

News story

Government backs Heathrow expansion to kickstart economic growth

Lift-off for growth as government backs expansion at Britain's busiest and only hub airport.

From: [HM Treasury \(/government/organisations/hm-treasury\)](/government/organisations/hm-treasury), [The Rt Hon Heidi Alexander MP \(/government/people/heidi-alexander\)](/government/people/heidi-alexander) and [The Rt Hon Rachel Reeves MP \(/government/people/rachel-reeves\)](/government/people/rachel-reeves)

Published 29 January 2025



- Plan could create over 100,000 direct jobs, boost a better-connected British economy by billions, and lead to cheaper fares and fewer delays for families as part of Plan for Change.
- Expansion must be delivered in line with UK's legal, environmental and climate obligations.

Working people and businesses across Britain will benefit from a government going “further and faster” to kickstart economic growth, as the Chancellor

today [29 January] announced the government's support for a third runway at Heathrow.

Speaking to an audience of business chiefs at Siemens in North Oxfordshire this morning, the Chancellor set out the government's latest set of reforms to kickstart economic growth and drive up living standards across the UK by driving investment, getting Britain building and tackling regulatory barriers. This included the announcement that the government supports and is inviting proposals for a third runway at Heathrow.

The Chancellor confirmed that the government will move at speed to review the Airports National Policy Statement (ANPS). This provides the basis for decision making on granting development consent for a new runway at Heathrow, to ensure that any scheme is delivered in line with our legal, environmental and climate obligations.

In her speech, Chancellor of the Exchequer Rachel Reeves said:

"I have always been clear that a third runway at Heathrow would unlock further growth, boost investment, increase exports, and make the UK more open and more connected as part of our Plan for Change.

"And now the case is stronger than ever because our reforms to the economy - like speeding up our planning system, and our strengthened plans to modernise UK airspace - mean the delivery of this project is set up for success.

"So I can confirm today that this Government supports a third runway at Heathrow and is inviting proposals to be brought forward by the summer."

As well as creating over 100,000 jobs in the local area and many more indirectly, research published today by Frontier Economics finds that 60% of the economic boost from a third runway would be felt by areas outside of London and the South East – putting more money in the pockets of working people across the UK through lower fares and greater choice for passengers as part of our Plan for Change.

During the speech, Reeves announced that the Transport Secretary Heidi Alexander is expected to take decisions on expansion plans at Gatwick and Luton shortly, and that the government will work with Doncaster Council and the Mayor of South Yorkshire to support their efforts to reopen Doncaster Sheffield Airport as a thriving regional airport.

The Chancellor also announced that a new partnership between global logistics giant Prologis and East Midlands Airport to build a new advanced manufacturing park within the East Midlands Freeport zone to unlock £1 billion of investment and 2,000 jobs. It follows this government's swift approval of

similarly stalled plans for London City Airport to expand to nine million passengers per year by 2031 and a £1.1 billion investment at Stansted Airport to extend its terminal and create 5,000 jobs.

After delivering stability to the public finances and wider economy as the basic precondition for economic growth, the pace of investment and reform demonstrates the government's willingness to secure the future of the UK's world-class aviation sector and the sustainable growth it can provide. Air freight represented 57% of the UK's non-EU exports by value in 2023, with over 60% of freight coming through the UK doing so through Heathrow. International connectivity also supports vital tourism and business links, with overseas visitors spending £31 billion on their visits to the UK in 2023 and 15 million business travellers using Heathrow in the same year.

It comes after reforms to speed up the planning system and a presumption to 'back the builders over the blockers' were set out by the Prime Minister Keir Starmer last week. The government has committed to making decisions on 150 major economic infrastructure applications over this Parliament, having already made decisions on multiple significant projects within its first six months spanning airports, data centres, energy farms, and major housing developments. The Planning and Infrastructure Bill to be introduced in Spring will enact further sweeping reforms and take an axe to the red tape that slows down approval of infrastructure projects.

Alongside these reforms and plans to modernise UK airspace, the government is taking great strides in transitioning to greener aviation. Sustainable Aviation Fuel reduces CO2 emissions compared to fossil jet fuel by around 70% and the Chancellor announced that the government is supporting UK producers by investing £63 million in 2025-26 into the Advanced Fuels Fund and setting out details of a Revenue Certainty Mechanism. This will support investment and high-skilled green jobs in plants across the UK - with previous winners of the Fund ranging from across the north of England to South Wales - and follows the Sustainable Aviation Fuel Mandate coming into law at the start of 2025. Taken together, our commitments to SAF will support thousands of jobs in places like Teesside and Humberside, bring down our transport emissions, and help make the UK a clean energy superpower as part of our Plan for Change.

The government is also assessing options for privately financing the Lower Thames Crossing, which will improve connectivity across vital ports and alleviate congestion as goods to be exported come from across the country to markets overseas.

In further recognition that the Government's clean energy superpower mission is helping to drive the UK's economic growth mission, Reeves announced that the government will designate new Marine Protected Areas to enable offshore wind, whilst protecting our marine environment. In doing so, barriers to 16

gigawatts of offshore wind will be unblocked – as much electricity as was produced by all gas power plants in 2024 – and up to £30 billion of private investment in homegrown clean power will be unlocked, creating thousands of good clean energy jobs in the offshore wind sector in areas like East Anglia and Yorkshire.

A new approach to the Oxford-Cambridge Growth Corridor - a centre of innovation which could become Europe's answer to Silicon Valley - will be spearheaded by Sir Patrick Vallance as a Ministerial Champion. The economic potential of this region will be unlocked through leveraging the strengths it boasts in sectors across Britain's new modern Industrial Strategy, from life sciences and tech to advanced manufacturing.

The Chancellor set out the government's plans to increase investment across the whole of the UK. She stressed that the government would do more to support city regions and local leaders outside of London and the South East, in recognition that bringing the productivity of major cities like Manchester, Birmingham and Leeds to the national average would deliver an extra £33 billion in output for the UK economy.

Reeves confirmed the backing of the Mayor of Greater Manchester's plans for the regeneration of the area around Old Trafford, including new housing and commercial development, and the new approach to planning decisions on land around stations, changing the default to yes. The Office for Investment is expanding its support to local leaders across the UK to help develop and promote their investment plans, and new strategic partnerships from the National Wealth Fund (NWF) will provide deeper, more focused support for city regions starting in Glasgow, West Yorkshire, the West Midlands, and Greater Manchester.

NWF and Aviva have today invested £65 million in Connected Kerb to back plans for the electric vehicle smart charging infrastructure company to expand its UK EV charging network towards 40,000 sockets - up from 9,000 as of the end of 2024. This substantial investment into the UK's public charging infrastructure – one of the NWF's priority sectors – is crucial for delivering the forecast requirement of at least 300,000 public EV chargers by 2030. NWF is also investing £28 million in Cornish Metals to provide the raw materials to be used in solar panels, wind turbines and electric vehicles, supporting growth and jobs in the South West of England.

Reeves announced that the Treasury will review the Green Book and how it is being used to provide objective, transparent advice on public investment across the country, including outside London and the South East. There were also further details announced on Investment Zones, with the Wrexham and Flintshire Investment Zone to focus on the area's strengths in advanced manufacturing. Backed by the likes of Airbus and JCB, this is expected to

crowd in £1 billion of private investment over a decade and create up to 6,000 jobs.

The Chancellor said that the Business and Trade Secretary Jonathan Reynolds will visit India next month to relaunch talks on a free-trade agreement and bilateral investment treaty. She set out that the guiding principle the government will take in its approach to trade is acting in the national interest of Britain's economy, its businesses and working people. A trade deal with India, as one of the fastest growing economies in the world and one which is projected to be the fourth largest global importer by 2035, is in line with this approach.

Notes to Editors

- The Chancellor's speech can be found on [GOV.UK](https://www.gov.uk/government/speeches/chancellor-vows-to-go-further-and-faster-to-kickstart-economic-growth) (<https://www.gov.uk/government/speeches/chancellor-vows-to-go-further-and-faster-to-kickstart-economic-growth>)
- As part of the ANPS review, government will engage the Climate Change Committee on how aviation expansion can be made consistent with our net zero framework.

Stakeholder reaction

Kenton Jarvis, CEO of easyJet, said:

"I welcome the Government's pro-growth agenda and their recognition of the importance of aviation and the crucial role it plays as an enabler of economic growth. As an island nation, this industry provides much-needed connectivity as well as creating many skilled jobs which contribute to the wider prosperity of the country.

"Expansion at Heathrow will provide consumer and economic benefits and represents a unique opportunity for easyJet to operate from the airport at scale for the first time and bring with it lower fares for consumers."

Paul Weston, Regional Head of Prologis UK said:

"The Chancellor's announcements reflect a drive to support enhanced UK economic growth, which underscores Prologis' global partnership with East Midlands Airport to unlock investment at the nation's only inland Freeport site.

"We are focused on delivering a new Advanced Manufacturing and Logistics park at pace and in partnership, harnessing the site's unique potential.

“Prologis, as a partner of choice, continues to commit to opportunities across the UK that underpin growth, building the foundations that support economic opportunities and on-the-ground benefits, with central, regional and local government.”

Gordon Sanghera, Chief Executive Officer, Oxford Nanopore Technologies said:

“The attention given to the innovation potential in the Oxford-Cambridge Growth Corridor is welcome. This is an opportunity to strengthen the UK’s tech infrastructure, expand access to talent, and attract investment—the foundations of innovation—so we can turn more pioneering UK life science start-ups into global scale-ups. The UK can be the best place in the world for breakthrough technologies.”

Tim Knowles, Founder and Managing Director of FI Real Estate Management, said:

“As an investor in Wrexham for almost 20 years, we’re delighted to see the announcement that Wrexham and Flintshire will receive Advanced Manufacturing Investment Zone status, with three of our schemes on Wrexham Industrial Estate – Wrexham 1M, Wrexham 152, and Bridgeway Centre – forming part of the designated zone.

“Across these sites, we’ll be investing £115m to create new, high-quality industrial accommodation, supporting the creation of over 1,000 new jobs and delivering an estimated economic value of £1.2bn in Wrexham over the next 10 years.”

Mark Turner, JCB’s Chief Operating Officer said:

“JCB has been a prominent feature of the industrial and economic landscape in Wrexham and Flintshire for over 45 years. Innovation is the lifeblood of our business and we welcome the creation of an Investment Zone in North Wales and hope that it will attract many other businesses to the area. As an advanced manufacturer of precision engineering components, JCB Transmissions looks forward to other advanced manufacturing businesses coming to the area. This could go a long way towards building the supply chain resilience of existing manufacturing businesses in the area, such as JCB.

“We place a lot of values on skills in our business and we look forward to the Investment Zone positively supporting skills development in the future. JCB continues to invest in our business in Wrexham and today’s IZ announcement bodes well for the economic development of the area in the future.”



All content is available under the [Open Government Licence v3.0](#), except where otherwise stated



© [Crown copyright](#)