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The Rt Honourable Boris Johnson, MP
Office of the Prime Minister
10 Downing Street
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Wednesday 22nd April 2020

Dear Prime Minister,

I hope you are making a speedy recovery. I would also like to thank the Government for the additional Grant support to Local Government as this will go some way to address the challenge faced by my Council as a result of COVID-19 which has put us under considerable operational and financial pressure.

We also welcome the review launched by your Government into the disproportionate impact of COVID-19 on people from Black, Asian and minority ethnic (BAME) backgrounds. This is important for Luton as we have a high level of BAME residents and the number of COVID-19 cases we are experiencing is well above the national average putting our Council under significant pressure.

As an authority with a low council tax base, and having delivered significant savings over the last decade, we have thus far managed to retain a level of service delivery that our Luton residents find acceptable. This has only been possible because of our considerable investment in the expansion of our airport (London Luton Airport Limited (LLAL) is a wholly owned subsidiary of the Council) which is an anchor to both the prosperity of the town and the region.

This investment, alongside the private sector operations company, has been possible due to the unique nature of our concession agreement, meaning London Luton Airport (LTN) is one of the UK's most successful public-private partnerships. This partnership has seen LTN grow from 9.6m passengers in 2013 to 18m passengers last year. The Airport currently supports 13,000 direct jobs; generates in the region of £116m in Air Passenger Duty for The Treasury each year and thereby contributes £2bn to the UK economy.

Luton



As you know the aviation industry has been badly hit and LTN has practically come to a standstill. This means that LLAL is forecast to lose significant income amounting to more than £45m over the next two years. After utilising reserves, this will mean a £30m reduction in dividend to the Council. Even after taking into account the welcomed additional Government Grants of the last few weeks, the impact of COVID-19 on the Council is expected to be £49m in 2020/21.

You will already be aware that Luton already has significant challenges. Stark statistics show that 46% of our young people are growing up in poverty. Whilst there have been improvements in key indicators such as the authority's place on the Index of Deprivation, there is significant demand on key services such as Childrens' and Adults' Social Care and Homelessness services. As a Council we had already developed plans to address this with an ambition to eradicate poverty by 2040. However, you will also be aware that the town has been identified by the Centre for Cities as the second most economically at risk place in the UK after Crawley and so we are anticipating additional demand on our services.

We are already having to take drastic measures to limit the financial impact on the Council and planning to take an emergency budget in July 2020. However, this financial impact will decimate our ability to contribute to our collective economic and social recovery and could lead to irreversible damage and a lost generation.

As part of our Luton 2040 eradication of poverty agenda we have been working to develop our asset and are bringing forward plans to grow LTN to 32m passengers a year. The overall potential contribution of LTN could be in the region of £4.2 billion to the UK economy, £2.6 billion within Bedfordshire, Buckinghamshire and Hertfordshire - with an addition of a further 16,000 jobs.

We will have a central role to play but with a £49m hit on our budget we will have substantially less ability to assist you to lead us to recovery. I therefore make a personal plea for you to treat Luton as a special case in recognition of the national role the airport plays both for the region and as a vital current and future source of tax for the UK.

LTN is a network of companies, each providing a vital contribution to the successful operation of the airport. Whilst airlines receive a significant amount of attention and publicity, our concessionaire and its network of local service providers are essential in the short term to provide a fast economic recovery. As a good partner, we ask additionally, on the concessionaire's behalf, that further consideration be given to providing appropriate financial support to London Luton Airport Operations Limited to cover the high fixed costs of keeping the airport in operational readiness and supporting fast mobilisation for airlines as they begin to reintroduce passenger services.

The government is, quite rightly, protecting businesses and we would like this Council to be given the same opportunity. Over recent years we have been very commercially minded, generating additional income in order to maintain key services, and to invest in our local economy.



I sincerely hope my request will be viewed favourably, and I look forward to hearing from you.

Most respectfully,



Councillor Hazel Simmons MBE
Leader of Luton Council

CC: Chancellor of Exchequer Rt Hon Rishi Sunak

Secretary of State for Housing, Communities and Local Government,
Rt. Hon. Robert Jenrick MP

Sarah Owen, MP

Rachel Hopkins, MP