

The Economic Value of Gloucestershire Airport

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Planning. Design. Economics.

The Airport

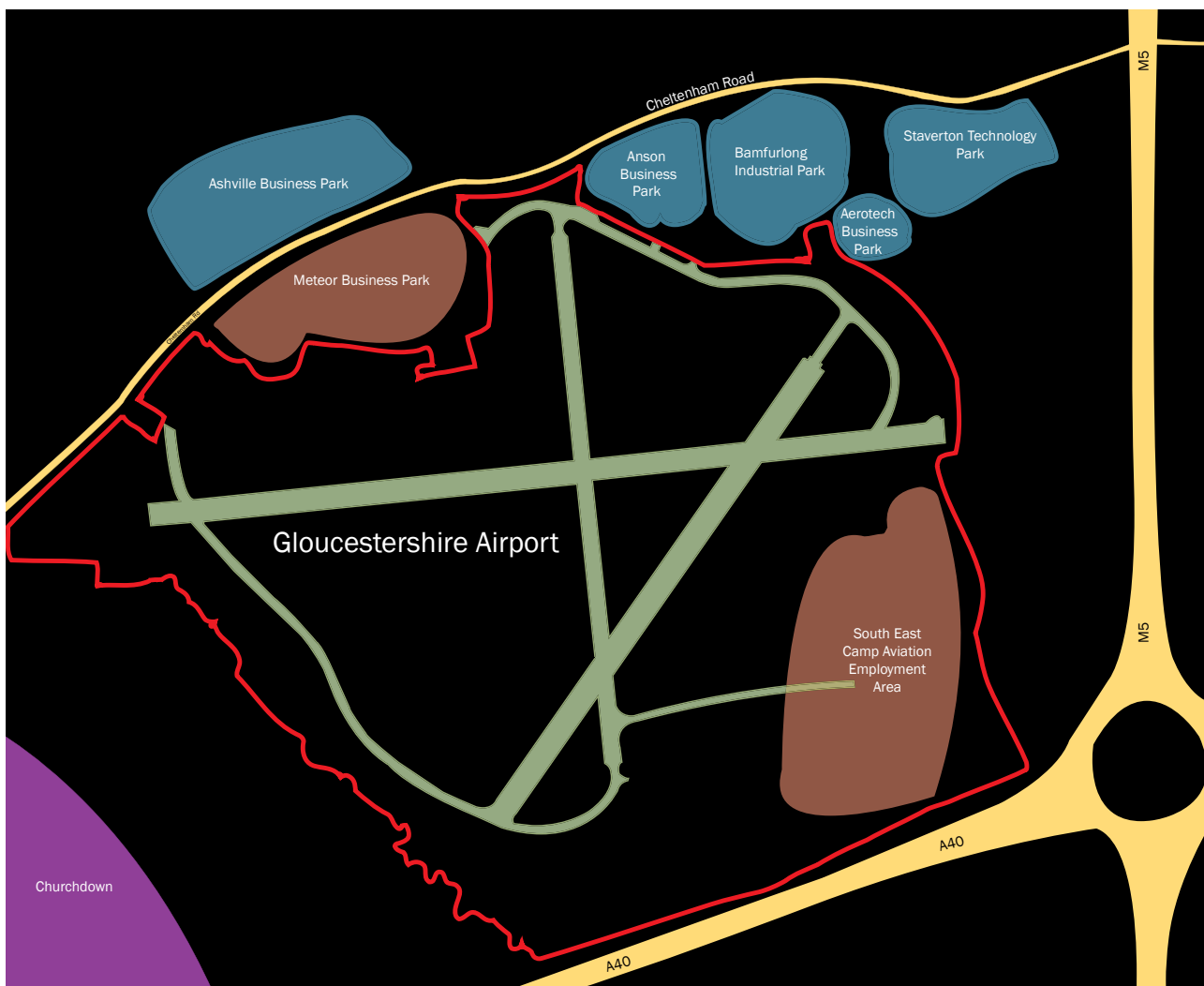
Gloucestershire Airport occupies a 167 ha site in the Green Belt between the City of Gloucester and Cheltenham Borough. It serves a sub-region with almost 1.9 million people and over 84,000 businesses across Gloucestershire, Worcestershire, Herefordshire, West Oxfordshire, Swindon and Wiltshire.

The Airport caters for scheduled air services to the Isle of Man, Belfast and Jersey, corporate and business aviation and a wide range of general aviation activities. These include private and commercial pilot training, air taxi and charter, pleasure and vintage flights, helicopter operations and aircraft maintenance. Other aviation activities based at the Airport and serving the sub-region include:

- ▶ a major hub for Air Ambulance and police helicopters, servicing over 75% of the UK's forces
- ▶ aircraft maintenance and engineering

- ▶ air services for a variety of local events such as the Cheltenham Festivals and Gloucester Rugby matches
- ▶ military activities and operations at GCHQ
- ▶ pipeline and electric cable patrol activities and aerial surveys.

The airport currently handles between 70 - 90 000 flights per year, making it consistently the UK's busiest general aviation airport. There is an annual throughput of around 20 000 scheduled and charter passengers, and is home to approximately 160 resident aircraft, ranging from microlights to executive jets. Movements are not expected to increase significantly in future as growth in business flights replaces existing leisure flights, but these provide more economic and employment potential.



A Diverse Employment Cluster

The Airport lies at the heart of a group of seven employment areas, uniquely positioned at a highly accessible strategic location beside the junction of the M5 motorway and the A40. Meteor Business Park, Ashville Business Park, Bamfurlong Industrial Park, Anson Business Park, Staverton Technology Park and Aerotech Business Park immediately adjoin the Airport and the South East Camp aviation employment area lies within it. Together these areas provide over 144,000 m² of employment floorspace.

The Airport therefore forms the centre of a cluster of aviation-related and other employment activity. The Airport itself currently contains almost 50 tenant firms, predominantly aviation-related businesses. As the figure opposite illustrates, aviation-related firms span a wide range of activities, diversifying the local economy and providing many highly skilled and higher value jobs. Along with the Airport's own operations, these firms support over 570 jobs.

The other employment areas, including Meteor Business Park, which is owned by the Airport Company, contain important aviation-related firms such as Messier Bugatti Dowty and GE Aviation (Dowty Propellers), which designs and manufactures aircraft landing gear and employs some 1,200 workers, Dowty Propellers, aircraft component manufacturers and space vehicle manufacturers. These areas also contain a range of other businesses, and include manufacturing, engineering, distribution and IT activities.



Together, there are an estimated 4,500 jobs based on an around the Airport.¹

The Airport effectively forms a growing and important cluster of aviation-related and other economic activity within Gloucestershire. This supports a wider supply chain of businesses in the area, indirectly supports the aerospace sector, which is one of the economic mainstays of the South West region, and provides convenient air links for many sub-regional businesses.

A Generator of Economic Value

The economic importance of Gloucestershire Airport can be measured by these indicators:

- ▶ the Airport currently supports over 570 jobs directly across 48 firms
- ▶ Combined with aviation-related and other activities around it, the Airport is the focal point for 4,500 jobs
- ▶ the Airport company and businesses based there provide an important source of well-paid, skilled local employment
- ▶ Airport-based businesses make a significant contribution to local GVA, around £22.7 million at present
- ▶ including businesses adjoining the Airport, this location generates £242 million in GVA²
- ▶ Airport based companies source a high proportion of their supplier spending, 45% on average, with local firms in the sub-region, generating additional local income and employment
- ▶ the Airport and its tenant companies contribute over £0.5 million annually in business rates, while the total contribution of employment areas on and around the Airport exceeds £5.6 million.

¹ Based on a 2008 study by the University of Gloucester Business School updated by Gloucestershire Airport survey in February 2012

² based on Experian GVA / employee for Gloucestershire and air transport sectors in 2011

An Asset to the Sub-regional Economy

The Airport also plays a wider role in supporting businesses, investment and key services in the sub-region:

- ▶ over 40 companies based in the sub-region regularly use Gloucestershire Airport's scheduled or business aviation services, including blue chip firms in key sectors such as finance, accountancy, engineering, manufacturing, major retailers, legal firms, communications and consultancy, healthcare and Government bodies
- ▶ scheduled air services to the Isle of Man provide linkages between it and financial activities in the sub-region, supporting the competitiveness of the local economy
- ▶ almost all of the 100 air taxi operators operating in the UK make use of the Airport to provide connections for businesses in the sub-region with parts of the UK and Europe not directly linked by scheduled services
- ▶ the Airport's improving air services will make the area more attractive to relocations / investment
- ▶ the Airport's aircraft maintenance operations and maintenance training facilities support the aviation sector generally in the region
- ▶ the Airport's aviation activities help maintain a pool of skilled engineering workers that are important to the retention of many other businesses in the area
- ▶ its pilot training facilities support operations at the region's larger airports, helping ensure a supply of pilots to maintain good air links for the region
- ▶ the Airport contributes to Gloucestershire's tourism economy by facilitating access to major horse racing events and in marketing short breaks.

The Airport's business aviation services will provide an important economic resource at a time when business linkages are increasing to parts of Europe less well served by commercial air services. Various studies confirm that such linkages help attract inward investment, provide flexibility, time savings and security for firms and support the retention of established businesses.

Such business aviation facilities are valuable as they are increasingly unable to be accommodated at the larger commercial airports in the region, because of the growing pressure on runway slots and on airport land from commercial air operations.

Potential for High Value Job Growth

Following completion of various runway and air safety improvements in early 2012, Gloucestershire Airport will be able to accommodate small to medium sized business jets with full payloads. This is likely to attract more aviation operators, air services and related activities to the Airport.

Over half of the existing businesses on the Airport anticipate future expansion and job growth³. The Airport is also experiencing demand from a range of aviation related companies that wish to locate there, such as a corporate aircraft management and maintenance company, an executive jet operator and maintenance facility, an aircraft engine overhaul and installation business and an aircraft leasing company. Based on recent interest, growth is likely to come from:

- ▶ more aviation operators basing aircraft at the airport to serve locally based corporate clients
- ▶ aviation operators relocating from other airports with greater operational constraints

- ▶ more corporate users basing their aircraft at or utilising Gloucestershire Airport
- ▶ increased numbers and types of aircraft maintenance businesses to support greater activity by a wider range of aircraft
- ▶ expansion of existing businesses on the airport to cater for higher activity levels.

Such an increase in activity is likely to produce significant growth in existing employment levels on the Airport and more income generated in the sub-region. However, demand for employment space with airside access exceeds the current supply of premises on the Airport. New development will be needed to realise the economic potential.

³ based on survey of Airport tenants in February 2012

Policy Support for Growth

Government aviation policy recognises that the aviation sector has an important role in helping to achieve the Government's objective of strong, sustainable and balanced economic growth and wants to maximise its contribution in the future. Regional airports are noted as having an important role in providing international and domestic connections across the UK, and contributing to local economies and the Government wants them to flourish.

It also recognises that business aviation allows companies and potential investors to connect quickly and conveniently between places not otherwise served by regular scheduled commercial air services, and that, for inward investors, a modern and reliable transport system may mean the difference between choosing to invest in the UK or elsewhere.

It is clear from the above that Gloucestershire Airport performs an important transport and economic function within the County and sub-region, and that it has potential to accommodate some of the growing future air transport needs of the region. To be able to perform these roles effectively it will need a supportive policy framework and to avoid constraints on its operations that will limit its economic potential.

"Returning the UK economy to sustainable growth is the overriding priority of the Coalition Government, and we must ensure that aviation can play its part in achieving this."

DfT: Developing our sustainable framework for UK Aviation, March 2011

Airports Support Growing Economies

Other smaller airports within the UK have shown how they can act as a focus for economic activity and employment growth, despite locations in the Green Belt or with environmental designations. Many other smaller

airports are targeting expansion through investment in infrastructure and increasing hangar space. This is to attract investment from often global aviation businesses as well as enable existing businesses to expand.

London Southend Airport

London Southend Airport, which also lies in the Green Belt, currently contains about 50 firms and supports 1,300 jobs on the Airport itself, with an industrial estate adjoining it, and an apprentice programme of 40-50 apprenticeships per year. This airport is undertaking £100 million of investment and also providing new hangars and maintenance facilities. The airport is the subject of an Area Action Plan (AAP), which aims for employment growth of almost 5,000 jobs including by allowing new business parks beside the airport.



© London Southend Airport

Oxford Airport

Oxford Airport is a Major Developed Site in the Green Belt with 20 aviation related companies based at the Airport, supporting 800 jobs. Over the last 5 years, the airport has focused on the business aviation market with major investment in infrastructure to expand capacity with an 80% increase in hangar capacity and 1,200 m² of new office space, aiming to attract relocations of aviation related businesses, particularly aircraft engineering.



London Biggin Hill Airport

London Biggin Hill Airport, a small general and business aviation airport in the Green Belt on the edge of London, has 62 firms and almost 1,000 jobs on and around. It has attracted over £20 million of capital investment over the last five years and potential has been identified for significant further growth in business aviation and related activities. It generates £69 million of economic output (GVA) per year and forms a concentration of higher value, higher skilled jobs. It is identified in the London Plan as a Strategic Outer London Development Centre, a location seen as having potential to secure future economic growth.



© London Biggin Hill Airport

Farnborough Airport

Farnborough Airport, in North Hampshire, is a business aviation airport with 50 firms and over 1,250 jobs, and with potential for expansion to nearly 1,800 jobs. It acts as the focus for a cluster of aerospace and defence industries including Farnborough Business Park, Cody Technology Park, QinetiQ and the BAe Aerospace Centre. These jobs include a high proportion of skilled occupations and wage levels well above the regional average. Hangar capacity has recently been doubled and new office space provided to give capacity for further growth. The airport is subject to an Area Action Plan which supports it as a focus of employment growth.



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This illustrates the potential, with suitable policy support, for developing clusters of diverse economic activity, attracting investment and generating high value job growth which draws on the infrastructure and linkages that smaller

business airports can provide. If Gloucestershire Airport is to remain competitive and continue to contribute to economic growth in the sub-region, it needs to do likewise.



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