developing the airport. Underpinned by the tagline "To be the airport for everyone, whatever their journey", our vision is built on three core foundations – ease, efficiency and experience. This vision will flow through our investment plans as well as our day-to-day operations.

Gatwick aims to lead the way in sustainable aviation and recognising the urgent need to make net zero a reality, we have accelerated our commitment to reach net zero (Scope 1 and 2) by 2030, ten years ahead of our previous target. Alongside the airport's carbon targets, our second Decade of Change sets out a renewed set of ambitious goals covering 10 topics which focus on the local economy, people and communities, noise, emissions and the local environment. Government and the aviation industry are addressing the challenge of decarbonising air travel, and we are working closely with all our stakeholders to ensure we are creating a sustainable airport for the future.

The Gatwick Board continues to believe that long-term investment is critical to the future of the airport. Central to this is bringing our existing Northern Runway into routine use. We expect to submit a planning application later this year, with a decision likely in 2025. Bringing the Northern Runway into routine operational use will unlock capacity and allow for a more efficient and resilient operation, as well as meeting passenger demand. Airport growth will provide a significant boost to the national and regional economy, and help support jobs, tourism and trade throughout the UK.

I am immensely proud of how the Gatwick community responded to the extraordinary challenges of the pandemic years, but I am delighted to be putting those times behind us and focusing on the future.



This 2023 Capital Investment Programme sets out our ambition to invest over £2 billion in facilities and services for our passengers and airline customers over the next six years. The programme reaffirms our intention to not only meet, but exceed, our minimum investment commitment over the period, and deliver the projects we set out in our 2020 plan as well as a range of additional initiatives to deliver our vision of ease, efficiency and experience for all our passengers, whatever their journey.

Despite some broad economic uncertainty, we are looking forward to a successful 2023, with new airlines and routes coming online, a strong

ramp-up in our investment and a return to the high service standards for which Gatwick is known.



**Stewart Wingate**  
Chief Executive Office

## INTRODUCTION

Gatwick's Capital Investment Programme (CIP) is a rolling five-year investment view which we publish each year as part of our Commitments regulatory framework. The programme is consulted upon with our airline customers and GATCOM's Passenger Advisory Group (PAG) and is informed by a continuous and extensive range of passenger feedback and research to understand their needs.

Consultation on the 2020 CIP had almost been completed when the Covid-19 pandemic hit, and the investment programme was scaled back significantly. Given the uncertain conditions, GAL agreed with the airline community that it would not consult on a 2021 or 2022 CIP but wait until the airport's recovery was clearer. As the Gatwick operational teams, airline partners and their ground handling staff delivered an extraordinary business recovery through 2022, we began work to re-energise our CIP and consultation began in November.

On 6 May 2021, the Civil Aviation Authority (CAA) published its final decision on the economic regulation of GAL for the period 1 April 2021 to 31 March 2025. The decision adopted a new set of Commitments, which had evolved from the original 7-year Commitments from 1 April 2014 to 31 March 2021. These new Commitments included an updated minimum investment undertaking, revisions to the capital consultation process, expanded service commitments and simplification of the pricing structure.

The Commitments require GAL to notify the CAA of its intentions for the future of Commitments beyond 2025 by 31 March 2023. GAL engaged extensively with airlines on the future of the Commitments, starting in July 2022 with an airline consultation, ahead of making a submission to the CAA on 31 March 2023. Airline feedback was critical in shaping the proposal made to the CAA.

Feedback from airline customers and other stakeholders as part of the Commitments consultation, as well as the annual CIP process, has been consolidated in this draft 2023 CIP. The document details the capital investment we are proposing for the final two years (April 2023 to March 2025) of the current Commitments period, as well as the programme for the following four-year extension period which we have proposed. It is therefore a six-year forward view, rather than the usual five-year look ahead.

The proposed Commitments extension continues to include an undertaking to consult upon and publish a rolling five-year CIP. The success of the Commitments framework from its introduction in 2014 through to 2020 was evidenced by improved service delivery and customer satisfaction, strengthened resilience, higher passenger numbers, increased market share and an expanded route network. All this was underpinned by a capital programme which adapted to dynamic business requirements and was driven by the needs of our customers.

The benefits of a flexible Commitments framework were further demonstrated during the difficult pandemic years of 2020/21 and 2021/22. Despite losing over £1.3 billion of revenue, we provided our airline partners with a package of financial support measures and continued to invest throughout the period where it was appropriate to do so, for example, in the rail station expansion and the replacement of the airfield data network.

The 2023 programme reaffirms our intention to not only meet, but exceed, our minimum investment commitment over the period. We will continue to develop the airport through the flexibility the Commitments extension will give us, by working with our airline customers and the PAG to provide the right investment at the right time.

## The Structure of the Capital Investment Programme

The content of this document is guided by our Commitments framework for consultation on the Capital Investment Programme and is intended to describe the capital investment for Gatwick over the next six years. It aims to provide details regarding the drivers and priorities for investment, as well as giving specific information on current and future projects.

The structure of this document is as follows:

- [Section 1](#) describes GAL's vision for the development of the airport
- [Section 2](#) describes Gatwick's key drivers for investment and how these are translated into capital projects to achieve the goals for each driver
- [Section 3](#) provides the programme of capital investment for the next six years
- [Section 4](#) provides a short summary
- [Appendix](#) provides the extracted Core Service Standards and Airline Service Standards table from Gatwick Airport's 2023/24 Conditions of Use.

This Capital Investment Programme document is a snapshot of our plans at the time of publication and a basis for future consultation, and thus does not represent a mandatory investment programme. As you would expect in a six-year programme, many projects in the first year or two of the 2023 Capital Investment Programme are mature but as we look further out, the programme is more fluid.

## Annual Capital Investment Performance Review

This Capital Investment Programme document does not include a review of the performance of the 2022/23 Capital Investment Programme. This information will be shared separately at a meeting with the airlines and the PAG following the completion of the 2022/23 regulatory year.

## Feedback

This document was distributed to the members of the ACC (the Gatwick airlines' consultative body) and to the PAG as a draft for consultation on 3 May 2023 with a request for feedback by 14 June 2023. The period of formal consultation has since expired with this being the final version of the Gatwick 2023 Capital Investment Programme. We appreciate the contribution that the airlines and the PAG have made in this consultation process and we would like to thank them for helping us shape Gatwick's future capital plans.

## SECTION 1: GATWICK VISION

As Gatwick emerges from the pandemic and seeks to rebuild, GAL has developed a new vision to guide the airport's development.

The vision, underpinned by the tagline **"To be the airport for everyone, whatever their journey"** reflecting our diverse airline and passenger customers is built on three core foundations: **ease, efficiency and experience.**



**Ease**, through investing in customer experience, to enable an effortless journey through Gatwick from start to finish. Meticulous research and understanding of the customer need, will help shape and define the airport process. Continued investment in biometrics and digital features will simplify the way people pass through. Wayfinding will be modernised, to provide the right information, in the right way, at the right stage of the journey. New scanning technology will be deployed, enabling passengers to 'just walk through'.



Getting to and from the airport will become even easier, following the opening of the new railway station, delivering much needed additional capacity, as well as modernising what represents the arrival gateway for over 40% of passengers flying from Gatwick. The approach to making journeys easier will remain consistent; identify barriers and areas of friction, then invest in solutions to help simplify and improve the process. Gatwick will become renowned and celebrated by passengers as easy to pass through.

**Efficiency**, through refined process engineering to help streamline and simplify the Gatwick operation. Gatwick will continue to be a world leader in passenger security, though this is only the beginning. Strong investment in automation and Artificial Intelligence (AI) will deliver cutting edge improvements across the check-in and boarding processes, providing tri-partite benefit for the airport, the airline community, and our passengers.







Investment in airfield technology will help enable more runway movements, whilst supporting improvements in resilience.

Critically, the airport will significantly increase its focus, action and investment in the sustainability agenda – helping to lead the industry to decarbonise, whilst accelerating progress towards its net zero commitment of 2030. These credentials will underpin plans for bringing the Northern Runway into routine use.

**Experience**, through investing in the expansion and modernisation of the international departure lounges (IDLs), providing a distinctly broader range of food and beverage and retail offerings, with innovation and product ‘firsts’ at the forefront of the new developments – ensuring an experience unparalleled by the high street or other London airports. Designated ‘mood zones’ will be created within the terminal, allowing passengers to find the place that best reflects how they are feeling that day. High resolution digital orientation ribbons will deliver the ‘wow’ impact on entry to the international departure lounges, serving to remind passengers they are travelling through a major international airport. Individually tailored experiences will become more pronounced, offering choices for passengers travelling on business, for a family holiday, or for a long weekend break with friends.

The journey through Gatwick will become synonymous with fun, entertainment and individuality – allowing passengers to start their journey, *their way*.



*Image of North Terminal Departure Lounge Refurbishment*



## SECTION 2: INVESTMENT DRIVERS

Gatwick has 7 key investment drivers:

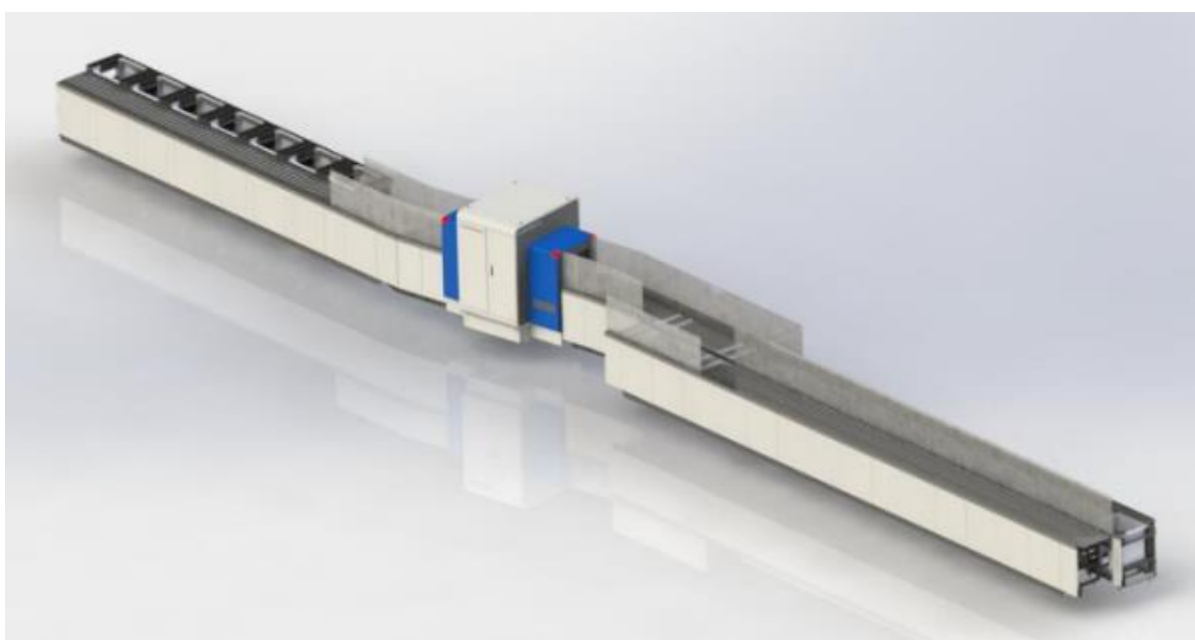
- Safety, Security and Compliance
- Sustainability
- Asset Stewardship, Resilience
- Capacity and Service
- Efficiency
- Commercial Revenue
- Future Growth



## 2.1 SAFETY, SECURITY & COMPLIANCE

Above all else, providing a safe and secure environment for our passengers and staff is vital for our business. We need to invest to comply with the requirements from a range of authorities to be able to continue to operate safely. These include the CAA who grant our licence to operate the airfield, the Department for Transport for security regulations and the Environment Agency for protecting the environment. Examples of projects which fall into this investment driver are:

- Next Generation Security Checkpoint – upgrades to passenger and staff screening technology mandated by the Department for Transport. This will impact multiple sites across the airport campus – central searches areas in both terminals, Flight Connections facilities, the Sussex Suite, staff searches areas in our terminals and crew reporting office blocks as well as external access posts.



*Next Generation Checkpoint Cabin Baggage Screening Lane*

- continued investment in Airspace Modernisation – a complete redesign of Gatwick's airspace as part of a national airspace modernisation programme to deliver 'quicker, quieter and cleaner journeys' with the aim of enhancing aviation safety and improving the capacity, efficiency, resilience and environmental performance of the airspace system
- a programme of projects to rectify legacy issues such as means of escape, fire protection, compartmentation, and emergency lighting in the South Terminal Main Baggage Hall
- a series of initiatives to address safety issues such as staff car park walking routes, road crossings and passenger accident hot spots such as passenger falls on escalators.

## 2.2 SUSTAINABILITY

Operating sustainably and being a responsible business is critical to our long-term success. In 2021, we launched an update to our Sustainability Policy, called our Second Decade of Change. This looks ahead to 2030 and sets out a renewed set of goals covering ten topics. Recognising the urgent need to make net zero a reality, we have accelerated our commitment to be a net zero airport (Scope 1 and 2) by 2030, ten years ahead of its previous target.

Our goals, shown below, are shared across three themes: people and communities, net zero and local environment.

### People and communities



#### 1. Local economy

Be a partner and advocate for a thriving resilient economy and contribute to local and regional workforce skills partnerships and initiatives



#### 2. Opportunity and accessibility

To increase workforce diversity through recruitment, training and retention practices and partnerships and ensure accessibility and opportunity for colleagues and passengers with disabilities



#### 3. Workplace safety

Be a leading airport for the safety, health and wellbeing of our workforce and passengers, striving to learn and continually improve



#### 4. Local communities

Invest resources in programmes and partnerships for those communities most affected by Gatwick's operations



#### 5. Noise

Limit and where possible reduce the airport's impact on local communities by working with partners and stakeholders to create the most noise-efficient operation possible



### Net zero

Continue Gatwick's net zero transition and further improve local air quality by:



#### 6. Airport emissions

- Reaching net zero for our Scope 1 and 2 emissions by 2030.
- Sourcing 50% of airport network electricity and 50% of heat network from UK renewable sources via onsite generation and direct purchase agreements (PPAs) by 2030
- Requiring all GAL and airport duty vehicles, ground support equipment and mobile construction equipment to meet zero or ultra-low emission standards by 2030



#### 7. Aircraft and surface access emissions

- Playing our part in UK aviation and ground transport transition to net zero carbon
- Working with airlines and fuel providers to implement the Sustainable Aviation decarbonisation roadmap and interim goals
- Working with transport partners to increase airport passenger and staff usage of public transport and zero and ultra-low emission journey modes to 60% by 2030



### Local environment



#### 8. Water

Reduce the airport's potable water consumption by 50% on a per passenger basis by 2030. Continue to improve the quality of the airport and work with partners to water stewardship



#### 9. Zero waste

Ensure that by 2030 all materials used in operations, commercial activity and construction are repurposed for beneficial use i.e. repurposed, recycled, composted or converted to energy



#### 10. Biodiversity

Have a sector-leading 'net gain' in biodiversity by 2030, protecting and enhancing biodiversity across the airport estate, including zero use of pesticides by 2030. Support biodiversity partnerships



## 2.2.2 People and Communities

Our People and Communities theme includes work relating to the local economy, opportunity and accessibility, workplace safety, local communities and noise.

### Local economy

We continue to advocate for a thriving, resilient economy and to contribute to local and regional workplace skills and partnerships. We will support local businesses, economic growth and innovation. This means, for example, aspiring to improve the proportion of our annual expenditure up to 15% in the local area and 25% in the region. We also aspire to create more high skilled job opportunities for local people as the airport grows and develops both its service and technology proposition.



### Opportunity and accessibility

We continue to strive to improve accessibility and opportunity for colleagues and passengers with disabilities and engage regularly with both GATCOM's Passenger Advisory Group and the Independent Gatwick Accessibility Panel which focuses on passengers with special assistance needs. Investment in the expansion of the international departure lounges in both North and South Terminals will include enhancement in the provision of facilities for passengers with special assistance-needs, for example, adult changing spaces and quiet zones, and put accessibility at the heart of the design of new space to enable as many passengers as possible to make their journey through the airport independently. We will also look for those opportunities where new investment can address legacy issues, for example, the Pier 6 expansion will enable buggy access for arriving passengers who require assistance, eliminating the current wheelchair process that is both inefficient and a poor passenger experience.

### Workplace safety

We are delighted the Royal Society for the Prevention of Accidents (RoSPA) President's Award has recognised our high standards for Health, Safety and Environment (HSE), the tenth consecutive award received from RoSPA but recognise that there is always more to do when it comes to safety. This 2023 CIP includes significant sums for automation and innovation. Automation of baggage, for example, would reduce the significant manual handling burden faced by ground handling staff. Initiatives such as "smart stands" also considers how technology could minimise the need for resources to be deployed to high-risk apron environments. The programme also includes budget provision for smaller scale initiatives like improving staff car parks.



## Local communities



Our education and careers programmes continue to see high levels of engagement and in 2023 we will invest in a pilot STEM (Science, Technology, Engineering and Maths) centre in our Concorde House office building to expand our capability to reach even more young people.

## Noise

We are committed to limiting the airport's impact on local communities where possible, by working with partners and stakeholders to create the most noise-efficient operation possible.

We continue to engage with stakeholders through the Noise Management Board, the Noise and Track Monitoring Advisory Group, the annual Airspace and Noise Public Meeting, airline engagement sessions, and Sustainable Aviation.

Through the pandemic we have progressed the modernisation of the airspace network around Gatwick through the Future Airspace Strategy Implementation – South programme (FASI-South) which aims to deliver safety, environmental – including noise and reduced Scope 3 emissions, and efficiency benefits through a complete re-design of the network of arrival and departure routes that serve Gatwick. Investment in the programme continues in this 2023 CIP through to 2026, though timescales for completion of the programme are driven by the Civil Aviation Authority (CAA) who are leading it.





## 2.2.3 Net zero

Our net zero theme includes work relating to airport greenhouse gas (GHG) emissions, and aircraft and surface-access GHG emissions.

### Airport emissions

We continue to seek ways to reduce energy consumption and increase energy efficiency. We have completed a detailed engineering-led roadmap to identify initiatives to reduce carbon and are refining our Carbon Action Plan which sets out the steps required to meet the target of net zero (Scope 1 and 2) before 2030, ten years ahead of our previous target realising the need to make net zero a reality.

This 2023 CIP includes a significant investment to support our net zero ambitions including:

- a programme to upgrade all lighting across the campus to LED. Projects underway in 2023 include Pier 4, Pier 6, 4 multi-storey car parks and street lighting.
- a programme to decarbonise heat, replacing over 100 gas boilers with zero emission alternatives
- a programme to reduce fugitive refrigerant gas emissions
- on-site renewable energy generation
- replacing the remaining GAL vehicle fleet of petrol and diesel vehicles
- provision of charging facilities for electric vehicles, fuelling capability for hydrogen vehicles
- provision of Hydrotreated Vegetable Oil (HVO) on site as a near term alternative, reducing emissions by 90% for many diesel vehicles whilst the fleet transition is completed
- a programme to improve the energy efficiency of our buildings
- a proof-of-concept project to explore whether automation can be used to identify faults and optimise energy use by heating, ventilation and air-conditioning systems.



### Airport Carbon Accreditation

Gatwick maintains the Airport Council International's Airport Carbon Accreditation at Level 3+ (Neutral), with our most recent accreditation completed in summer 2022. ACA Neutral accreditation requires ongoing reduction in and offsetting of residual Scope 1 and 2 emissions, and active stakeholder engagement to manage and where feasible reduce Scope 3 emissions, including aircraft and surface-access emissions. At Gatwick, this programme includes incentivising newer aircraft, providing fixed electric ground power on aircraft stands and restricting use of aircraft auxiliary power units, and promoting public and low-emission transport to the airport. We aim to become Level 4+ accredited in 2023, and to continue collaborating with partners to reduce overall emissions.



## Aircraft and surface access emissions

We are committed to playing our part in the UK aviation and ground transport transition to net zero. We continue to engage with Sustainable Aviation's work on decarbonisation and the Jet Zero Council's work on sustainable aviation fuel, and to identify ways of influencing others to reduce carbon. In consultation with our airline customers, we have also included a range of initiatives in this 2023 CIP designed to support airlines and ground handlers meet their own net zero ambitions. These include:

- provision of charging facilities for electric vehicles, fuelling capability for hydrogen vehicles and provision of Hydrotreated Vegetable Oil (HVO) on site
- exploration of opportunities to reduce aircraft taxi time such as 'taxibots'
- continued development of Airport Collaborative Decision Making (ACDM) to facilitate single-engine taxi and optimise aircraft taxi times
- provision of pre-conditioned air to reduce the use of auxiliary power units on aircraft stands
- modernisation of the airspace network facilitating more direct flight paths, steeper departure trajectories, higher altitude holding patterns and more direct descents
- provision of a new Rapid Exit Taxiway (RET) reducing runway occupancy and taxi times and saving >700tCO<sub>2</sub>e/year



In the longer term, GAL, together with our airline partners, are closely monitoring the development of hydrogen aircraft, which industry forecasts suggest may be in service at large airports as soon as the mid-2030s. This transition is likely to entail significant infrastructure change at the airport and this 2023 CIP includes small scale investment from 2027 when we anticipate trials, pilot projects and feasibility studies will be required. Transition investment is expected to ramp up sharply in the 2030s. In the interim, the airport is equipped to facilitate the use of Sustainable Aviation Fuel (SAF) and will explore how best to support more extensive deployment.

We remain committed to promoting and supporting passengers and staff to use sustainable modes of travel to and from Gatwick. We first set out our objectives for sustainable travel within a longer-term vision for the airport in 2012 and our 2018 Airport Surface Access Strategy (ASAS) built on and consolidated our success in growing the proportion of sustainable journeys to and from the airport from 40% to 47%.



Our 2022 ASAS sets out new objectives and targets for 2030 and how we will increase passenger and staff journeys to the airport by sustainable modes and ultra-low emission vehicles to 60%, define new targets for active travel mode share for staff living within 8km/5 miles of the airport following completion of the 2023 Staff Travel Survey, reduce staff single-occupancy car journeys, and continue to reduce passenger drop-off and pick-up car journeys by 10% compared with 2019.

The 2022 ASAS can be found on the Gatwick Airport website at:

<https://www.gatwickairport.com/globalassets/company/policies/surface-access-strategy.pdf>

This 2023 CIP includes a programme to support surface access goals, including active travel. Projects are likely to include:

- improvements and/or expansions of cycle routes around Gatwick
- provision of additional cycle storage, shower and changing facilities
- creation of a Gatwick cycle hub



A critical target for surface access is to challenge our rail industry partners to help us achieve 50% rail mode share for airport passengers by 2030, compared with 41% in 2019. Key to this goal is the Gatwick Rail Station project which will improve access to the platforms, enlarge and upgrade the ticket hall and create a new arrivals concourse. To date, Gatwick has invested more than £28m in the project and this 2023 CIP forecasts a further £22.5 million to completion, later this year.



## 2.2.4 Local Environment

Our Local Environment theme includes work relating to water, zero waste and biodiversity.

### Water

To reduce wholesome, or potable, water consumption by 50% by 2030 compared with 2019, we are exploring the opportunity to harvest more of the rainwater currently captured and stored in the airport's network of ponds and lagoons and re-use it for flushing toilets and other non-wholesome activities such as cleaning out the road sweepers and aircraft sanitation vehicles. This 2023 CIP includes investment for water storage, treatment and grey-water distribution.

This investment plan also supports our goal to continue to improve the quality of any water leaving the airport, with the provision of a new water treatment plant. In 2021 we commenced a trial enabling monitoring of real-time water-quality sampling data from rivers and this information will allow us to work with other stakeholders to support new interventions in challenging conditions, such as droughts or incidents upstream of the airport.

### Zero waste

Our goal is to ensure that by 2030 all materials used at Gatwick in operations, commercial activity and construction are repurposed for

beneficial use, i.e. repaired, reused, donated, recycled, composted or converted to fuel for heating or transport. In 2022, 56% of airport operational waste was reused or recycled, with the remainder sent offsite for energy recovery. Passenger research in 2019 highlighted passengers' interest in supporting sustainable waste initiatives and this underpinned a trial to improve segregation of materials at source through a trial of new recycling stations in the North Terminal. Engagement with airlines has also been increased to enhance onboard segregation processes to capture recyclable materials. This 2023 CIP includes budget provision to support further waste initiatives.



### Biodiversity

In February 2023, Gatwick was awarded its eighth consecutive Biodiversity Benchmark Award, demonstrating an industry-leading approach and ongoing commitment to biodiversity. We have continued to expand our award-winning wildflower road-verge initiative, with new areas hydroseeded to enhance the biodiversity potential of our green spaces and this CIP includes provision for more such initiatives.



## 2.3 ASSET STEWARDSHIP AND RESILIENCE

### 2.3.1 Asset stewardship

Consistently high levels of operational performance for our passengers and airline customers are the core of our business and the cornerstone is the effective maintenance of our existing assets. Where appropriate, rather than simply renewing assets as they come to the end of their lives, we also take the opportunity to upgrade them so that we deliver a higher performing asset base over time. We will also evaluate each asset replacement project to ensure it is contributing to our net zero and other sustainability goals. For example, gas boilers that have reached the end of their economic lives will be replaced with zero emission alternatives

Examples of major asset stewardship projects in this 2023 Capital Investment Programme include:

- a £70 million, multi-year programme to rehabilitate large sections of the taxiway system
- final completion of the five-year programme to replace the life expired, single point of failure, Airfield Data Network with a fully resilient fibre- optic network
- continuation of a programme to replace critical Air Traffic Control asset replacement programme including the Instrument Landing System (ILS), Multi-Static Dependent Surveillance system (MDS), and the Semi-Automated Meteorological Observation system (SAMOS).
- replacement of the 'old' or 'emergency' air traffic Control Tower, which is inadequate to meet Gatwick's operational capability with,

potentially, a remote or virtual facility like those operated by both Heathrow and City airports.

- replacement of 75% of terminal seats across the campus
- completion of the project to replace the ceiling in South Terminal check-in zones J and K
- upgrade or replacement of the Police Station
- replacement of the baggage sortation system in the North Terminal TBF baggage facility
- longer term projects to replace the inter-terminal shuttle and the North Terminal fire alarm system

Running alongside these major investments is a significant Core Asset Stewardship programme which covers all our day-to-day maintenance projects, such as the replacement of a wide range of airfield, engineering baggage and IT assets; escalators and lifts, passenger loading bridges, airfield lighting and baggage control systems, e-gates, life safety systems and roofs, to list just a sample.

Core Asset stewardship investment also includes projects to upgrade building fabric. Feedback from passengers, GATCOM's PAG and several airlines has highlighted that some areas of the airport are tired and shabby. Specific projects to address major areas such as the North and South Terminal international departure lounges and piers/gate-rooms have been identified, but a range of other areas will be covered under core asset investment.



### 2.3.2 Resilience

The resilience of the airport is critical to us, our airline customers and our passengers. We invest in a wide variety of measures to enhance the airport's efficiency on a minute-by-minute basis, as well as our ability to recover from disruption. There are many projects in this 2023 Capital Investment Programme that both directly and indirectly support resilience. These include:

- upgrades to the Airport Collaborative Decision Making (ACDM) system
- exploration of opportunities to enhance our capability to de-ice aircraft prior to departure
- provision of wi-fi on currently unconnected remote stands to support ACDM deployment and facilitate efficient ground handler and airline operations.
- investment in an extensive programme of IT resilience to enhance our protection against failures of critical IT systems, including guarding against ever increasing cyber security threats
- automation of baggage and other resource intensive activities to increase efficiency and reduce the impact of resource/skills shortages or absences on operations
- provision of a new Rapid Exit Taxiway (RET) reducing runway occupancy and aircraft taxi times. A specific benefit will be reducing the delays which result when a landing aircraft has to 'go around' because a previous aircraft has not vacated the runway.
- continued investment in Airspace Modernisation – a complete redesign of Gatwick's airspace as part of a national airspace modernisation programme to deliver 'quicker, quieter and cleaner journeys' with the aim of enhancing aviation safety and improving the capacity, efficiency, resilience and environmental performance of the airspace system
- investment in flood mitigation, continuing our programme of work to ensure that the airport is more than adequately protected against flooding and electrical power resilience - continuing to ensure the stability of power supplies to the airport and the provision of ample power to meet the airport's growing electrical energy demands, particularly as we look forward to higher demand for electrical vehicle charging
- investment in foul sewage resilience – ensuring sewage facilities are aligned to the airport's future needs, including those dealing with aircraft toilet waste.

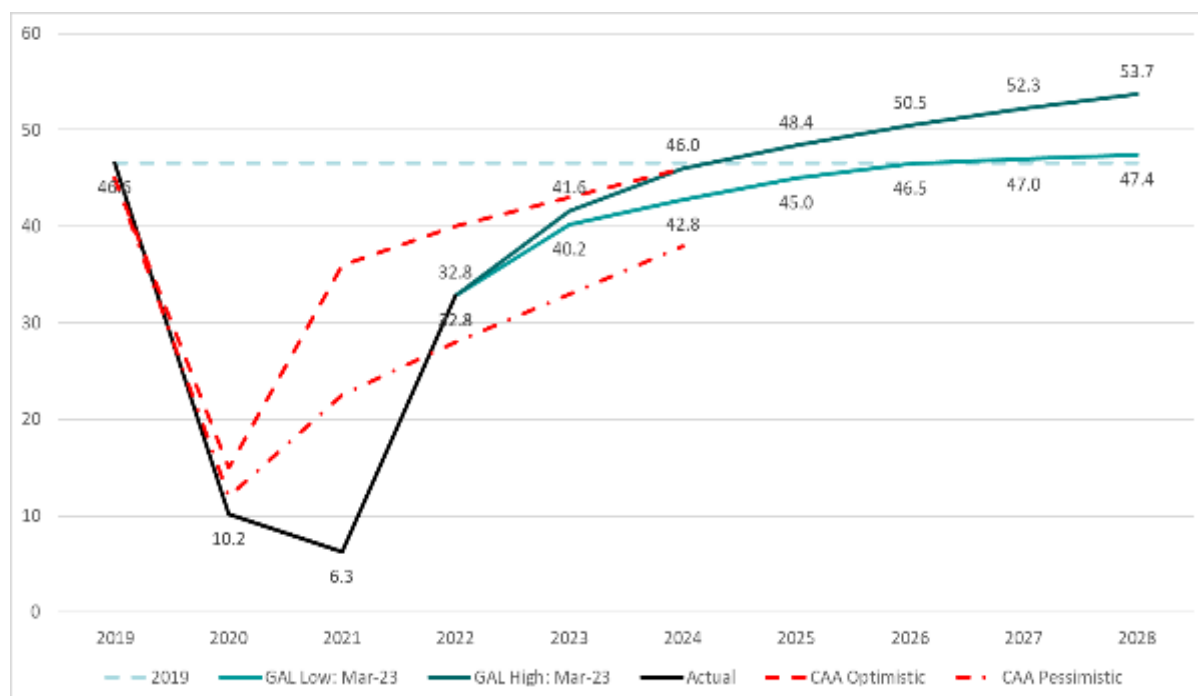


## 2.4 CAPACITY AND SERVICE

### 2.4.1 Traffic

GAL undertook a high-level traffic assessment to help inform the long-term capital investment forecast. A range of annual traffic numbers are set out in Figure 1 below:

Figure 1: GAL passenger traffic (million passenger per annum) – actual and forecast



Source: GAL traffic forecasts and CAA letter to ACC, Dec 2020.

The forecast has been informed by a wide range of information, including discussions with key airlines operating at Gatwick. GAL considers its traffic range in Figure 1 to reflect a broadly positive assessment over the medium-term period. However, the top-end of the range would only materialise if travel demand were more resilient to the current economic headwinds than in the past and if more efficient use were to be made of GAL's infrastructure than has been achieved historically, particularly during off-peak times of the day, the week and the year. Additionally, the overlaid CAA estimated forecasts from December 2020 are a good example of the extreme volatility in demand forecasting in this environment.

The forecast range acknowledges the impact which several factors may have on passenger volumes. Factors which may support an outcome at the lower end of the range include:<sup>1</sup>

**Economy:** Economic activity remains a key driver of traffic demand and with the majority of Gatwick's passengers UK originating, traffic growth at Gatwick will be strongly influenced by UK economic activity. The combination of high inflation and increased interest rates will both directly impact consumers' spending power and potentially impact consumer confidence and spending. Past geopolitical events impacted aviation demand. This was observed after the 1990 war in the Persian Gulf and the 9/11 terrorist attacks in the US. The impacts flow

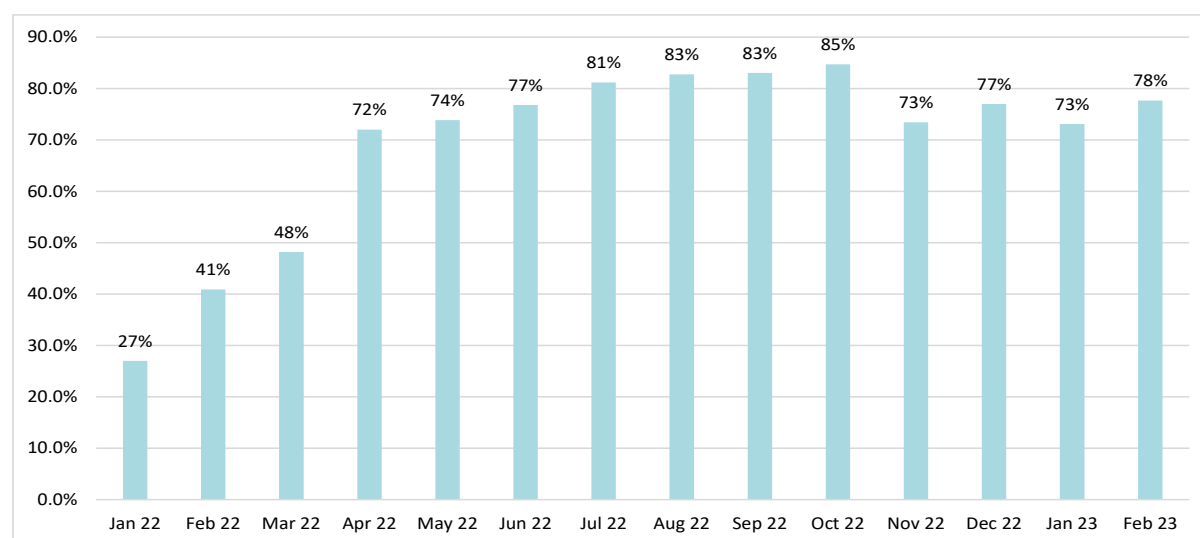
<sup>1</sup> Note that the Northern Runway (if the DCO application is approved) will not become operational until 2029 and so falls outside the range of this forecast.

from effects on fuel prices, markets becoming unavailable and consumers being less confident in flying. The war in Ukraine is the most serious conflict Europe has seen since the end of the second world war. It adds to the pre-existing geopolitical risk associated with the ongoing conflicts in the Middle East and tensions over Taiwan. The impact of the war in Ukraine is still feeding its way through the world markets for food and energy and consequently disrupting economic recovery. In addition, it directly impacts the aviation markets through the aircraft leasing market and Russian and Ukrainian airspace closures. Further escalation of the crisis remains a very real possibility with the prospect of additional effects on inflation and wider economic uncertainty. GAL's lower forecast represents a more cautious outlook on economic growth, acknowledging the

uncertainty which remains over the medium-term period.

**Seasonality:** GAL continues to experience a slower recovery in passenger demand during off-peak seasons. Figure 2 shows 2022/23 passenger numbers as a proportion of 2019 traffic. We saw passenger recovery of more than 80% during the summer but this fell back to 75% in the winter season. The lower forecast presented by GAL assumes that passenger volumes continue to recover more slowly during off-peak periods with airlines adopting a more cautious approach to capacity deployment during these less profitable periods of the year. This effect can be expected to be particularly pronounced under scenarios with lower economic growth, especially in the context of Gatwick's passenger airline and passenger profile.

*Figure2: Passenger numbers at Gatwick as a percentage of equivalent month in 2019*



*Source: GAL passenger numbers.*

**Long Haul Recovery:** During 2022, the recovery in the long-haul segment (43%) was notably lower than the short haul segment (77%). This was driven by a combination of structural changes – with some long-haul operators exiting Gatwick during the pandemic – and market dynamics, with some long-haul markets only very recently lifting travel restrictions (eg.

China). The lower forecast recognises the potential for a slower recovery in this market segment which would be expected to drive greater seasonality and a lower average gauge, with long haul routes typically operated by larger aircraft.

**Short Haul Gauge:** The largest short haul airlines at Gatwick operate a range of aircraft types, with seat capacity typically ranging from circa 150 seats up to circa 240 seats. While aircraft order books indicate that the gauge can be expected to increase over time, the lower forecast recognises the potential for a more gradual increase in gauge within the short haul segment which may be driven by specific airline strategies and / or airline responses to prevailing market conditions.

**Market Exposure:** In the dynamic world after the pandemic, Gatwick needs to compete fiercely for the recently uncertain traffic and growth. We compete for traffic and passengers with the other London airports and for routes and based aircraft with other European airports. Additionally, we have seen some carriers shifting flights to Heathrow as capacity has become available there due to the pandemic, as well as the recent re-deployment of the slots held by Aeroflot. That said, it has also been encouraging to see some airlines shift flights to Gatwick due to available capacity and the significantly more competitive charges.

GAL's traffic range does not reflect a material downside due to some of the economic factors

## Using Gatwick Traffic Forecasts to Determine Facility Requirements

While annual projections are useful to understand total demand, infrastructure provision relies on satisfying the peak demand within the year. Therefore, underlying Gatwick's annual traffic forecast is the demand in a busy hour on a busy day in summer. This is calculated by taking the busiest Friday in August (in terms of aircraft movements) and applying forecast load factors for the Friday average of the busiest six summer weeks. Due to the lead time between planning and delivery of infrastructure projects, solutions need to be resilient to a range of different busy day outcomes. For this reason, the busy day schedule, consistent with our annual forecast, has been flexed for a range of different

mentioned above. Nor do we attempt to quantify the likelihood and potential impact of such risks: the range of possible outcomes, particularly at the lower end of the range is therefore greater than illustrated on Figure 1 and it remains important to retain flexibility to modify the capital programme in response to changing trading conditions.

Several workstreams to optimise the throughput of Gatwick's main runway have been established. These include the exploration of technology solutions such as time-based flow management and reduced departure separation, the delivery of infrastructure solutions including an additional rapid exit taxiway, and enhanced air traffic control resources such as a second ground movement controller. Separately and together, these interventions offer the potential to increase throughput capability. As each becomes available, we will consider the potential and assess any impact on operational resilience. Our runway limit may therefore increase beyond the current 55 ATMs per hour at peak, but only a small capacity release is assumed in the period.

scenarios by changing the above assumptions to stress test the facility and airfield requirement.

GAL have conducted a high-level demand assessment, a summary of which can be seen in Figure 3. This analysis highlights the infrastructure where, in the absence of any additional investment by Gatwick to enhance capacity, forecast demand would exceed the capacity which current assets could deliver. Capital projects which are designed to address the emerging capacity and/or service shortfalls are included in this 2023 Capital Investment Programme.

Figure 3: Key Capacity and Service Impact Assessments

		2024	2026	2028	Comments
Check-in (baggage input points)	NT				
	ST		+3 bag input points	+11 bag input points	Solutions could be physical build (eg. Lower Zone B) and/or automation solutions
Baggage (make-up positions - MUPs)	NT				
	ST		+3 make-up positions	+9 make-up positions	Dynamic MUP allocation and baggage automation to be explored ahead of physical expansion
Departure Lounge (sqm/pax)	NT	+2,730m <sup>2</sup> required	+3,000m <sup>2</sup> required	+3,980m <sup>2</sup> required	Space calculation assumes current sqm/pax. Future requirements likely to be higher and CIP assumes >10,000m <sup>2</sup> in each terminal
	ST	+1,240m <sup>2</sup> required	+3,680m <sup>2</sup> required	+3,980m <sup>2</sup> required	
Reclaim (belts)	NT				
	ST			+1	Lengthening of reclaim 7 and 8 proposed
Pier Served Stands (to meet 95% PSL)	NT	+3 required	+3 required	+3 required	+8 stands (+3% 4%) PSL delivered by Pier 6 extension
	ST				
Centrellines			+2 required	+8 required	+8 centrellines delivered by Pier 6 extension

## 2.4.2 Service Quality

Gatwick operates in a highly competitive environment and the quality of service we provide for our passengers is key to attracting and retaining customers. Our success through the pre-pandemic decade was evidenced by record traffic levels, increased market share, an expanded network of both short-haul and long-haul routes, and consistently rising level of passenger satisfaction. Investment in service quality underpinned this performance, and it remains one of our key drivers.

As Gatwick emerges from the pandemic and seeks to rebuild, we have developed a new vision to guide the airport's development. The vision, supported by the tagline **"To be the airport for everyone, whatever their journey"** reflecting our diverse airline and passenger customers is built on three core foundations: **ease, efficiency and experience**. Our vision is

defined in Section 1 and the foundations are at the heart of this 2023 investment programme.

Our core service performance is monitored through the Core Service Standards (Rebates) (CSS) scheme, which was introduced in April 2014 under our Commitments framework. The service schedule was updated in 2021 following extensive consultation with our airline community and GATCOM's Passenger Advisory Group and continues through this Commitments period to March 2025. This scheme provides targets for 'core' services that we must achieve and against which we report performance every month. Maintenance of these targets is a key assumption in our capacity assessments. Details of these targets, as set out in Gatwick 2023/24 Airport's Conditions of Use, can be found in the Appendix.



Whilst we recognise the criticality of the services covered by the CSS, we pride ourselves on not limiting service improvements to only those service standards which are monitored but maintaining a far wider remit to provide our passengers with an excellent overall experience whilst passing through our airport. In 2018/19, GAL, the ACC and PAG worked with an independent research agency to gather passenger feedback on the end-to-end journey. The feedback told us that while we were leaders in security and check-in, our post-security experience was only average. It told us passengers thought of Gatwick as innovative and relatively easy to use, but that they wanted more tailored experiences, for the airport process to be easier to navigate, and for technology to deliver transformative change throughout the journey. Further passenger research conducted in winter 2022/23 in preparation of a refresh of the Gatwick brand, alongside feedback from our airline community, re-enforced these views which have informed both our vision and our 2023 investment priorities. A full review of the CSS framework is planned for 2023 and any changes will inform the 2024 CIP.

We also pay close attention to airline and third-party operational performance targets and the

impact of these on our passengers. For example, On Time Performance (OTP) is a critical success factor for our airline community and is a key driver of passenger satisfaction. OTP is dependent upon many factors such as airline schedules, ground handler performance at Gatwick and in Europe, and airspace congestion. Air traffic control is key to the success of any airport and ensuring the provision key resources, skilled people, up-to-date technology and fit-for-purpose infrastructure, is a clear focus for both GAL and NATS following their transition to become Gatwick's air traffic control provider in October 2022.

Examples of some of the direct service improvements for airlines and passengers in this CIP include:

### **Airfield/OTP and Piers Projects**

- Pier 6 western extension will provide eight new full Code-C pier-served stands, making the boarding experience easier and more efficient for more than one million passengers every year, who would otherwise be coached to a remote stand, and maintaining Gatwick's target of enabling more than 95% of passengers to access their aircraft via a pier served stand well into the future.



In addition, the new stands are close to the runway offering short taxi times to support OTP and reduce Scope 3 emissions.

The extension will provide large, open gate-rooms with seating for A321 aircraft passenger loads, safeguard for auto-boarding capability, provide additional toilet facilities, and offer at-level boarding and an enhanced arrivals experience for passengers with restricted mobility.

The project is being designed with sustainability in mind from the start, both in how it is constructed, challenging the standard concrete and steel approach, and how it will operate, incorporating air source heat pumps, solar panels and passive engineering to reduce heat loss in winter and heat gain in summer.

- Rapid Exit Taxiway (RET) - The main purpose of the additional RET is to provide an additional fast exit route from the runway for arriving aircraft in a location optimised for landing Code C aircraft. The shorter taxi time reduced carbon emissions and improves service by offering the potential to increase the capability of the runway at peak times from 55 to 56 movement per hour.
- Main Runway Technology Optimisation - integrating new and emerging technologies to deliver the precision performance required to potentially increase the capability of the main runway beyond the current maximum of 55 aircraft movements per hour during peak periods. The suite of projects includes time-based separation (already adopted at Heathrow) which is the integration of advanced Single European Sky (SESAR) traffic management solutions into a single operating platform that provides greater operational precision and enables reduced separation buffers, as well as the

use of radar controlled by NATS at Gatwick to deliver tailored, optimal departure separation for departure pairs instead of using generic separation standards.

- taxiway/airfield infrastructure – the extension of Lima taxiway to create a new link between Sierra and Uniform taxiways will improve the resilience of the taxiway system by offering an alternative route for aircraft travelling to and from the runway and to access maintenance hangars, wash-stands etc. Tango taxiway can be extended to the north to create an additional north/south taxiway route.



- provision of wi-fi on currently unconnected remote stands will support ACDM deployment and facilitate efficient ground handler and airline operations.
- provision for a range of innovation initiatives as we partner with other organisations to ensure we have the most modern, efficient, resilient and above all, safe operation. For example, we have commissioned two “smart stand” trials, one in each terminal, which offer the opportunity to test emerging technologies to automate aircraft ‘turnaround’ activities, driving ground handler resource efficiency and safety.

## Terminals Projects

- a programme of refurbishment, expansion and modernisation of both North and South Terminals' international departure lounges will address passenger, airline and PAG's feedback that the IDLs are tired, dated and congested at peak times. Objectives for the

projects include broadening the food and beverage and retail offers, with innovation and product 'firsts' at the forefront the new developments - ensuring an experience unparalleled by the high street or other London airports.



Additionally, there will be provision of more seating, enhanced facilities for both passengers requiring special assistance and those with hidden disabilities and multi-faith contemplative spaces. Designated 'mood zones' will allow passengers to tailor their experience to suit their journey and make Gatwick easy, intuitive and efficient, with a strong sense of place will help Gatwick stand out from the competition.

The first project will be the refurbishment of the existing North Terminal lounge which will commence in spring 2023 and run through to spring 2024. New flooring, seating, and high-resolution digital orientation ribbons will deliver the 'wow' factor and new wayfinding and refreshed

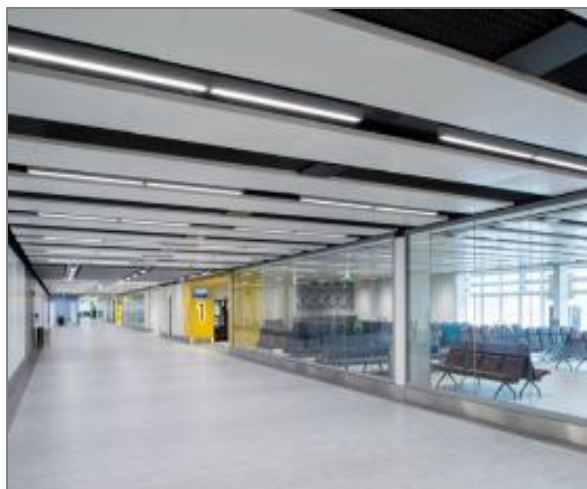
ceilings and wall finishes will create bright, modern and welcoming experience. A similar refresh project is planned for South Terminal in 2024.

In the longer term, significant investment is proposed to expand both lounges and ensure their seamless integration with the existing spaces.

- refreshed wayfinding across the campus will make journeys through the airport easier, more intuitive and more relaxing, giving passengers the right information, in the right way, at the right time. This project will also seek to address passenger's concerns about walking distances at Gatwick by giving better information about distance and time as customers make their way to their boarding gates.



- investment in automation and AI will underpin the passenger journey, making it effortless, seamless and intuitive. Biometrics offers big opportunities to transform the way passengers pass through the airport and we will build on the learning from trials conducted in 2019 to transform the check-in, bag drop and aircraft boarding processes. This 2023 CIP includes specific investment in auto-boarding and check-in automation, along with an IT innovation budget for further technology development.



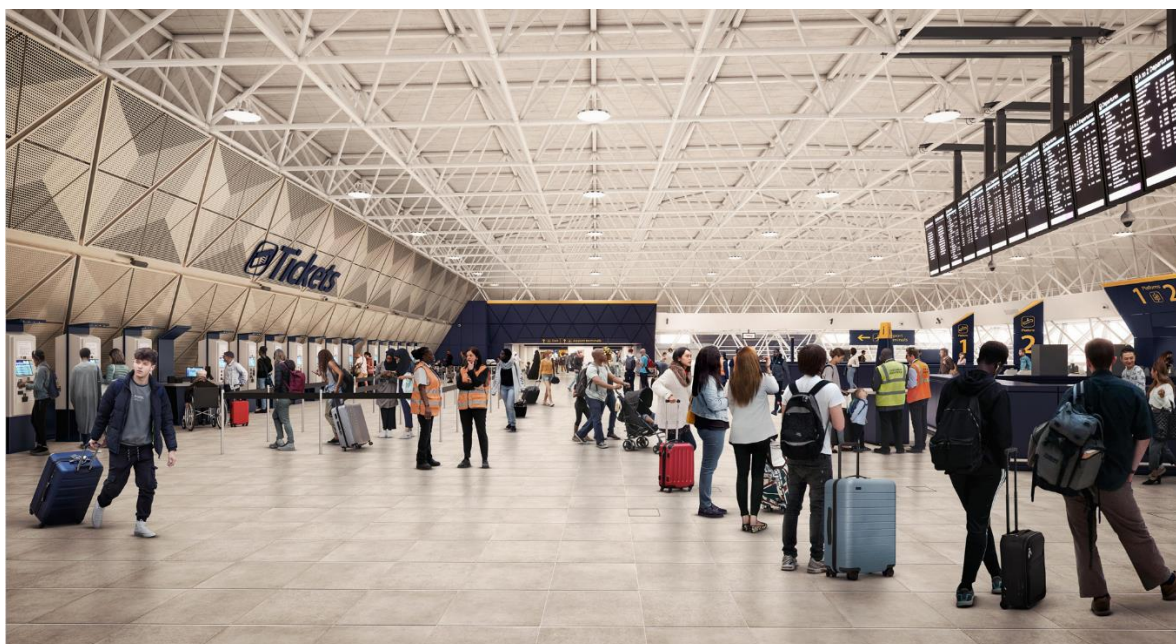
- investment in transforming boarding process will be complemented by the acceleration of a programme of refurbishment of piers and gate-rooms, completing the domestic gates and North Terminal domestic arrivals route to the reclaim hall alongside gate-rooms 53 and 55 in 2023. Feedback from passengers and our airline customers has highlighted the importance that this element of the journey has in meeting our vision of ease and efficiency. The programme will support streamlined boarding processes for ground handling teams and focus on passenger experience, addressing wayfinding, seating, charging points and welfare provision.
- Continuation of investment in the next generation of automated check-in and bag drop processes will maintain Gatwick's strong track record in eliminating queues and improving passenger experience at this key stage of the journey. Working with our airline partners, biometrics are expected to play a key role in streamlining and linking key steps of the journey from booking through to boarding, making the passenger journey effortless, creating cost savings for our airline and ground handling communities and space savings for the airport to address forecast capacity shortfalls.
- a range of initiatives to support Gatwick's 2023 Accessibility Strategy including the (re)provision of beacon technology to accurately monitor, in real time, the service provision for passengers requiring special assistance, improvements to accessible toilets and opportunities to add lifts on piers to improve the efficiency of the Special Assistance service.
- expansion of queue measurement technology to cover Immigration halls, inter-terminal shuttle stations and security preparation areas across both terminals will give greater, real-time visibility of the passenger experience.
- additional water bottle refill points will be rolled out across both terminals, on both departing and arriving routes. The 2019 market research highlighted their importance to passengers and social media feedback continually re-enforces the need to improve this provision.



## Other Service Improvements

- completion of the Gatwick's rail station project, expected in autumn 2023, will relieve crowding in the ticket hall, improve vertical circulation from all platforms, significantly improve accessibility, and provide a more integrated concourse offering more intuitive connections with airport terminals and/or onward travel.

The interface between the new concourse that we expect over half of Gatwick's passengers to use to access the airport by 2030 will be reconfigured and upgraded to create a light, bright, welcoming orientation space to offer an effortless start to the airport experience.



- installation of traffic lights on both terminal roundabouts, along with modifications to roundabout entry and exit points, will improve the flow of vehicles to and from the forecourts and car parks at peak times.



- replacement of the car parking spaces monitoring system in the multi-storey car parks will aid passengers, their families and friends, and other airport visitors to find a short-term parking space more easily.
- provision for continued development of mobile service capacity and capabilities for passengers, coupled with further developments of the Gatwick App will ensure Gatwick's passengers can be connected and enhancements to the Community App for airport staff, for example adding Immigration and Security queue times as they come on stream.

## 2.5 EFFICIENCY

Efficiency is another key investment driver with projects targeted at improving operational efficiency and reducing costs both for our airline and ground handling communities and for the airport. We look at where efficiencies can be made through developing innovative processes, which may necessitate capital investment to realise them. Some examples of projects which are targeting cost reduction include:

- automation of check-in/bag drop releases staff to better support those passengers who need help and offers the potential for reduced resources
- trials of automated boarding gates in 2019 demonstrated that they offer the potential to reduce the number of staff required at each gate to process passengers boarding aircraft

“smart stand” trials offer the opportunity to test emerging technologies to automate turn activities, driving ground handler resource efficiency



- automation of baggage handling may offer resource savings, alongside manual handling and capacity benefits
- next generation SEGs (stand Entry Guidance System) would give pilots more information to optimise taxi times, saving time, fuel and emissions.
- Dynamic stand and baggage make-up allocation automates two resource intensive GAL planning activities and potentially drives better ground handler and baggage staff and infrastructure utilisation



## 2.6 COMMERCIAL REVENUE

Gatwick seek to maximise the revenue we can generate through commercially returning projects. This benefits passengers through the provision of a wide choice of quality restaurants, shops, car parking, car rental, and other services which enhance their experience at Gatwick, while also enabling us to maintain competitive airport charges and thereby incentivise further growth in airline services and destinations.

Examples of commercial projects in this 2023 CIP include:

### Retail

- continued updating and re-vitalising of the variety of shops and restaurants throughout the airport. Near term examples include an additional fast-food outlet to supplement Costa Coffee in the ST arrivals area, an additional coffee shop adjacent to the rail station entrance and the replacement of several catering outlets that ceased trading in the pandemic with exciting new offers to ensure we maximise food and beverage options for passengers for summer 2023. In the longer term, turnover of retail offers will continue with the refresh of some existing outlets as contracts end and the optimisation of retail shops vs catering space.



- reconfiguration of existing Pier 6 retail and catering provision to improve passenger flows, increase space and encourage passenger participation.
- upgrading of various media sites across the campus. Examples include the digital screen above M&S in South Terminal arrivals and the units in the North Terminal international departure lounge which will be upgraded in parallel with the refurbishment of the lounge through 2023.

### Property

- provision of additional on-airport hotel beds to meet continued strong demand. Potential sites include an hotel adjacent to South Terminal multi-storey car park 3 and a further hotel opposite multi-storey car park 1 in the area used by the rail station project site in recent years. Both options provide close proximity access to and from the railway station and the terminals and are ideal for passengers travelling by rail and particularly those with early starts or late arrivals.
- continued investment in upgrading and refurbishing office and support accommodation for a wide range of third party operators at the airport. This programme is closely aligned with both our asset replacement strategy and our sustainability strategy to improve the energy efficiency of our buildings, right across the campus.

### Other

- investment in commercial IT services such as network provision for third party operators



## Car parking

Our focus is to provide a parking strategy considering the relationship over time between passenger numbers, mode share, and parking capacity (provided on and off-airport) to ensure adequate capacity and choice is provided, while working to achieve our mode share targets. The strategy is set out in detail in our 2022 ASAS. We will also regularly review the choice of parking products available to our passengers, ensuring we take advantage of technology to improve efficiency and customer service.

In delivering additional car parking capacity we are also responding to Crawley Borough Council's local plan policy (GAT 3) that all additional car parking should be provided on-airport. We recognise that, as a good neighbour, we have a part to play in supporting their strategy to limit the impact that airport parking can have on their community by providing an appropriate level of on-airport parking.

Examples of car parking projects in this investment programme include:

- approximately 3,250 additional mid-stay car parking spaces for North Terminal in Multi-Storey Car Park 7. As North Terminal has become busier demand has increased for mid-stay (1-3 days) for both business travellers and passengers visiting friends and families at weekends.

- a small pilot of valet parking using robots which paused during the pandemic is expected to resume in 2023 and test the potential for 2,000 existing long-stay spaces to be accessed via a valet drop-off, but without the need for passengers to hand over their keys. Passengers will then be able to walk the short distance to the terminal instead of getting a bus.





## 2.7 GROWTH

The Northern Runway project is a major expansion opportunity that will shape the future of Gatwick's capacity and resilience. GAL is preparing an application for a Decision Consent Order (DCO) to bring the existing Northern Runway, built in the 1960s, into routine use for departures which would add significant capacity and resilience to the constrained London system and allow Gatwick to serve as many as 75 million passengers a year by 2038. The additional capacity will bring material benefits to passengers, with a broader choice of routes, competitive prices and greater resilience in the London system, while benefiting the local and national economy by generating 18,400 extra jobs and £1.5 billion of economic benefit<sup>2</sup> for the local area and region by 2038<sup>3</sup>. The Project is also consistent with Government policy to make best use of existing runway capacity, set out in the Department for Transport's May 2022 Flightpath to the Future.

We anticipate a decision on our plans from the Secretary of State for Transport in Q1 2025 and are confident that the project represents an affordable, sustainable, and responsible solution to meeting future travel demand in London.

Northern Runway investment is included in this 2023 CIP but for transparency is identified as a separate category to capacity and service investment based on organic growth of our main runway. Near term investment includes:

- consultation, planning, and legal costs to gain DCO approval for the project
- survey, design and the first stages of construction of the programme, including the runway, taxiways, stands, roads, water and other ecological mitigation measures



Two public consultations, in autumn 2021 and summer 2022, have laid out, in detail, our proposals for the scheme in its entirety. All the information can be found on our website: <https://www.gatwickairport.com/business-community/future-plans/northern-runway/>

The runway itself and the taxiway system feeding it will be reconfigured and expanded, additional stands and a new pier 7 will accommodate additional aircraft, both terminals will be expanded and reconfigured to provide additional check-in, baggage handling, security, border, reclaim and departure lounge capacity. Investment to maintain our sustainable travel targets will increase and the road network will be expanded, separating airport from local traffic with flyovers at both terminals. Commercial facilities such as car parks, hotels and office accommodation will be provided to meet the future demands of a growing airport.

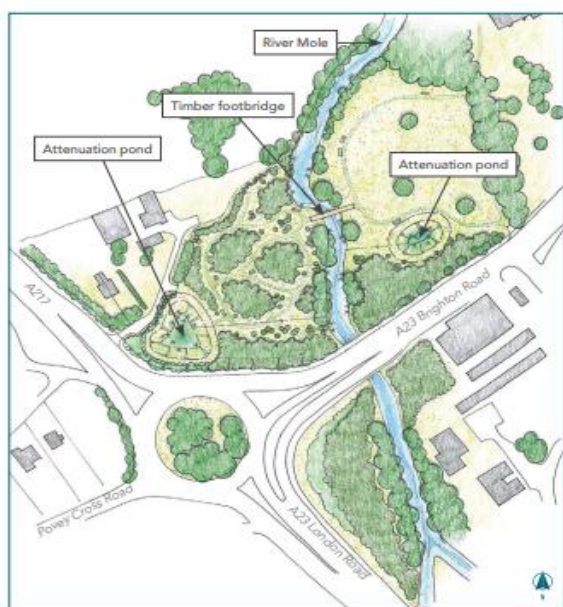
<sup>2</sup> Measured as Gross Value Added (GVA)

<sup>3</sup> Please see "Economic Impact of the northern runway project", Oxera August 2021.

(<https://www.gatwickairport.com/globalassets/company/future-plans/northern-runway/2021/eia.pdf>)

Ancillary facilities such as motor transport and re-cycling facilities that are impacted by both other infrastructure projects and the need to match growth will be relocated and expanded.

An overarching and extensive programme of environmental projects addressing flood resilience, water quality, noise and biodiversity will mitigate the scheme impacts.



Future capital investment programmes will start to break the scheme out into its many constituent parts and consolidate them into the relevant CIP categories alongside organic growth and other business as usual investment, but for this 2023 CIP, for simplicity, we have included the scheme as one single project.

## SECTION 3: 2023 CAPITAL INVESTMENT PROGRAMME

As discussed in the introduction, since April 2020 capital investment has been severely constrained, and we have not published a 5-year forward view of investment in that time. In preparing this 2023 CIP we have considered changes to our airlines, their schedules, their fleets and their business goals. We have taken a high-level view of the traffic outlook, and the impacts that might have on the airport's

capacity. We have reflected both our increased ambitions for sustainability and our business partners' aspirations. We have listened to our passengers, GATCOM's PAG and our airline customers and sought to match investment to passengers' priorities. This has resulted in the 2023 Capital Investment Programme, covering 6 years from April 2023 to March 2029, set out in Table 1 below:

Table 1: 2023 CIP - Nominal 2022/23 prices

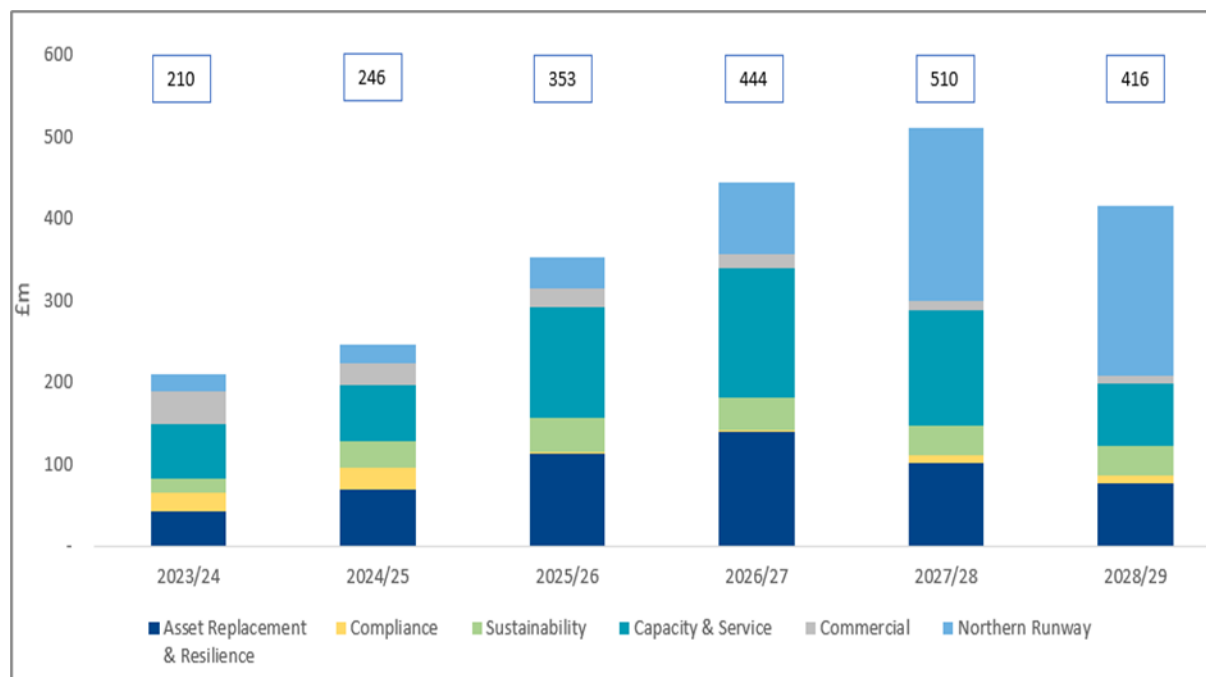
Capital Investment Programme in January 2023 prices (£m)	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	6 Year Total
<b>ASSET STEWARDSHIP, OPERATIONAL RESILIENCE &amp; COMPLIANCE</b> <div> <div></div>Investment in Year           <div></div>No Investment in Year         </div>							
<b>ASSET STEWARDSHIP</b>							
Main Runway Resurfacing							
Northern Runway Improvements							
Taxiway rehabilitation programme							
Block 55							
Airfield Data Network Replacement							
Air Traffic Control Asset Replacement Programme							
Instrument Landing System (ILS)							
Old Control Tower							
Shuttle Replacement							
Baggage - TBF							
NT Fire Alarm System							
Police Station							
ST Ceilings							
Terminal Seating Replacement							
<b>ASSET STEWARDSHIP TOTAL</b>	<b>41.0</b>	<b>61.3</b>	<b>93.8</b>	<b>99.5</b>	<b>54.5</b>	<b>68.6</b>	<b>418.7</b>
<b>OPERATIONAL RESILIENCE</b>							
Flood resilience							
Foul water							
Power resilience							
Networked stands/Wifi enhancements							
Automation of baggage							
Taxiway/Airfield Infrastructure							
<b>OPERATIONAL RESILIENCE TOTAL</b>	<b>1.0</b>	<b>7.7</b>	<b>18.5</b>	<b>40.0</b>	<b>46.5</b>	<b>7.5</b>	<b>121.2</b>
<b>COMPLIANCE</b>							
Next Generation Security Checkpoint							
Central Search							
Flight Connections							
Sussex Suite							
Staff Areas							
<b>COMPLIANCE TOTAL</b>	<b>23.0</b>	<b>26.4</b>	<b>1.5</b>	<b>1.5</b>	<b>9.5</b>	<b>9.5</b>	<b>71.4</b>
	<b>65.0</b>	<b>95.4</b>	<b>113.8</b>	<b>141.0</b>	<b>110.5</b>	<b>85.6</b>	<b>611.3</b>

Capital Investment Programme in January 2023 prices (£m)	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	6 Year Total
<b>SUSTAINABILITY PROJECTS</b>							
Energy Efficiency - Lighting							
Renewables Generation							
Decarbonisation of Heat							
Refrigerant Gas Emissions							
Property Net Zero (EPC rating)							
GAL Vehicle Fleet							
Electric Vehicles Infrastructure							
HVO switch							
Hydrogen Vehicle Fuelling Station							
Hydrogen/Electric aircraft transition							
Taxiing initiatives							
Pre-conditioned Air / Power on Stands / APU Off							
Surface Access (including Active Travel)							
Airspace Modernisation							
Potable Water Reduction							
People and Community							
Waste							
Biodiversity							
Electrical Infrastructure							
	17.0	33.2	42.2	39.2	37.2	35.7	204.5
<b>CAPACITY AND SERVICE PROJECTS</b>							
Rapid Exit Taxiway							
Piers Internal Refurbishment							
Piers - Gate 55 (Domestic) Upgrade							
95% Pier Service (Pier 6)							
Check-in - Automation							
Check-in capacity							
Wayfinding							
Automated Boarding Gates							
NT IDL Refurbishment							
ST IDL Refurbishment							
NT IDL Expansion							
ST IDL Expansion							
Railway Station Contribution							
Gatwick Roads							
Car Park Spaces Monitoring							
NT Additional Power Capacity							
Main Runway Technology Optimisation (MRO)							
Gatwick Logistics Consolidated Centre Expansion							
IT & Innovation							
ST Baggage Reclaim							
	67.0	67.9	135.2	158.7	140.1	76.0	644.9
<b>COMMERCIAL PROJECTS</b>							
Hotel Redevelopment Programme							
Accommodation Strategy (Offices etc)							
Digital Media							
Car Parking - Product Development							
NT Short Stay Car Park (MSCP7)							
Robotic Car Parking System							
WDF Arrivals Stores							
Pier 6 Existing Retail Reconfiguration							
Productivity Initiatives							
IT Commercial Initiatives							
	40.1	26.6	24.1	17.5	11.0	11.0	130.3
<b>FUTURE GROWTH PROJECTS</b>							
Northern Runway Development Consent Order							
Northern Runway Programme							
	21.3	23.4	37.8	87.8	211.7	207.8	589.8
<b>GRAND TOTAL</b>	<b>210.4</b>	<b>246.5</b>	<b>353.1</b>	<b>444.2</b>	<b>510.5</b>	<b>416.1</b>	<b>2,180.7</b>



Figure 4 below provides a graphical representation of the 2023 Capital Investment Programme annual spend profiles, by investment driver:

Figure 4: 2023 CIP annual investment profile by investment driver - Nominal 2022/23 prices



### 3.1 2023 CIP SUMMARY

This 2023 CIP, which covers 6 years, from April 2023 to March 2029 totals circa £2.18 billion. All the major projects contained in the 2020 CIP are included in the 2023 CIP and those that were paused during the pandemic have now re-started and several are on-site.

At the heart of this CIP are the core foundations of our vision: ease, efficiency and experience. We are responding to feedback from our passengers, from our airline customers and from the PAG about how each of the foundations should be developed, as well as assessing future capacity requirements, continued resilience, the maintenance of our assets and our ambitious sustainability goals. A wide range of projects combine to deliver these investment drivers, including the improvements we will be making to pier service, an extensive programme to decarbonise the campus, the replacement of passenger and staff security

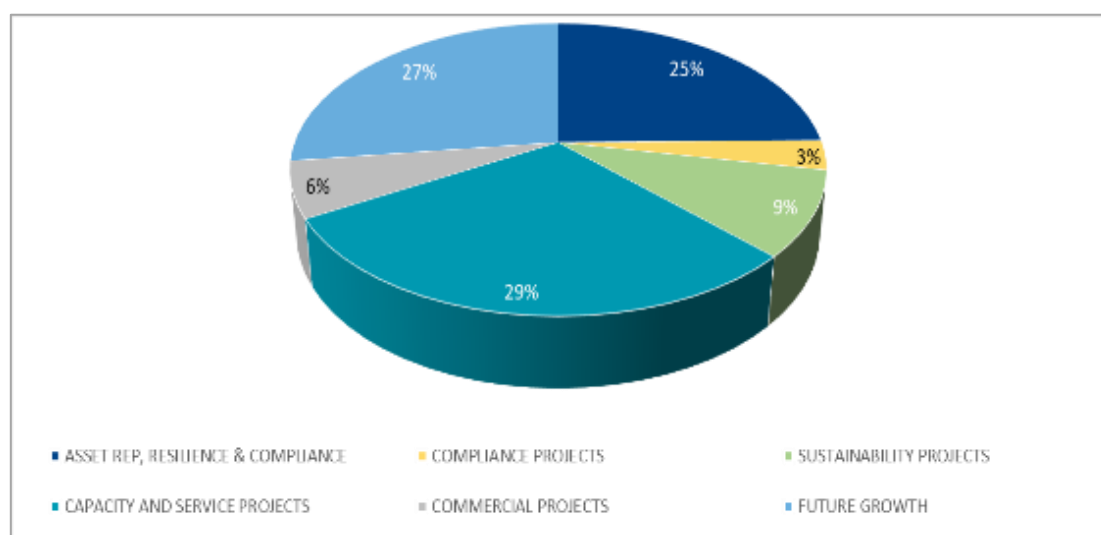
search equipment, automation right across the passenger journey, and the refurbishment and expansion of both North and South Terminal international departure lounges. We are maintaining our focus on capital efficiency ensuring that the projects appearing in this CIP have been fully explored in their development phase, considering people, process, systems, and infrastructure, as well as driving effective procurement and execution strategies to ensure value.

This 2023 CIP demonstrates our continuing commitment to a balanced investment portfolio. 29%, almost £650 million, of our planned investment focuses on capacity and service, 25% or just over £540 million, will be invested in maintaining our asset base and building resilience and 27%, or just under £590 million, will be invested in the Northern Runway and creating future growth for the airport and our

region. £205 million, or 9% of the total budget, will be invested in achieving our sustainability goals, and 4%, or £62 million, will be invested in compliance, primarily the replacement of passenger and staff security screening

equipment. The remainder, just 6%, or £130 million, will be invested in commercially returning projects. The total 2023 CIP, by investment driver is illustrated in Figure 5 below:

Figure 5: 2023 CIP by investment driver<sup>4</sup>



### 3.2 NO NORTHERN RUNWAY SCENARIO

Whilst we are confident the Northern Runway offers a sensible, affordable and sustainable solution to London airport capacity constraints, we have considered a scenario under which the Secretary of State for Transport does not approve the development.

This would potentially delay planning permission for projects such as the international departure lounge expansions which would be progressed even if the Northern Runway were not to get the go ahead.

Around £500 million of the Northern Runway Programme (NRP) investment would drop out of the plan after 2026 but other projects would be

added back in. Examples include re-surfacing of the northern runway in its current location, rehabilitation of sections of Juliet taxiway, creation of additional surface water storage and treatment capability to decrease mains water consumption and several small capacity projects.

A no-NRP capital investment programme would invest a total of £1.65 billion between April 2023 and March 2029, approximately £531 million less than the proposed 2023 base case. Figures 6 and 7 show the different investment profiles by year, and cumulatively

<sup>4</sup> Many projects deliver benefits against more than one business driver. The chart reflects the categories listed in Table 1 which allocates projects to their primary driver.

Figure 6: Annual investment profiles for 2023 base case and no-NRP scenario - Nominal 2022/23 prices

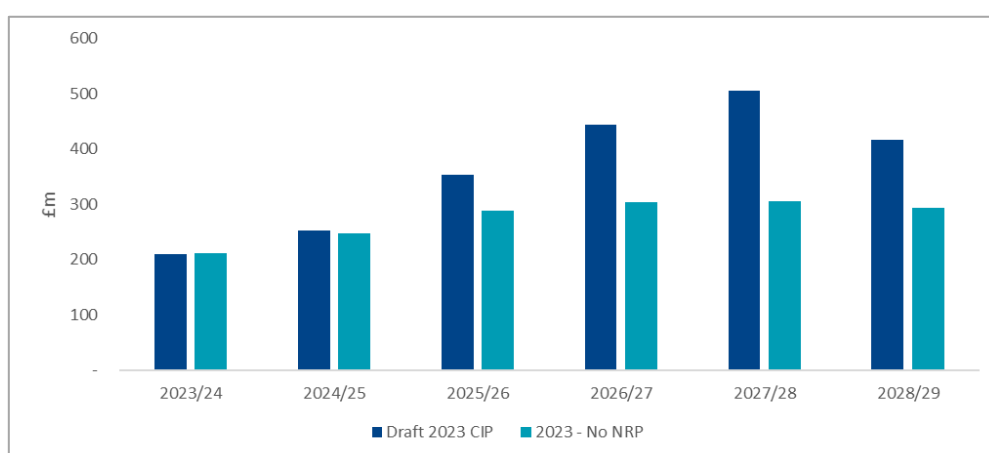


Figure 7: Cumulative investment profiles for 2023 base case and no-NRP scenario - Nominal 2022/23 prices

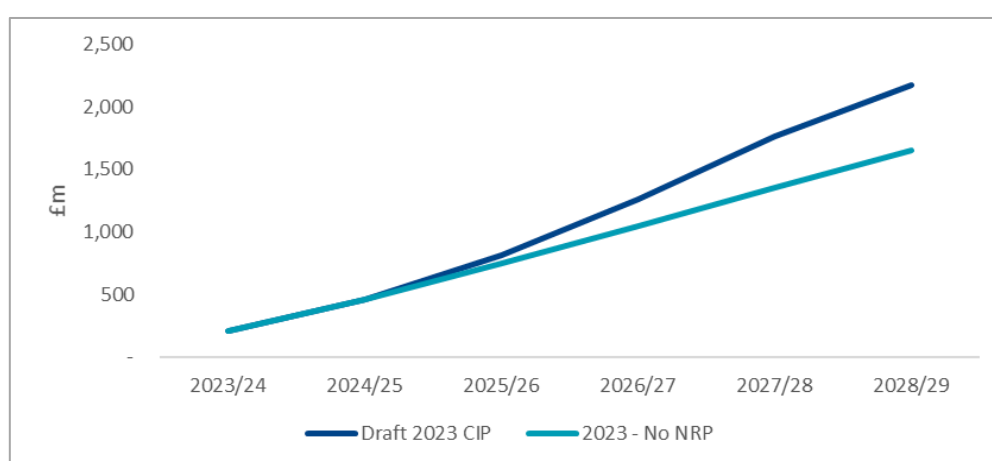
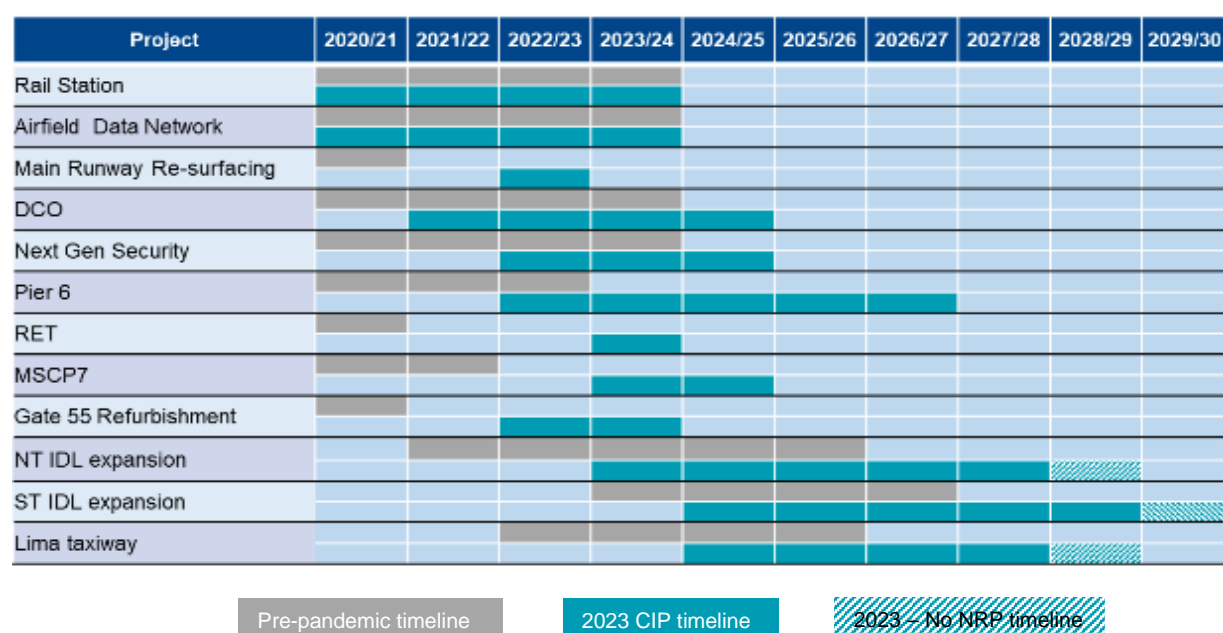


Figure 8 shows the timelines for each of the major projects:

Figure 8: Key project timelines 2023 CIP and no-NRP scenario



### 3.3 CAPITAL DELIVERY RISKS

As noted earlier in the document, the CIP is a dynamic, rolling five-year investment programme which is reviewed annually. It is a snapshot reflecting the business priorities, programme maturity and cost estimates at a point in time. Whilst this is always the case, the current environment has a greater level of uncertainty than we have known before.

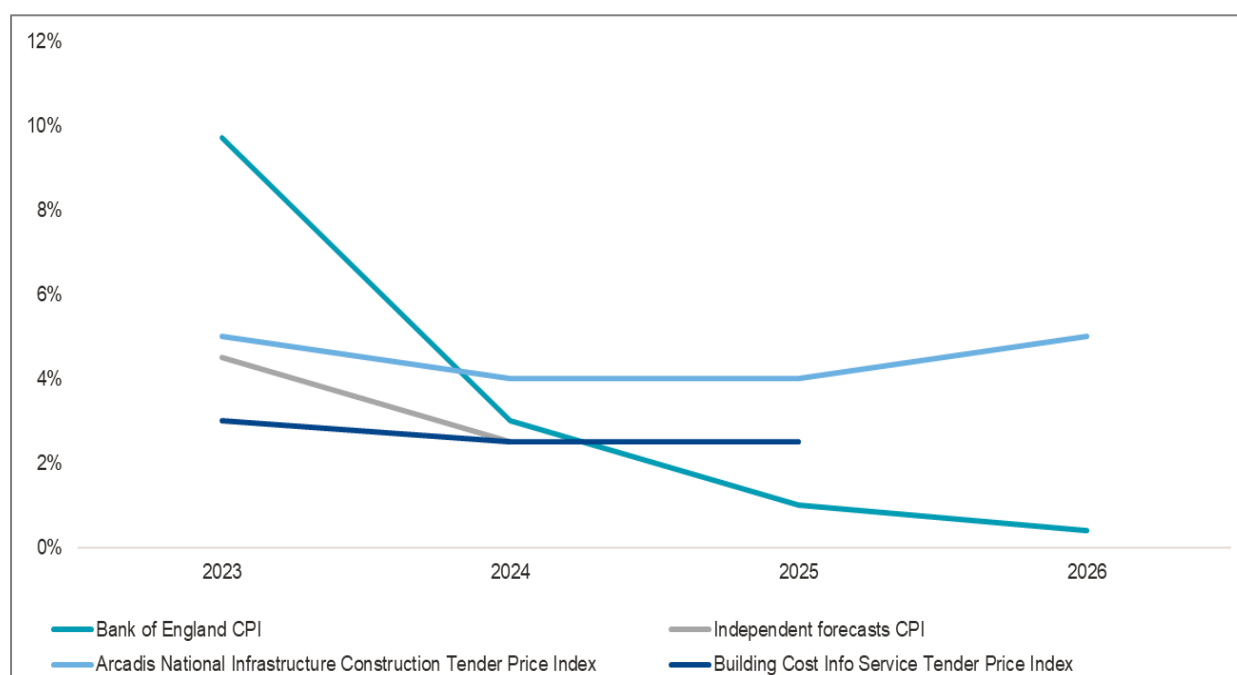
Section 3.2 considers a scenario where the Secretary of State for Transport rejects Gatwick's application to develop the Northern Runway programme. Section 2.4.1 outlines the macroeconomic risks and the potential impact on post-pandemic recovery and passenger confidence, but there are additional risks in planning for capital delivery, particularly over the longer term.

- **Inflation:** Over the past decade, the UK has experienced a period of low inflation, low nominal interest rates and negative real

interest rates. However, the UK is seeing a rapid increase in inflation fuelled by increasing energy costs, supply-side constraints due to Covid-19 and post Brexit labour market constraints. Whilst the Consumer Price Index (CPI) inflation is expected to reduce, and economic growth to increase, the level of uncertainty associated with these forecasts is high and the impact on construction even more unclear. For example, although construction inflation ran below CPI in 2022, the cost of energy intensive materials, such as concrete and steel, rose significantly and disproportionately.

Figure 9 below shows, construction price inflation is forecast to increase above CPI in the medium term, as CPI declines.

Figure 9: construction inflation forecasts





- **Supply Chain:** As Gatwick's capital investment accelerated through 2022 it became very clear the airport's construction supply chain is only slowly recovering. The pool of suppliers is smaller, tenders are taking much longer, and contract terms are changing as contractors seek to avoid risk. We are working hard with key construction suppliers to re-build their confidence in Gatwick's programme and to encourage the re-establishment of local teams for smaller projects.
- **Resourcing:** In the post-pandemic, post-Brexit environment, availability of skilled resources is a challenge across all construction disciplines. The market is also stretched by the enormous demand that the high-speed rail project, HS2, is placing on resource. Our focus is on ensuring Gatwick is seen as a vibrant, exciting place to build a career in construction with long term growth opportunities.
- **Sustainability:** this 2023 CIP includes substantial investment in sustainability across the period to achieve these vitally

important objectives. However, the required technology is still maturing and therefore the investment will necessarily evolve as the technology matures. The flexibility built into Gatwick's capital programme will allow us to track industry developments and adapt our plans to reflect the latest and best solutions.

All the above factors increase the likelihood that the investment profile will flex and change. It should also be noted that the programme may increase as well as decrease and that where an investment case is clear we may look to accelerate projects at the back end of the programme or introduce new, additional projects, as we have done since the introduction of the Commitments framework. Agility is critical to our success in adapting our plans to suit an ever-changing business environment whilst maintaining our commitment to invest in the interests of our passengers and airline customers.

This document represents a capital investment programme issued as an output of, and for the purposes of, further consultation, and does not represent a mandatory investment programme.

## SECTION 4: SUMMARY

This 2023 CIP plans investment of almost £2.2 billion in the next six years. It balances maintaining our existing asset base, protecting resilience and meeting all our compliance requirements with ambitious plans to make our passengers journey through the airport easier, our airline customers operations more efficient and transforming the experience of using Gatwick.

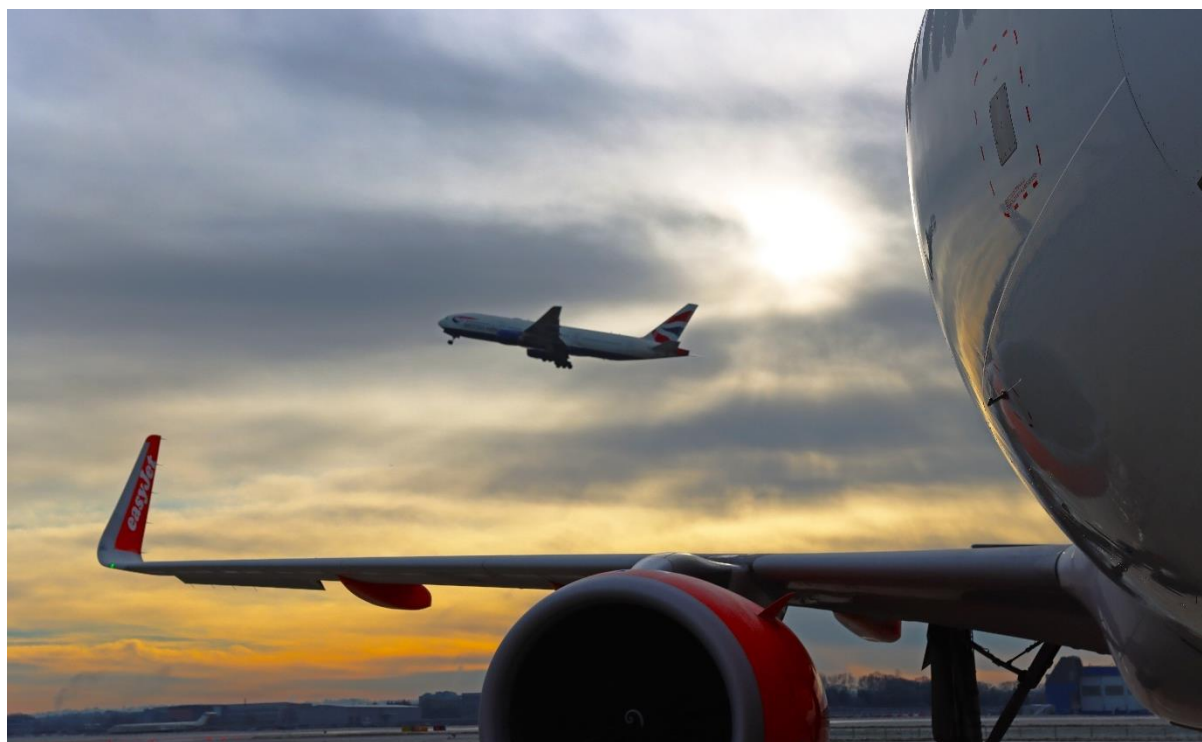
Transformation will also be critical to achieving our sustainability goals. We made great progress in our first Decade of Change, but to achieve the targets we have set ourselves for this decade will require a step change in how we think about everything we do. Our capital programme will provide critical investment in specific sustainability projects, but we will need to consider sustainability in every project and programme; what we build, how we build it and how we operate it.

We recognise the enormous contribution that Gatwick makes to the local, regional and national economies and are committed to

supporting innovation, high-skilled job opportunities and local businesses. We want to play our part in helping our region, not just recover from the pandemic, but to thrive and grow again.

Our plans to bring the existing Northern Runway into routine are entirely consistent with Government policy for airports, other than Heathrow, to make best use of existing infrastructure. We believe the plans offer a sensible, affordable and sustainable solution to the capacity constraints facing the London system in the next decade as the aviation industry recovers and returns to growth.

The 2023 investment programme reaffirms our intention to not only meet, but exceed, our minimum investment commitment over the period, and deliver not just the projects we set out in our 2020 CIP and were forced to pause, but a wide range of additional initiatives to deliver our vision of ease, efficiency and experience for all our passengers, whatever their journey.



**APPENDIX:****CORE SERVICE STANDARDS (REBATE) SCHEME**

	Standard	Metric	Target Level	Maximum potential rebate (both terminals, unless noted)
<b>(i)</b>	<b>Passenger satisfaction measures</b>			<b>0.70%</b>
	Departure Lounge Seat Availability	Moving Quarterly Average QSM score	3.8*	0.20%
	Cleanliness		4.0	0.20%
	Way-Finding		4.1	0.20%
	Flight Information		4.2	0.10%
	Passenger Wi-Fi		4.0	N/A
	Special Assistance	Moving Quarterly Average PRM survey	4.0	N/A
<b>(ii)</b>	<b>Security</b>			<b>2.60%</b>
	Central Passenger Search	Times <5 Minutes & Times <15 Minutes	95%*** 98%***	1.0%
	Central Passenger Search**	Day when single time slice > 30 Minutes	Single event per day***	0.05% per day (0.7% max per month)
	Transfer Passenger Search	Times <10 Minutes	95%	0.20%
	Staff Search (Atlantic and Jubilee)	Times <5 Minutes	97%	0.175%
	Staff Search (Terminals)	Times <5 Minutes	95%	0.175%
	External Control Posts Search	Times <10 Minutes	95%	0.35%
<b>(iii)</b>	<b>Passenger operational measures</b>			<b>0.55% (ST) 1.05% (NT)</b>
	Passenger Sensitive Equipment (General)	% Time Available	99%	0.05%
	Passenger Sensitive Equipment (Priority)	% Time Available	99%	0.50%
	Inter Terminal Shuttle System	% Time 1 Car Available & % Time 2 Cars Available	99% 97%	0.50% (NT)
<b>(iv)</b>	<b>Airline operational measures</b>			<b>1.60%</b>
	Stands	% of required occasions (arriving aircraft)	99.5%	0.15%
	Jetties	% of required occasions (arriving aircraft)	99%	0.30%
	Pier Service	Moving annual average % passengers pier served	95%	0.50%
	Fixed Electrical Ground Power	% of required occasions (arriving aircraft)	99.5%	0.15%

	Standard	Metric	Target Level	Maximum potential rebate (both terminals, unless noted)
	Runway Availability	Number of unavailable events	Single event metric	Duration of runway not available penalty:  Up to 15 minutes: No penalty 15min-45min: £50,000 >45min: £100,000  Up to 0.50%
	Airfield Travel Time	Reporting metric	n/a	Reputational only
<b>(v)</b>	<b>Baggage Measures</b>			<b>1.20%</b>
	Arrivals Reclaim (Baggage Carousels)	% Time Available	98.5%	0.50%
	Outbound Baggage	OBP Daily	98%	0.175% daily 0.70% monthly (0.7% max per month)
	Outbound Baggage	OBP Monthly	99%	
<b>(vi)</b>	<b>IT Measures</b>			<b>0.10%</b>
New	Flight Information Display Screen system	% Time Available	99.9%	0.10%
	<b>Total</b>			<b>7.25% (NT) 6.75% (ST)</b>

\* Scores of less than 4.00 will be published as “amber”, rather than “green” (pass).

\*\* In a day when the single time slice is greater than 30 minutes the maximum daily penalty is 0.05% with a maximum monthly penalty of 0.70%.

\*\*\* Or alternative metric following agreement with the ACC.

Calculation and measurement of the Core Service Standards will be undertaken in accordance the “Gatwick Airport Core Service Standards Handbook” which may be amended from time to time by agreement between Gatwick Airport Limited, the Gatwick Airline Operators Committee and the Gatwick Airport Consultative Committee.

## AIRLINE SERVICE STANDARDS

Standard	Metric	Target Level	Reduction Percentage
Check-in performance – queue time	Times <30 Minutes	95%	1.0%
Arrivals bag performance – last bag on carousel	Times <50 Minutes (large aircraft) Times <35 Minutes (small/medium aircraft)	95%	0.50%

Calculation and measurement of the Airline Service Standards will be undertaken in accordance the “Gatwick Airport Airline Service Standards Calculation Guide” which may be amended from time to time by agreement between Gatwick Airport Limited, the Gatwick Airline Operators Committee and the Gatwick Airport Consultative Committee.