

Winning the Recovery

Annual Business Plan 2022-23

Foreword

Luton Rising is the new trading name of London Luton Airport Limited – a new identity for a new era in the history of Luton Council’s airport company.

Luton Rising is about being more than an airport; it is about the social, environmental and economic benefits that can be created through the skilful management of strategic assets and working in partnership with those who share our values and ambitions.

The aim of **Luton Rising** is:

- To create prosperity and opportunity in order to make Luton a place where everyone can thrive and no-one has to live in poverty
- To make places where technology can flourish and contribute to regional success as the international gateway to the Oxford-Cambridge arc, England’s Economic Heartland and the Central Area
- To demonstrate how an airport can be developed in a way that puts environmental concerns at the head and heart
- To deliver substantial and sustainable total stakeholder returns through a compelling combination of the entrepreneurial spirit and public sector ethos

The **Luton Rising** Group is a collection of business units – currently all forming part of the single legal entity, London Luton Airport Limited (LLAL) – which demonstrate the breadth of the company’s involvement in a range of strategic assets, business opportunities and enterprises that make a significant positive impact to the community of Luton and beyond.

This Annual Business Plan sets the framework for the Luton Rising Group to carry out its business in the coming year and with an eye to future opportunities.

It also sets out how we will support our shareholder, Luton Council, in driving and delivering on the strategic priorities for Luton 2040 as a town built on fairness where everyone can thrive.

The Annual Business Plan is intended for use primarily by the company and its shareholder but we also want the general public to know what we will be doing in the coming year. This version of the plan has been prepared for publication which means it excludes some commercially sensitive information.

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The **Luton Rising** Group's **Vision** is:

Protecting the world we live in and creating a place of opportunity for everyone.

Our **Mission** is:

Working towards Luton 2040 by delivering enduring total stakeholder return through the intelligent and creative management of assets and opportunities.

We have adopted the **Values** of our shareholder, Luton Council. For us, they particularly mean the following:

Collaborative – we work in productive partnership with those who share our values and ambitions

Ambitious – we set our sights high without forgetting that it's what happens on the ground that matters

Respectful – we run a well-governed and socially conscious business, respecting the rights of others and their opinions

Empowering – we give people the opportunity to define how they make a difference through the work we do together

Supportive – we do not blame others when things go wrong; we put them right together. Trust and encouragement make for success

We run our business in accordance with the following **Principles**, beliefs and behaviours:

Transparency – we openly and honestly engage with the community for the benefit of all

Sustainability – we are passionate about making things better for our people, place and our planet

Innovation – we drive visionary partnerships to improve people's futures

Success – we exceed expectations to deliver value in everything we do

Trust – we have confidence in the integrity of those we deal with and inspire trust in those that deal with us

Respect – we respect our environment, our stewardship responsibility, and our duty to protect and plan for the future

Communication: we communicate our vision, mission and values with belief and passion

Ownership – we accept responsibility for actions and outcomes

Consistency – we are consistent in our dealings with others and in delivering excellent results

Excellence – we deliver services of exceptional quality to give the best stakeholder return possible

A. Corporate

1. Overview of the business

Where we are now

Both the current year and the one preceding it have been dominated by the impact of the Covid-19 pandemic and the consequent restrictions on travel on the aviation industry. From an all-time high of almost 18 million in the year to March 2020, passenger numbers fell to under 2.9 million. 2021/22 has seen a partial recovery with that number having been exceeded at the time of writing but the figure for the year to March 2022 is not expected to reach 40% of the total passenger capacity of the airport.

Throughout the period of crisis, the company and its shareholder, Luton Council, have worked tirelessly to protect the future of Luton's single greatest asset and, in collaboration and negotiation, with the airport operator have reached a settlement that helps to stabilise Luton's aviation system as a whole.

Key features of the coming year

- Morton House, our Business, Skills and Innovation Centre, a Luton Rising project in collaboration with Luton Council and SEMLEP will open.
- Luton DART will commence service, enabling passengers to get from Central London to the Central Terminal Area of London Luton Airport in environment-friendly fashion in little more than half an hour
- Building on extensive pre-consultation engagement, we will carry out a high quality public consultation early in the year on the company's revised proposals for airport expansion through an application for development consent to the Planning Inspectorate being made by the end of the year
- We will develop a compelling business case capable of attracting external funding for development at Green Horizons Park; we will seek out a credible business partner to develop Bartlett Square.
- We will continue to review and revise our governance arrangements through the establishment of an Executive Committee of directors and the appointment of independent non-executive directors
- We will continue to explore opportunities for working in partnership with colleagues at Luton Council to combine expertise and resources on joint ventures that can make a significant difference to the lives of Luton's people
- We will continue to review our company structures and staffing requirements to ensure that we are capable of delivering on our ambitions. If not already put into effect during 2021/22, we will, subject to shareholder consent to the case for change, establish Luton DART as a subsidiary company of LLAL.

2. Corporate Strategies

Luton 2040

Our strategies, policies and activities are, and will remain, fully focussed on supporting the achievement of the strategic priorities for Luton 2040 as evidenced throughout this document.

Green Controlled Growth

A key principle and core message of our expansion proposals is that all future aviation growth will be sustainable, with the message green growth or no growth. Our goal is to go further than any other airport has gone before in locking in environmental considerations when growing the airport. Our approach will put environmental factors on an even footing with commercial, social and economic considerations.

Green Controlled Growth (GCG) is our core strategy linked to the Development Consent Order (DCO) application to bring this ambition to life, it is the framework for delivery of future aviation growth at our airport. GCG aims to set a series of ambitious targets for key areas of environmental impacts related directly to passenger throughput, with any one of those limits acting as a ceiling on growth such that growth in passenger throughput will only be permissible if it is contained within all of the limits set. It will have flexibility to change over time in response to a changing physical and operational environment and technological advancement.

An important aspect of the strategy, reflecting our community airport status and giving a stronger voice to local people on the operation of their airport, is involvement of the local community within the GCG approach. We will do this by reserving space in each of the technical groups which will advise the independent monitoring body for representation from Luton's community.

Compliance with the strategy will be independently monitored by a new body with powers to approve or reject plans for growth and/or mitigating impacts if limits are forecast to be breached.

GCG will be established through the DCO.

Sustainability/Net Zero

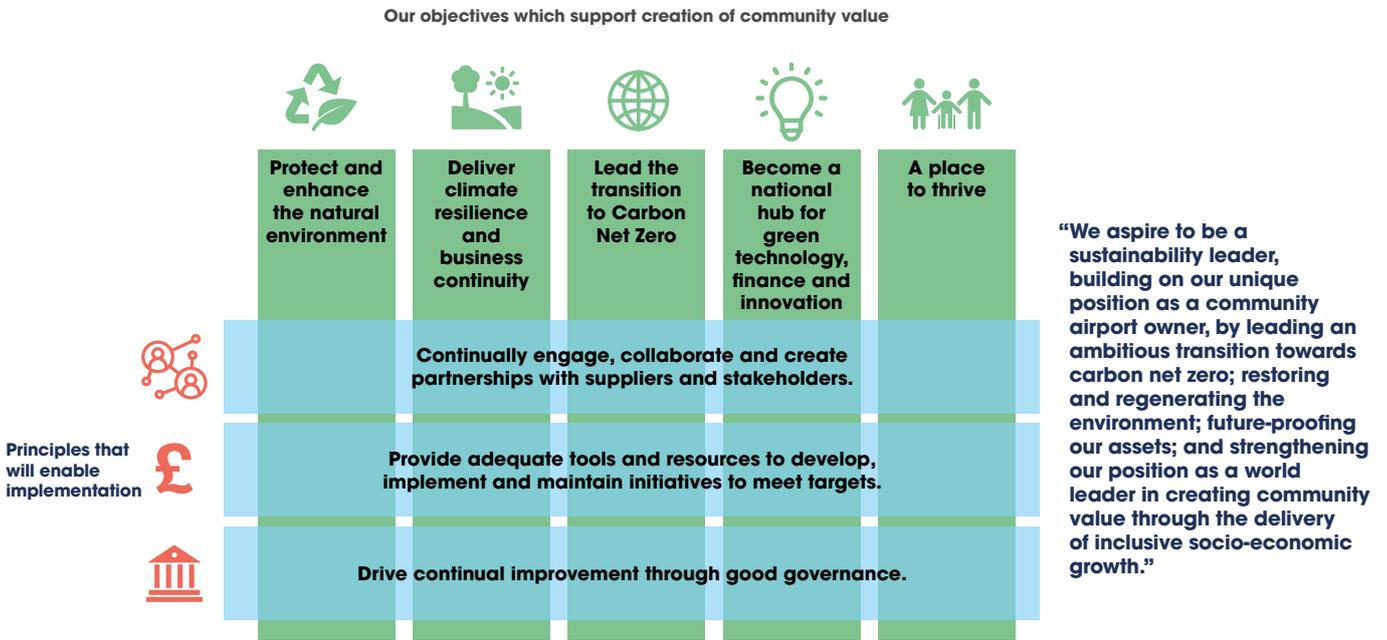
Our sustainability and net zero strategies were approved by the Board at its meetings held on 25th May and 20th July 2021 respectively as working documents and have been through a thorough review process in light of COP 26, the finalisation of the DCO consultation environmental documents and will be published early 2022.

Our sustainability and net zero strategies are, we believe, the most far-reaching commitment to minimising environmental impacts ever put forward by a UK airport and confirms our aspiration to be a sustainability leader, building on our unique position as a community airport owner, and act as a key driver for our shareholder Luton Borough Council's 2020-2040 vision for Luton to be a place to thrive, a carbon neutral town, and where no-one needs to live in poverty.

Our strategies set out strategic objectives and goals across the full scope of LLAL’s activities, looking at current activities and capital development, working with partners and suppliers.

The strategies will change the way we manage our future developments in collaboration with our stakeholders, how we design and construct our assets and infrastructure and how this impacts our activities.

Our sustainability vision



The scope covers the airport and other assets and activities, including commercial assets and applies to construction, operations, surface access and aviation.

Our Strategies to the long term and requires sustained investment and effort, as well as collaboration with key stakeholders. We also recognise that for our strategies to be truly sustainable and deliver reduced emissions, it has to reflect Government Policy and also the interests and ambitions of all our stakeholders and supporting their aspirations, in particular Luton Borough Council.

As we look to deliver against these strategies, we recognise that certain aspects of our business fall under our direct control, such as construction and operations and other aspects fall outside our control, such as aviation, and require ongoing engagement and collaboration with our stakeholders to enable the success of our strategy.

Our Net Zero Strategy sets out our plan to support LBC’s objective, building on both our 2019 Sustainability Strategy and supporting our ambition to become a leader among the UK’s most sustainable airports over the next 20 years.

The first step to achieving either carbon neutral or net zero is to reduce our emissions to the maximum extent and work with our partners to reduce theirs.

Our definitions of carbon neutral and net zero are:

- carbon neutral as achieved when all residual CO2 emissions are balanced by **carbon reduction offsets** (in line with the BSI).
- net zero as achieved when all residual CO2 emissions are balanced by **carbon removal offsets** (in line with IPCC).

We will use carbon offsets to achieve carbon neutral surface access.

We will use local, land-based community measures, where possible, to achieve net zero operations.

Our Strategy identifies how we will reduce emissions, and when those reductions will occur, by 2040. We use a hierarchy of actions to tackle our emissions:

- Innovate, where we focus on those emissions which can be avoided by making changes to our current activities to lower emissions
- Transition, where we use technology or behaviour changes to deliver the same output with lower emissions
- Transform, where we decarbonise the energy sources upstream to allow those benefits to filter through to downstream activities
- Removal, where we use local, community-based projects to remove residual emissions from the atmosphere, achieving Net Zero

Investment

We will continue to invest in opportunities that maximise total stakeholder return. This means that we will be prepared to take a lower yield or internal rate of return on some of our investments provided that they produce social benefits that contribute to our corporate social responsibility objectives or to our overall strategic aims and ambitions as a business. Morton House is a good example of where we have been prepared to accept a lower internal rate of return as a consequence of incorporating activities and facilities, such as the learning and skills centre, which are not yield-producing but make a significant contribution both towards our aim of improving the skills base of the Luton workforce to the longer-term benefit of our business and to achieving our shareholder's strategic vision for Luton 2040.

All investment proposals will have been subjected, prior to any substantial or irrevocable commitment being made, to satisfactory legal, financial and commercial due diligence assessments covering at least, but not limited to, feasibility, viability and financing.

Engagement

Not only in preparation for its aviation division's DCO consultation, but also as a core attribute of its business, the Luton Rising Group will put effective, meaningful and appropriate engagement at the heart of change; the community and stakeholder engagement strategy is essential to achieving this.

Over the lifetime of our projects, the political, economic and operational environment is likely to undergo periods of significant change at various times; our engagement strategy needs, therefore, to align to phases in the development of our business over the next 20 years.

We recognise that our shareholder, Luton Council, has substantial experience and expertise in engaging with the community and, therefore, we will work collaboratively to ensure that our work complements and enhances that already being undertaken. We will ensure that our engagement is underpinned by a thorough and sensitive understanding of Luton: its diverse community, its many challenges, its resilience and resolve and of the very different attributes, expectations, interests and concerns of our neighbouring communities.

We will develop an authentic and compelling core narrative and messaging, and use an appropriate range of engagement methods to allow all members of the community to participate, thereby increasing the probability of successfully communicating our vision for the future of the business and contributing to an effective and excellent DCO consultation.

We will operate to the following guiding principles:

- **Building mutually respectful relationships:** we act in an honest, open and respectful way at all times to build strong relationships and partnerships with all stakeholders whatever their views;
- **Clarity of purpose:** we will be clear about why and how we are engaging and what the community can expect from us;
- **Inclusivity:** we will ensure the broadest range of stakeholders can participate;
- **Coordinated and organised:** we will work with others to ensure our engagement activities are coordinated, well documented and that feedback is reviewed and addressed where appropriate;
- **Learning from practice:** we will constantly evaluate our engagement activities and learn from the feedback that has been provided.

Our **overall aim** is to inspire community pride in our airport as an asset to the town: a source of prosperity and wellbeing both individually and collectively, a gateway to opportunities to explore other places and cultures, a supporter of Luton's thriving and incredible voluntary and community sector and to share in our aspirations for its future; and, for our neighbours, to help develop a balanced and sensitive shared appreciation of the advantages and disadvantages of proximity to a thriving international airport.

We will develop a comprehensive and nuanced stakeholder engagement plan that enables us to tailor our core narrative, without losing authenticity, to the interests and concerns of the following stakeholder groups:

- Residents and those who work in Luton
- Community organisations
- The health and education sectors
- Businesses
 - Local
 - National
- Interest Groups
 - Local
 - National
- Local Authorities
- Statutory bodies

We will develop a programme of **education outreach** on aviation, climate change and biodiversity which will be delivered either through visiting places of education or, in partnership with the airport operator, at a facility provided initially, on a trial basis) at the Central Terminal Area which would enable the educational element to be combined with a journey on the DART and a visit to the airport itself. We would also to look to ensure that facility could be used by casual visitors for the purposes of viewing aircraft.

Partnership

With our shareholder and our contribution to Luton 2040

We are committed to supporting the achievement of our shareholder's strategic priorities for Luton 2040 as a town built on fairness where everyone can thrive.

We have already revised our Community Funding Policy so that it reflects those strategic priorities and this will be used by our administering body, the Bedfordshire and Luton Community Foundation, in informing the awards they make.

We will work with colleagues across the Council to ensure that our Community Funding Programme remains relevant to the needs of Luton's people.

We will continue to build on our connections with the Council's Inclusive Economy department to identify, explore and develop opportunities for joint working that creates greater positive impact and value.

We have already identified Clean Energy as one of those opportunities and we will be undertaking further work to establish proof of concept and viability and, if proven, to produce a business case which is sufficiently robust to enable us to seek external funding.

A joint approach to tackling climate change is also one of the areas we wish to explore further.

That Luton is thriving and prosperous is critical to our success as a business and the regeneration of the town centre is key to generating greater prosperity and a sense of civic pride and ownership. We will contribute 50% towards the cost of a Town Centre Regeneration Manager to ensure that there is complementarity between our development proposals and those of the Council.

With our airport operator

We will continue dialogue with the airport operator with a view to building on our collaborative and equitable partnership, in particular in relation to support for and involvement in, our application for development consent and the opportunities that will provide for further growth in passenger capacity at the airport within the current Concession Term.

With airlines

We recognise that the airport operator has primacy in regard to relationship with airlines but we also need to ensure that the airlines see in us an airport owner that is to be trusted and is authentic in its dealings with them and in our commitment to London Luton as the UK's leading community airport. To that end, we will continue to develop relationships that are independent of, but complementary to, those of the operator.

3. Corporate Policies

Distributions, Dividend and Reserves

In accordance with the expectations of the Stabilisation Plan approved by the shareholder on 28th June 2021, no dividend is expected to be declared for the year ending 31st March 2023.

The shareholder will continue to benefit from distributions by the company relating to the purchase of services, including staffing, from the Council and the payment of rent and interest, and the community from the company's Community Funding Programme.

Should the company be in a position to declare a dividend in the future, it is recommended that a cash-backed reserve, based on an assessment of known commitments for the coming year and risks, is retained in the company's balance sheet and that this should be at least equivalent to 10% of turnover. This is an increase from 5% and reflects the potential impact on reserves of business interruption and is a prudent measure.

Financial Regulations

The company's Financial Regulations and associated policies were approved by the Board at its meeting held on 1st October 2018 and will be reviewed during the year.

Scheme of Delegation

The company's current Scheme of Delegation was adopted by the Board at its meeting held on 6th February 2019 and will be reviewed during the year to ensure that it is in compliance with recent changes in governance and reflective of the Schedule of Reserved Matters agreed with the Luton Shareholder Group.

Equality, Diversity & Inclusion

Given the importance placed on the Luton Rising Group's engagement with Luton's diverse communities and, indeed, with those markedly different communities outside the boundaries of the town, we will develop and Equality, Diversity and Inclusion policy specifically for our business as well as contributing to our shareholder's strategic priority of making Luton a town built on fairness.

Other policies

We will continue to review our policy framework to ensure that it remains up to date, relevant and responsive to any changes that may take place in the business environment and to develop and adopt such other policies as become necessary as a result.

4. SWOT/PESTLE

A workshop was held in December 2021 to enable members of the Board to identify what they believed to be the key points for consideration.

Strengths

Clearly identified as a community airport
Relationship with LBC
Proximity to London and good transport links
Gives good impression of Luton
Able to attract low-cost airlines

Weaknesses

Increasing complexity of business
Relatively short runway limiting route development
Challenges facing key business outcomes
Achieving balance between assets and returns

Opportunities

Direct relationship with airlines & whole system
Partnership development
Educational outreach
Engagement with business community
Closer alignment with Luton 2040
Commercial property development

Threats

Spare capacity in system and effect on price
Launch of new business units in uncertain time and environment
Climate change and impact on passenger behaviour
Continued uncertainty
Concession agreement

Political	<p>Change in national policy towards aviation</p> <p>Lobbying</p> <p>Change in local control</p> <p>Brexit – geopolitical environment</p> <p>Ward level pressures</p>
Economic	<p>Changes in GDP</p> <p>Changes in subsidy on aviation fuel</p> <p>Use of fiscal and direct taxation levers</p> <p>Polluter pays principle – increasing cost to consumers</p>
Social	<p>International travel increasingly seen as socially unacceptable thereby limiting choice</p> <p>Increased support for environmental activism</p>
Technological	<p>Slow pace of development of alternative technologies</p> <p>Cost of technological change leading to higher prices</p> <p>Need to be seen to be associated with change</p>
Legal	<p>Climate change/carbon regulations</p> <p>Changes to slot regulation increasing competition</p> <p>Public health-related restrictions more likely to be imposed in future</p>
Environmental	<p>Global – climate change increasingly recognised , understood and accepted as a threat and driver for change</p> <p>Impact of development on local amenity and biodiversity</p> <p>Impact of changes in weather systems on operations and the lifecycle of assets</p>

5. Corporate Risk – strategy and management

Enterprise Risk Management (ERM) is a well-established and globally recognised framework that consists of 5 key components that integrates the business strategy, governance and culture, risk, business performance, reporting and communication in an effective and cohesive manner. These five components holistically link directly to the future vision, mission and culture of the business going forward.

As Luton Rising seeks to develop and transform its business through its recovery and growth stages it will inevitably incur new and emerging risk as it looks to expand its operations. It is essential that it adapts and ensure it has the appropriate best practice systems and processes in place to enable both the Board and Management in its decision making and in its timely identification and mitigation of risks.

The benefits of implementing ERM include:

- Enterprise risk management is integral to achieving **strategy and business objectives**
- Management can identify **opportunities** for the entity and unique challenges associated with current and future opportunities
- Improve its ability to identify risks and establish appropriate **responses**, increasing positive outcomes while reducing negative surprises and related costs or losses
- For some entities, the challenge is less about surprises and losses, and more about managing **performance variability**,
- Obtaining robust information on risk allows management to assess overall resource needs and helps to optimize **resource allocation**
- Anticipate and **respond to change**, not only to survive but also to evolve and thrive.
- The ERM framework is aligned and complimentary to the adoption of **Integrated Reporting Framework** as approved by the LLAL Executive Board earlier in the year.
- The ERM framework will address the need to link future strategy with key **measurable objectives** across each business area and to identify risks as they emerge, helping LLAL to mitigate and manage these risks appropriately to enhance the creation of value. This can be seen in figure 1 below.

Figure 1



- Enterprise Risk Management extends a discipline for the Board and the Management team to agree and consider its appetite to risk and its tolerance to variation in risks. The reporting of risk is intended to be more comprehensive, focussed and holistic with a focus on how it impacts performance.
- The scope of risk management will include risk at project and corporate level

The reporting of risks will follow the guiding principles and 5 components as set out at Figure 2 below.

Figure 2 – Principles governing the reporting of risks

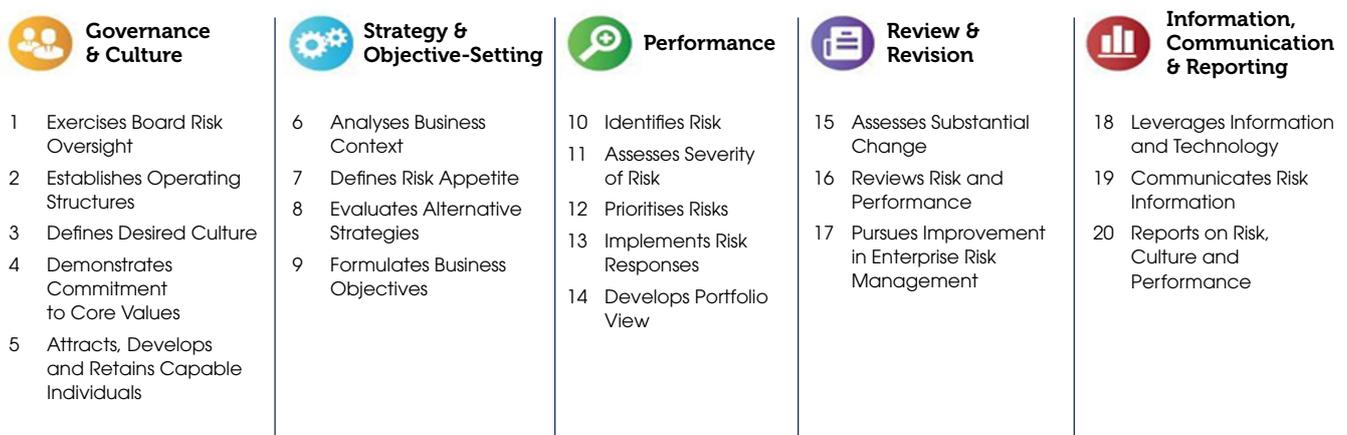


Table 1 – Key risks for the Luton Rising Group

	Key risks	Description
1	Developing Strategic Partnerships	Transforming partnership with LLAOL through to creating philanthropic relationships
2	Business Planning	Matching resources needed to deliver balanced growth plan
3	Complexity of the business	Business transformation programme combined with developing new diversified businesses
4	DART (entering into commercial service)	Creating a new commercial business and operational readiness
5	DCO (external politics)	Potential political external factors outside of our control to be carefully managed
5+1	Resourcing capacity	A growth strategy that will require additional and specific people capacity to deliver success

6. Governance

We will continue to develop our governance arrangements to respond to the challenges of the present and prepare for the opportunities of the future.

We will work with our shareholder to review the composition of the Board of Directors so that it has the right mix of skill, expertise and diversity of thought.

In line with the requirements of the Stabilisation Plan, we will recruit suitably qualified and experienced independent non-executive directors who understand and share our values and business ethos.

We will establish an Executive Committee to take responsibility for the day-to-day governance of the company in all matters save those reserved to the Full Board or shareholder. Initially, this will consist of the Chief Executive Officer and Executive Director, Governance & Company Secretary supported by the Interim Chief Finance Officer, Legal and Commercial Director and Engagement Director (in a non-voting capacity until such time as these posts are established on a permanent basis at which time they will become full members of the Committee with the Chief Finance Officer being appointed as a statutory director).

We will review the structure of the company to ensure that, where there is a clear rationale for doing so, the assets of our most significant business units are separately corporatised. We will begin this process by developing a case for change to justify, subject to shareholder consent, establishing a separate private limited company for the Luton DART, with LLAL as the sole shareholder, and with a Board of Directors that includes representation from LLAL as well as at least one independent non-executive director with experience in the business of DART.

We will develop a more strategic agenda for the Full Board of LLAL, enabling it to focus on matters of particular interest and importance and which will be critical to the achievement of the Luton Rising ambitions and objectives. This is likely, in the first instance, to include the setting-up of sub-committees dealing with audit and risk.

We will work constructively with the Luton Shareholder Group to ensure that the governance of the company and its alignment to shareholder objectives is of the highest standard possible and that there is clarity in regard to need for appropriate balance between accountability and the stewardship of public funds and commercial freedom and business efficiency.

We will commission the Council's Audit service to develop and deliver a comprehensive audit plan to be delivered over the next three years.

7. Resources

Staffing schedule

LBC title	Luton Rising title (where different)	Tenure Form	
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Corporate Division

Executive team

Corporate Director, Airport	Chief Executive Officer	P	E
Service Director, LLAL	Executive Director, Governance	P	E
NEW	Commercial & Legal Director	T to P	E
NEW	Chief Finance Officer	T to P	E
NEW	Sustainability Director	T to P	E
NEW	Engagement Director	T to P	E

Commercial and Legal team

	Consultant to Luton Rising	T	C
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Communications team

Communications & Marketing Manager		P	SE
	Public Affairs Officer	T	A
NEW	Public Affairs & Social Media Officer	P	E

Finance Team

Finance & CSR Manager		P	E
Assistant Accountant		P	E

Shared Services team

Business Services Manager	Shared Services Manager	P	E
Personal Assistant	PA to CEO	P	E
Apprentice		T	E
NEW	Administrative Assistants x2	P	E

LBC title	Luton Rising title	Tenure Form	
	(where different)		
DART Division			
	Interim General Manager	T	C
Strategic Development Manager	Programme Director (DART)	P	E
	Integration Consultant (DART)	T	C
Senior Project Manager		P	SE
	Marketing Manager	T	C
	Progress Chaser		
Project Co-ordinator		P	E
DCO Division			
Strategic Development Manager	Programme Director (DCO)	P	E
	Integration Consultant (DCO)	T	C
	Consultation Manager	T	A
Project Co-ordinator		P	E
Place-making division			
NEW	Construction Director (SRO)	T	A
Strategic Development Manager	Programme Director (Commercial)	P	E
Commercial Property Facilities Manager		P	E
Facilities & Admin Officer		P	E
Tenure:			
P = Permanent	T = Temporary T to P Temp to Perm		
Form:			
E = Employee	A = Agency employee		
SE = Seconded employee	C = Contract for services		

The aim of the structure is to establish a core team to provide stability and continuity as the organisation continues to evolve with the flexibility to bring in additional resources on a temporary and short-term basis to undertake specific pieces of work or address specific issues. This will reduce our reliance on external consultants, be a more cost-effective approach and increase the amount of knowledge, expertise and understanding that is retained within the business.

It is probably that, during 2022/23, some posts will need to be brought in on an agency or contract basis for a temporary period. This will be managed within existing budgets and, in some cases, the cost can be capitalised.

It may be necessary to bring in additional staffing resources through the year as emergent business opportunities are developed; these will be clearly identified in the business case.

Training and development

Once the staff structure has been agreed and the permanent staff recruited, a skills analysis will be undertaken and a training and development plan drawn up to address any areas of perceived weakness and to provide job enrichment opportunities. The plan will also place emphasis on succession planning and the transfer of skills – both within Luton Rising and across Luton Council as a whole – whether from external consultants or agency staff or permanent employees considering retirement.

B. The Luton Rising Group Business Units

1. Aviation

a. Focus of the business unit

The planning and consenting of future expansion of the airport operation such that optimal economic, social and environmental benefits are secured for the local population. This includes significant contributions to the shareholders' twin strategic objectives of tackling poverty and achieving net zero by 2040.

The focus is therefore to establish plans which drive stable short term and long term growth in a sustainable manner, using Green Controlled Growth as the legal framework for doing so.

b. Overview

At the time of writing this document, a second statutory consultation on the Development Consent Order (DCO) proposals is shortly to commence (February and March 2022). It is expected that a DCO application will be prepared and submitted to the Planning Inspectorate before the end of the calendar year, with an Examination during 2023 and a final decision from the Secretary of state for Transport by mid-2024.

c. Objectives

Year	Objectives
1	Consideration of feedback from Statutory Consultation (including appropriate changes to proposals)
	Agree DCO position with LLAOL (Statement of Common Ground or better)
	Submission of application to PINS
3	DCO Secured & GCG implemented
	Partnership with LLAOL 'live'
	Delivery underway of Phase 1 of consented development
5	Approaching decision point for Phase 2 expansion (in partnership)

d. Challenges/key risks & mitigations

Challenge/risk	Mitigation
Viability (especially beyond Phase 1)	<p>Further consideration of options for business case</p> <p>Flexibility in proposals to hold development where appropriate</p> <p>Modular design of expansion proposals</p>
Extent of flexibility sought	<p>Keep under review in discussion with PINS and advice from Counsel, maximising permissible flexibility in proposals</p> <p>Use GCG opportunity to maximise Phase 1 throughput</p> <p>Consider options for alternative means of consenting growth beyond described Phase 1</p>
Buy-in from key stakeholders	<p>Transparent dialogue with key stakeholders in advance of consultation & application</p> <p>Narrow areas of disagreement / gain clear understanding of areas of difference through ongoing engagement</p> <p>Demonstrate with application extent of pre-application engagement outside of formal consultation process</p> <p>Alternative arrangement in place in case of lack of operator support</p> <p>Contribute to development of future partnership arrangements with LLAOL</p>
Changing policy context	<p>Engagement with policy makers where appropriate</p> <p>Watching brief on Govt. responses to other airport expansion proposals</p> <p>Flexibility built into proposals through presenting sensitivity tests on range of assessments and through GCG</p>
Deliverability of meaningful GCG proposal	<p>Continued engagement with interested parties (principally airlines, operator, host authorities) to establish right balance between ambitious targets and commercial deliverability.</p>
Tight programme and budget	<p>Regular monitoring, reporting and management with clear escalation parameters.</p>

e. Aviation Engagement

Dialogue has begun with airlines about our proposals for future growth, what their needs and requirements are and how they can help to inform future plans. Regular meetings are also being arranged with the Department for Transport to ensure ongoing awareness within government of our proposals and to gain early insight into future direction of travel on policy and how we may be placed to influence matters. We will continue to work more closely with the airport operator in the spirit of partnership, particularly in the further development of the DCO and in preparation of the application; this will run alongside the ongoing partnership negotiations. Part of that work with the operator will include gaining a better understanding of their Business Development plans to encourage new entrants and how we can influence this.

f. Growth post consent (strategy)

We continue to work closely with LLAOL as they bring forward their plans for 19 million passengers per annum (mppa) (assuming that planning permission is confirmed) in advance of the DCO being consented.

Ongoing discussion with LLAOL includes detail matters around how and when the planning regime should switch from the current 18 mppa (or 19 mppa) local planning conditions to those contained in the DCO and how DCO consented works can be delivered. The current working assumption is that this will be done through a progressive partnership with negotiations ongoing to establish this at the earliest opportunity. DCO consented growth would then be delivered through the new partnership with costs and benefits shared more equitably than is currently the case. The DCO will make provision for growth through the existing terminal to be extended to circa 23 mppa to ease the path to further growth by reducing the likelihood of prolonged periods of stagnation. The progressive partnership approach is anticipated to include provision to trigger further extension of the partnership to deliver a second terminal and additional infrastructure before the existing airport becomes capacity constrained.

g. Milestones FY 2022/3

- a. Q1 - Complete Review of consultation feedback
- b. Q2 – Agreed principles for future partnership with LLAOL
- c. Q3 – Submission of DCO application
- d. Q4 – commencement of Examination period

2. Luton DART

a. Focus of the business unit

The construction and bringing into operation of a mass passenger transit system that delivers a modal shift away from cars to rail for passengers, visitors and staff of London Luton Airport. This includes future proofing to meet the needs of an expanded airport and supporting the shareholder in delivery of Luton 2040 including the provision of local employment. It now includes supporting recovery of the airport.

Luton DART is currently undergoing its transition from a construction project to a business. As a result, reviews are currently under way of the staffing structure needed to operate the business such that it is compliant with all relevant laws and regulations and is relentless in its pursuit of the highest standards of passenger safety and service.

At the same time we will be reviewing the income-generating capability of the business through reviewing the pricing strategy and identifying and assessing sources of income beyond the fare-box.

The outcome of these activities will inevitably be a change to the estimates currently included in the Medium-Term Financial Plan, although it is not possible at this stage to say what that change will be. By optimising both operational expenditure and income, the aim is to maintain, if not improve upon, the current level of operating profit.

b. Overview

Luton DART is on programme to open during 2022/23, delivering a high quality and environmentally friendly service for accessing the airport and national rail services. It will gradually transition through a period of sustained operation with any major snagging completed and achieve Business As Usual (BAU) in the latter part of 2022/23.

c. Objectives

Year	Objectives
1	Fully operational DART
	Achieve Business as Usual Status
	Delivery of high quality customer care
3	Secure long term Facilities management and Customer Care contract (following on from 2 year trial)
	Secure modal shift of at least 10% from start up
	Delivery of high and sustained quality customer care
5	Secure modal shift of at least 15% from start up
	Delivery of high and sustained quality customer care

d. Target market & competition – risks and opportunities

Risks	Response
Impact of Covid putting people off of public transport / air travel impacting use and also income	Partnership approach to reassure
Would be passengers not knowing about the improved service i.e. not aware of Luton DART	Robust marketing and promotion plan developed with partners and stakeholders to encourage passengers to adopt a train to plane journey
Low satisfaction rates	Adopt an agile management approach to enable real time feedback from passengers to influence evolving approach to customer care with contract providers.
Interfaces between parties not correct impacting service	Key role for proposed Luton DART Operations Manager linked to constant review of performance
Delays may delay operations commencing in late 2021/22	Develop soft launch plans which do not depend on completing the new overbridge (uses existing overbridge)
Opportunities	
Selection of green power tariff options	Test readings now taking place for train to verify power requirements, then a green energy package can be put in place.
Parkway DART station sized for future means space in the DART station	Options for difference uses to be explored

e. Marketing, pricing and promotions

Marketing plan being developed by Engagement Director and LBC communications team. Discussions underway with rail operators to agree actions and contributions. Content requirements for DART website and integration with LTN website linked closely to assisted travel service under development.

An initial decision on pricing was made by the LLAL Board of Directors at its meeting in September 2021 but will continue to be kept under review to ensure that the financial performance of the business unit can be optimised. Research has been commissioned from specialist consultants in order to identify the potential for income maximisation whilst encouraging modal shift.

f. Milestones and key metrics

Milestones 2022

- a. Open Summer 2022
- b. Establish baseline usage on opening
- c. Formal opening second half of 2022
- d. Achieve business as usual second half 2022
- e. Deliver first 2million passengers (to be reviewed based on recovery of LTN)

g. Resources

The DART business unit is currently transitioning from a construction project to an operating transport system and resourcing requirements are dictated by the need to prepare for operational readiness of the system and organisation in the short-term and a safe, sustainable and efficient customer experience once the transit system goes live.

An interim General Manager has been appointed to lead the team over this period and additional staff are currently being recruited, initially on a temporary basis, to contribute towards that preparedness. Initially, this will include a Contracts Manager to oversee the contracts with Doppelmayr for the operation and maintenance of the transport system and LLAOL for the management of the station facilities and customer service; an HSQE Manager to prepare the necessary documentation for certification and accreditation to ensure compliance with regulations; and a Marketing Manager to promote the service and encourage modal shift and to arrange the many visits and events that will precede the formal commencement of operations.

Operational readiness is focussed on the following work packages: Physical Build, Green Strategy, Marketing and Events, Contracts, Create Business, HSQE and Operations supported by Project Co-ordination and Risk Management and Project Finance. This is supported by small mobilisation teams of our (sub-) contractors.

The staffing structure and operating budget for the “business as usual” or “steady state” operation of the DART are currently under development.

3. Place-making

1. Morton House

a. Progress update

It is anticipated the refurb works will be completed in stages as follows:

- Structural works complete by 31st May 2022
- Refurb works complete by 30th November 2022 – NB if there is a requirement for the Adult Learning Centre to be open by the start of the academic year – the lower ground floor refurb could be prioritised and open in Sept 2022
- Subsequent delivery of the “green” elements subject to the availability of capex and production of an acceptable business case

b. Key milestones for the year

Target completion of the refurb and fit out works is now the end of November 2022, to enable the building to fully open in January 2023.

Recruitment of a receptionist/office manager should have commenced by September 2022, ready for someone to be in place in advance of opening.

Arrangements for operational contracts (e.g. consumables, maintenance etc.) should be in place by October 2022 in readiness for opening.

Marketing of the office spaces will be undertaken by agents currently engaged at Hart House. Marketing will commence 6 months in advance of completion of the office refurb.

Terms of the lease of the café area to be agreed by April 2022 in readiness for opening.

Launch PR event to take place in February 2023 once the building has been up and running for a few weeks.

c. Challenges & mitigation

Ensure overall project remains on programme and within budget – carry out weekly project reviews with LBC PM Team and with the contractor

SRO will be the Construction Director

2. Bartlett Square

a. Progress update

It is anticipated that the pathway linking the DART/LAP stations to Kimpton Road, the public realm outside the DART station and an emergency pedestrian route will have been completed.

The next phase will involve appointing a contractor to complete the remaining works (taxi rank/DART replacement bus route) once VFK have vacated the site. It is anticipated these works will begin in June 2022, will take approx. 12 weeks to carry out.

In the interim period, taxis will use the existing rank outside the Hampton Inn Hotel and the DART replacement buses would use the existing arrangements in use outside the LAP station.

There will also be a temporary extension to the existing car park at the rear of Hart House for use by tenants renting office space at Morton House. Access to this temporary area will be via the existing entry point to the side of Hart House.

A permanent solution to providing sufficient car parking for Morton House and Hart House is anticipated to involve reinstatement of the tiered car park in Vauxhall Road and to create a pedestrian access to Bartlett Square via the pedestrian tunnel running underneath the railway adjacent to the tiered car park. It is estimated these A planning application will be required for the new pedestrian access into Bartlett Square from the railway tunnel.

b. Key milestones for the year

Remaining works to provide the taxi rank and bus replacement route should be complete by October 2022.

Planning consent for the pedestrian access to the Square obtained by June 2022

Construction of the pedestrian access and reinstatement of the tiered car park complete by March 2023

We will be engaging a property consultant to assist with the marketing of Bartlett Square as a development opportunity and will work vigorously with that developer partner to ensure that the site is developed to its full potential for jobs and business opportunities.

The steps in the process to develop the rest of the Square are as follows:

- Property consultant to be appointed Q1 2022 to advise on an updated scheme for the Square and to engage a third party developer to bring forward a suitable scheme
- Consultant to run a process to secure a suitable developer by the end of 2022
- Third party developer to bring forward a scheme for planning approval during 2023

This process will also need to recognise the separate development of the Hotel (should this proceed) and to cater for the parking requirements of the Hotel.

SRO for the above will be the Construction Director and resource to deliver the project would be provided by the Programme Director (Commercial) and the Commercial Property Facilities Manager, Project Admin Apprentice with support from LBC's Property & Infrastructure Team.

c. Challenges & mitigation

Cost of pedestrian access is prohibitively high. LLAL to commission initial design work so an accurate costing can be produced. This will give greater cost certainty before proceeding. If the cost of the works is greater than the value of the land available for disposal on Bartlett Square, then consider options to provide parking on the Square itself.

Planning consent for the pedestrian access – carry out a pre-app in order to flush out any planning issues at an early stage.

3. Green Horizons Park (previously New Century Park)

Following the difficulty in securing funding for the Century Park Access Road (CPAR) – an essential prerequisite to the development of the New Century Park site – we will be taking a fresh approach to unlocking this essential employment site.

We will continue to work with the Service Director, Property & Infrastructure at Luton Council (who will act as the SRO for the “access road” element of the project) and his team and with Cranfield University, Arup and the airport operator to develop an exciting and compelling vision for Luton Rising’s land at Century Park and the Airport Business Park as a state of the art development ideally suited to the requirements of businesses working in the field of advanced technology with particular emphasis on aviation and modern manufacturing. The business case that demonstrates how this vision will be delivered and the benefits it brings, will be capable of supporting bids for external funding. At the time of writing, a report from Avison Young on the potential for development has been received and is being assessed with a view to it forming the basis for a business case. This is yet to be commissioned and we continue to seek external funding for it. In the meantime, work continues on building the relationships that are critical to the successful delivery of the project.

The SRO for the project (excluding the “access road” element) will be an appropriate member of the LLAL Executive team, yet to be identified but sitting with the CEO for the time being.

4. Wigmore Valley Park

a. Progress update

Assuming the long term lease for the park is granted during the 2022/23 financial year prepare business case for improvement works to WVP as per the planning consent for NCP/CPAR. The SRO will be the Construction Director.

b. Key milestones

Obtain funding approval from LBC by July 2022 in order for planting works to commence in the autumn.

Main programme of civils works to commence in Feb/Mar 2023 once the initial planting works have been completed.

c. Challenges & mitigation

Delays to granting the long term lease will have a knock on effect on the programme of works.

As the Park has ACV status there will be a 6 month moratorium before the lease can be granted. On the current programme this should enable the lease to complete in the second half of 2022.

Cost inflation causes an increase in the cost of the works. Work with key suppliers to confirm costs/rates of work. Scope of works to be tailored accordingly to fit the available budget.

5. Other Properties

Lease renewals are negotiated on behalf of Luton Rising by LBC’s Property Investment & Acquisition Manager. Oversight of negotiations is provided by the Programme Director (Commercial). Day to day management of the relationship with the tenants lies with the Commercial Property Facilities Manager.

C. Community involvement

Positive social impact is at the core of our business and our aim is to manage our portfolio of assets in such a way as to maximise the benefit to the local community whether through environmental responsibility or the promotion of social justice.

Luton Rising's Community Funding Programme has made a substantial contribution to improving the lives of many thousands of people. Since 2004/5, Luton Rising has contributed over £150 million to voluntary and community organisations delivering services in Luton.

Much of our funding is managed independently. The administering body for our largest fund, the Community Investment Fund, and the smaller Small Grants and Near Neighbour Funds is the Bedfordshire and Luton Community Foundation (BLCF).

We have budgeted to maintain our Community Funding Programme at its current level of £7.4m..

We will maintain funding for our Community Engagement Programme at £250,000 per annum, and look to Luton Council to continue administering that funding on our behalf to ensure that it contributes to a cohesive programme of community and cultural events.

We have committed to allocating to our budget for charitable giving £1 of the concession fee we earn on every additional passenger travelling through Luton as a result of our DCO growth proposals. That could amount to an additional £13m which will be shared between Luton and the neighbouring communities through our Community First scheme.

D. Emergent Business Opportunities

1. Clean Energy – carbon-offsetting & alternative sources

Carbon off-setting

We identified some pilot carbon-offsetting initiatives that could, if funding were available, be introduced at an early stage to demonstrate our commitment. These include:

Project	Carbon abatement (tCO ₂ /yr)	Range of project costs	Overall carbon price (£/tCO ₂)	Units needed for Scope 1 emissions	Estimated total pilot scheme cost
Social housing energy improvements: Installation of triple glazing, PV, battery storage, and insulation top-up	0.82 (per household)	~£10,000 (per household)	~380	213 homes (using average figure)	~£2 million (average)
Schools and corporate estate energy efficiency programme	~10-45 (per school)	~£75,000-£310,000 (per school)	~250-350	5 schools (using average figure)	~£950,000 (average)
Demo homes: Derelict council houses to be refurbished to carbon neutral/ PassiveHaus standard to serve as eco education centres for residents, installers, and landlords	1-2 (per house)	~£50,000-£200,000 (per household)	~2,000-3,000	1 home (using average figure) 113 homes (using average figure)	~£124,000 (average) ~£14 million (average)

We will work with the Strategy and Sustainability Manager at Luton Council and with other partners and key stakeholders to identify how Luton Rising can best support and enhance current initiatives and in raising funding to carry out a programme of activities.

Alternative sources of energy

With our Sustainability Director taking the lead, we will continue to work with the Service Director for Property & Infrastructure at Luton Council and his team to identify, based on work previously undertaken and newly commissioned work, the feasibility, affordability and long-term prospects for successful delivery of a company for Luton generating energy from alternative sources such as solar and wind.

Progress update

Luton Rising has identified and is evaluating the economic and financial viability of developing solar PV solution that would result in low energy cost and a reduction in carbon footprint.

The current proposition involves working in partnership with LLAOL to explore a range of partnership options that would reduce the energy cost and consumption at London Luton Airport whilst reducing the energy cost for the DART.

At present the DART is supplied via a grid connection at Bartlett square and has high variable energy demand. Connecting DART to solar generation at the airport would create even further cost and carbon savings.

This proposed solution to develop a Solar PV is timely as expected power prices are likely to be particularly uncertain and volatile in the near future.

The current solar PV strategy proposes the development of a 7MW solar farm near the airport.

Different options are under review with LLAOL where consideration is given whereas:

- Luton Rising agrees a Purchase Power Agreement (PPA) to the airport with a fixed discount to retail electricity tariffs, or
- Solar PV infrastructure is owned in a partnership with benefits shared in relation to risk, or
- Where LLAOL owns infrastructure on-site or through a private wire. This raises a legal question as to what happens end of the defined Concession period.

Any option above is flexible enough to have a degree of community ownership to share the opportunity and reduce risk.

In addition, this development solution has the flexibility to be considered as a stand-alone project withstanding the need for an extended concession partnership.

Key milestones

- To proactively engage with LLAOL to consider extended partnership arrangement to provide certainty and equitable financial distribution of benefits and returns (Q4 2021/22).
- Explore a partnership arrangement on Solar development (7 MW Solar PV development) (Q4 2021/22)
- Design, plan and build (FY22/23)

Challenges and mitigations

In assessing the proposition there are risks and mitigations.

- Failure to secure a 'future proof' long term PPA (off take agreement) would provide uncertainty in financial and investment returns. The ability to provide certainty in pricing and set prices at an agreed price formula with a link to market prices and an estimated collar price of 4.5p/kWh would provide cost certainty.
- Negotiating an acceptable deal with landowners is important. There is the need to review options of acquiring land further away from the airport which would be cheaper yet balancing off against more expensive connection route and electrical losses. This would require working closely with local highway departments to achieve benefits and mitigate non-systematic risk.
- Planning risk can be overcome by a combination of careful site selections and encouraging local community and other local authorities in becoming shareholders.
- Construction risk can be reduced significantly by passing over the construction to well-known solar EPC (Engineering Procurement and Construction) providers.

Scalable aspirations

Luton Rising strategy for new project initiatives is to develop small scale solution, develop internal expertise and learning and grow in a scalable and responsible manner.

To build real and measureable shareholder value in its future partnerships and Joint venture arrangements with the aim to re-cycle capital into the system to fund other initiatives and create increasing social and economic value through managing the 6 Capitals.

In respect of further solar developments, the longer term big aspirations could include further phases of solar, both onsite and offsite, and wind generation at >3km from airport to give more consistent renewable power.

To be at the forefront of renewable and aviation green technology through its considered T2 expansion, Green Horizons Business Park proposition, and becoming a forerunner in the adoption of Electric Vehicles and Hydrogen production.

2. Digital architecture and the Smart City

We will continue to work with the Service Director for Customer and Organisational Development at Luton Council and his team to identify the requirements for, and potential uses of, a data strategy and digital architecture to transform Luton into a smart city. We have already received a proposal from Arup to carry out a preliminary piece of work into this initiative; this is yet to be commissioned.

The outcome of this piece of work will be a report setting out:

Vision – to articulate the vision for data use and the objectives of stakeholders

Use cases – to agree a prioritised list of use cases including criteria and value articulation

Data discovery – findings in relation to the sources of data

Governance – data principles, data roles and data governance

Roadmap – high-level initiatives to deliver proposed actions and recommendations

Resourcing of these business opportunities

Luton Rising has a small provision within its approved budget to enable some preliminary feasibility work to be undertaken into these opportunities. For further developmental work, for delivery of the projects and for their future operations, additional funding will be required and this will be clearly set out in the business cases that come forward for consideration at investment stage; these will also set out the benefits – financial, economic, social and environmental – that can be expected to accrue in order to justify the investment required.

E. Reporting

Integrated Reporting

Integrated reporting (IR) is fairly new and the International Integrated Reporting Framework (IIRF) was issued in 2013. The IIRF was created to provide the principles based guidance and content elements required to complete a comprehensive integrated report, requiring integrated thinking within the whole company to provide a holistic view of the company for both financial and non- financial information, showing how a company creates value over a period of time, which is becoming extremely popular with companies, stakeholders and investors.

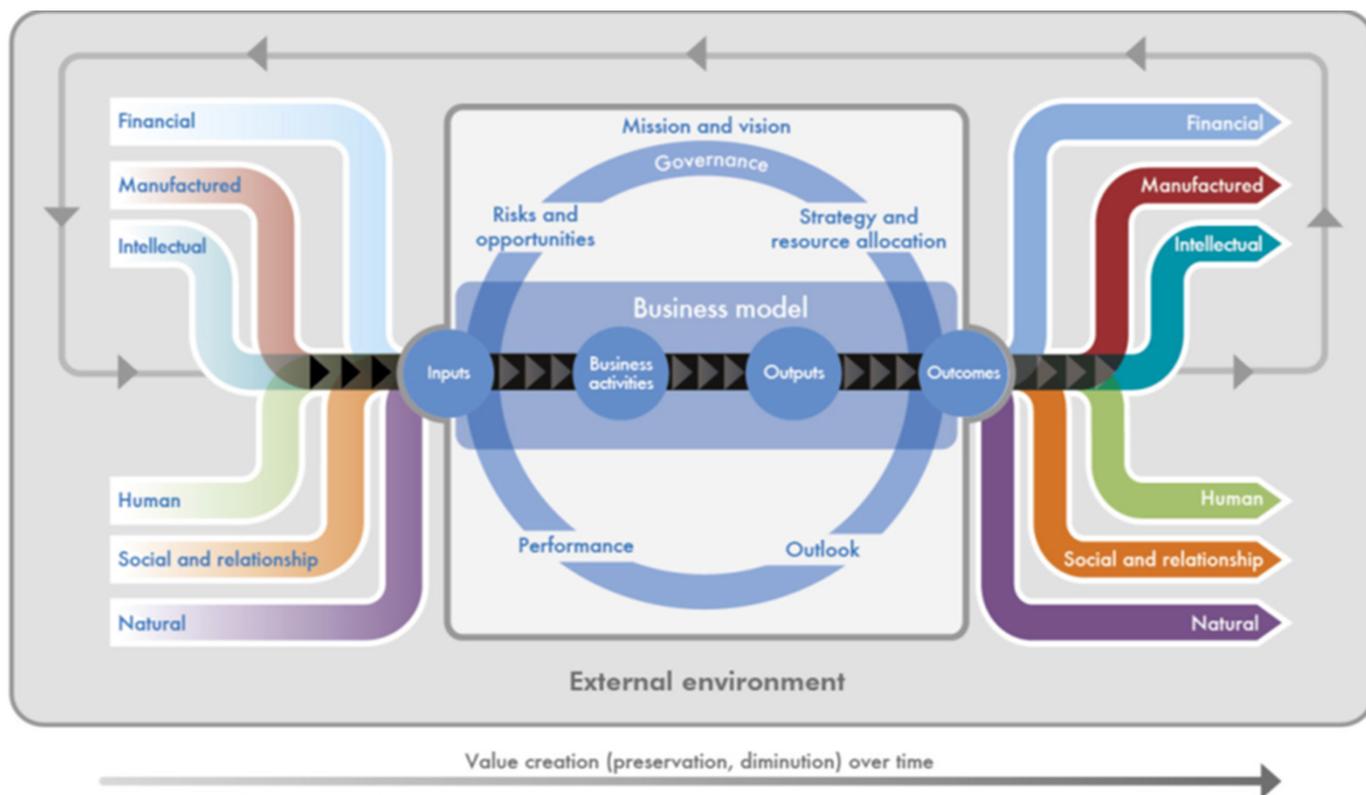
Integrated thinking brings all the resources and relationships we depend on into everyday decision-making. It helps us to identify and consider the broader strategic, social and natural impacts of decisions, as well as the effect on the financial bottom line.

An Integrated Report (IR) explains how we create value over time, is a forward facing document including financial and non-financial information. It provides a full and holistic overview of the business model and includes inputs, outputs, relationships and resources.

Luton Rising demonstrates impact through the value we create for our shareholder, stakeholders, employees, our impact on the environment, our reputation and how we engage with the community; in a phrase, **total stakeholder return**.

Value is created through the business model and takes inputs from the following resources - financial, manufactured, intellectual, human, social and relationship and finally nature and transforms them through business activities and interactions to produce outputs and outcomes that over the short, medium and long-term create or destroy value for our business, stakeholders, society and environment. This is shown graphically at Figure 3 below.

Figure 3



The report must follow the guiding principles and content elements as per the table below.

Fundamental Concept	Guiding Principles	Content Elements
In its efforts to create value an organisations' business model draws on various capital which the organisation uses and affects.	An IR must follow these principles -	An IR should include the following elements -
	Strategic Focus & Future Orientation	Organisational overview & external environment
	Connectivity of Information	Governance
	Stakeholders Responsiveness	Opportunities & risks
	Materiality & Conciseness	Strategy & resource allocation
	Reliability & Completeness	Business Model
	Consistency & comparability	Performance
		Future outlook
		Basis of presentation

Further detail on the principles and practice of Integrated Reporting was set out in a positioning paper presented to the Board of Directors at its meeting held on 20th July 2021. Luton Rising aims to produce its first annual report prepared on an integrated reporting basis for the year ending 31st March 2023.