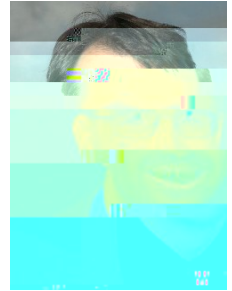
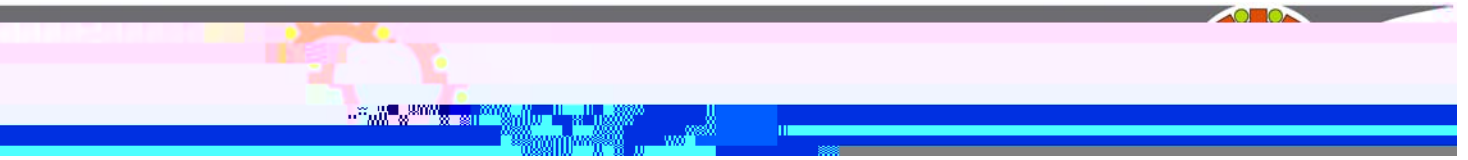


A report from Overview & Scrutiny

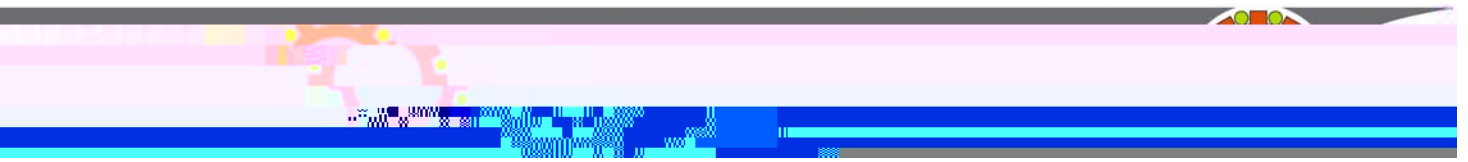




In many recent debates at City Council meetings, the important role of transport infrastructure in increasing economic growth, job and wealth creation and investment in Birmingham













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- 1.1 Members of the Regeneration O&S Committee agreed at the June 2008 Committee meeting to undertake an Overview exploring how Birmingham City Council was responding to the opportunities and challenges presented by local regional airports.
 - 1.2 The reason for undertaking this work at this time is that the City Council had declared its support for the runway expansion at Birmingham International Airport, and we were keen to ensure that the city was in a position to benefit fully from the expansion.
 - 1.3 This Overview was not intended to re-open the debate on the expansion itself, nor to debate the climate change issues surrounding airport expansion, but to examine how Birmingham City Council with partners can work to ensure that Birmingham residents benefit fully from the current airport and the proposed expansion.
 - 1.4 The aim of the Overview was therefore to answer the key question:



- 2.1 Government policy with regard to regional airports was set out in the White Paper *The Future of Air Transport*, published in December 2003. This set out a “strategic framework for the development of airport capacity in the United Kingdom over the next 30 years”. It included support for the growth of regional airports, in recognition of “the importance of air travel to our national and regional economic prosperity”.¹
- 2.2 The Secretary of State for Transport reiterated that view in the House of Commons in July 2008:
- 2.3 Specifically, according to the White Paper, regional airports:
- Support economic development in Scotland, Wales, Northern Ireland and the English regions;
 - Provide passengers with greater choice;
 - Reduce pressures on more over-crowded airports in the South East;
 - Reduce the need for long-distance travel to and from airports.
- 2.4 Regional airports have seen significant growth in passenger numbers since 1997 (see Table 2 on page 10). A report from the Civil Aviation Authority in November 2007, *Air Services at Regional Airports*, noted that:
- Improving visibility of regions and their airports has attracted more services (both leisure and business);
 - There has been a change in travel patterns as passengers to and from points outside London are using regional airports rather than travelling to London;
 - There has been some slowdown in growth, noticeably on domestic routes, in the last year or two, although it is too early to tell whether this will continue;
 - There is growing competition between regional airports resulting in some reduction in airport charges and competition between airlines remains fierce;
 - The challenge for regional airports appears to be for them to continue expanding while maintaining their attractiveness to the passenger in terms of convenience and speed;
 - There is a much greater focus on environmental issues;

¹ Department for Transport *The Future of Air Transport* 16 December 2003

² <http://www.publications.parliament.uk/pa/cm200708/cmhansrd/cm080708/debtext/80708-0002.htm>

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- Long-haul services are generally perceived as high on the “wish” list of regions seeking greater international, particularly business links.³

2.5 With regard to the West Midlands, there are three licensed passenger airports in the region: one principal airport – Birmingham International Airport (BIA) – and two smaller airports – Coventry



2.12 Birmingham International Airport's Master Plan: *Towards 2030 – Planning a Sustainable Future of Air Transport in the Midlands*, states:

	66,906,954	474,180
	34,162,014	257,834
	22,340,375	178,997
	21,062,949	191,342
	10,173,902	89,935
	9,576,700	103,449
	8,992,178	118,899
	8,135,260	90,977
	6,228,656	60,201
	5,616,278	67,062
	5,329,826	44,614
	5,222,839	55,000
	5,016,640	55,233
	3,290,236	106,366
	3,260,225	90,266
	2,860,447	38,150
	2,570,741	41,104
	2,414,019	20,427
	1,978,719	23,559
	1,945,767	44,916
	1,078,941	11,936


*Total passenger figures – excludes Channel Isles

**Air transport movements are landings or take-offs of aircraft engaged in the transport of passengers, cargo or mail on commercial terms



	66.9	60.4	11%
	34.2	29	18%
	22.3	6.8	227%
	21.1	17.2	22%
	10.1	4.1	146%
	9.6	6.6	45%
	9.0	4.5	98%
	8.1	6.5	26%
	6.2	1.8	243%
	5.6	2.1	163%

3.1 Throughout our evidence gathering, the importance of Birmingham International Airport and the runway - Birmingham International

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- The *Birmingham Prospectus* cites the expansion of Birmingham International Airport as vital to improving the city's connectivity;
 - The Community Strategy: *Birmingham Vision 2026* (which sets out the vision for the future of the city) states that "... the expansion of Birmingham International Airport [is] critical to the city and wider region's economic link to markets and key factors in attracting inward investment and employment";
 - The *Local Area Agreement* states that "the expansion of Birmingham International Airport [is] critical to the city and wider region's economic link to markets and a key factor in attracting inward investment and employment";
 - Under the *Council Plan 2008 – 2013* (the plan setting out the Council's high level statement of intent), one of the Priority actions is to "deliver key transport projects including ... the Birmingham International Airport runway extension".

3.2 These documents contain many statements as to the benefits that do and will flow from the airport and the expansion. The following sections of this report examine these benefits in more detail, alongside the cultural and social benefits brought to the city.

4.1 Our first line of enquiry was to examine the employment benefits provided by the airport. Firstly there is the fact that the airport company itself is a large employer – the Annual Report 2006/07 reported that an average of 675 people were employed over the year. It was not possible for the airport to identify how many of these are Birmingham residents. Using postcode analysis, it can be




	10,490 / £272	19,090	824
	N/a	20,560	1,587.1

Source: York Consulting 2007, Ecotec

- 4.9 In our discussions with representatives from the airport and the City Council, we recognised the need to ensure that the citizens of Birmingham benefit from the increased employment opportunities. For this to happen, it is necessary for the City Council to work with partners, to make an early start and gain an understanding of the likely projections with regard to job types and numbers, thus allowing for the necessary training to be put in place.
- 4.10 We would also emphasise the importance of ensuring benefits are shared by those most in need. The airport is located near to some of Birmingham's more deprived areas and training and recruitment should be focused in



- 5.2 Birmingham Chamber of Commerce and Industry sees the airport as critical to business success: one of its five major transport policy priorities is the expansion of Birmingham International Airport (alongside the improvements to New Street Station).¹³
- 5.3 Advantage West Midlands (AWM) asserts that “the airport is one of a number of features in the region which makes the Coventry, Solihull and Warwickshire area particularly attractive to inward investors.” Using the airport to build on other features of the region – access to London, availability of high level skills and universities, access across the UK and quality of life – AWM has promoted the region and:

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- 5.7 The airport company believes that Birmingham is “currently being disadvantaged, in terms of air travel, by runway capability”¹⁴. Long-haul destinations currently served by Manchester include Abu Dhabi, Chicago, Doha, Las Vegas, Miami, Philadelphia and Singapore. In addition there are many flights with different airlines to airports in New York. By comparison Birmingham has a daily flight to New York (Newark) with Continental Airlines, a recently commenced service to Philadelphia with US Airways and a twice daily service to Dubai with Emirates Airlines. Evidence from the airport suggested that the airport is currently losing an estimated 100,000 passengers flying to Los Angeles per year to Heathrow. The extension of the runway would allow daily flights to Los Angeles.
- 5.8 In the view of AWM, it is therefore unsurprising that much of the West Midlands business community prefers to travel to either London Heathrow or Manchester to fly direct to their destination rather than flying from Birmingham via a European hub airport.¹⁵ This has implications for productivity: the Airport Master Plan suggests that, with the runway extension, 4 million hours and £93 million (at 2006 prices) will have been saved by 2030 by reduced journey times to and from airports.
- 5.9 AWM state that growth of foreign investment into Birmingham and the broader region is seriously constrained by the airport runway. The East-West non-stop flight limits from Birmingham are currently Delhi and Chicago. It is not possible currently to fly with viable flight loadings of passengers, freight and fuel to Mumbai and the rapidly growing cities of southern India, to China, and the major transport hub in Singapore. This is and will increasingly become a significant competitive disadvantage for the region.
- 5.10 Advantage West Midlands (AWM) has contributed significant support to the runway extension and has in principle earmarked a £25m contribution towards the Airport Company's overall £120m estimated cost of scheme implementation, plus around £200,000 of AWM funding has been spent on specialist financial, commercial, legal and socio-economic technical expertise to support AWM's project related activity. Moving forward, further significant AWM expenditure will continue to support both the development and appraisal of the wider economic benefits for the region which are expected to result from the connectivity to developing and emerging global economies via new direct long-haul services. There will also be support for pursuing and securing the requisite funding approvals.¹⁶
- 5.11 York Aviation noted the difficulties in providing robust quantitative estimates of the impact of the airport on investment and the retention of investment:

¹⁴ BIA Master Plan ibid


¹⁵ Information provided by AWM – Briefing Note

¹⁶ Information provided by AWM, May 2009



5.12 However, evidence provided by Birmingham City Council's Development Directorate reported that the York Aviation study on the economic impact of the runway extension found that, overall:

- By 2030, the runway extension would generate 2,610 extra full-time equivalent jobs and an extra £113m (at 2006 prices) across the West Midlands Region, compared to Birmingham International Airport without the extension. In Birmingham alone, the extension would result in 410 more full-time equivalent jobs and £54m more in income (at 2006 prices) in 2030 than without the extension;
- The capital investment programme associated with the runway extension would support 370



the Group that currently a significant number of their delegates are forced to travel to London and then make an overland connection to Birmingham. Therefore, an improved route network with long-haul services from key US, Middle East and Asia destinations, will provide both the NEC and the International Convention Centre (ICC) with the ability to attract major international events, which are currently unwilling to locate a show so far away from major international connections within which an airport plays a key role.

5.18 Examples given of international events that the NEC would be better placed to bid for when the extended runway is in operation included:

- An international screen printing industry event could be attracted if visitors were able to fly in direct from the major international customer countries – one of the organiser's key considerations;
- An annual European food ingredients exhibition (three day event with 20,000 visitors and 1200 exhibitors from across the world) would have a potential impact of almost £5m due to the



long-haul flights from the airport. To ensure that these opportunities are maximised, pro-active work needs to be undertaken to develop routes and work with airlines. Evidence suggests that the airlines would provide additional flights/new destinations if sufficient evidence was provided to them of a genuine business opportunity.

5.22

2020 – creating a market worth over £100 billion. They suggest that China will become the fourth largest source of international travellers, behind Germany, Japan and USA.

- Local patronage – Only 36 % of the region’s market for air-travel is served by BIA. Improved capacity will increase outbound volumes which will have a direct impact on airlines’ decisions to establish new routes. In addition the region may well benefit from increased demand for overnight stays in the vicinity of the airport.²⁴

	31%
	28%
	19%
	16%
	1%
	1%
	1%
	3%


6.4 Marketing Birmingham, using recently secured funding from Advantage West Midlands, and is planning to extend its ‘Visit’ campaign to attract foreign visitors for city breaks. ‘Visit’ is the culmination of Marketing Birmingham’s previous lifestyle campaigns. The primary aim of ‘Visit’ is to attract a higher spending leisure tourist who will stay overnight in the city.

6.5 Evidence from Birmingham City Council Economic Development officers noted:

6.6 Exploiting both Birmingham and the surrounding regions tourist potential involves maximising the links to business tourism:

²⁵ Source: BHX Passenger Survey 2007





6.13 It is certainly true that Birmingham has much to offer: Birmingham is being marketed as a shopping destination of choice; and the Cabinet Member for Leisure, Sport and Culture emphasised Birmingham's cultural attractions, including Symphony Hall and Artsfest (a free annual festival of arts).

6.14 However, we were not convinced that these were marketed as fully as they could be. As with route development there is an opportunity for the City Council and its partners to become more joined-up and co-ordinated, so that when new routes come online (such as the recent Jamaican and Philadelphia routes), the opportunity for an inbound campaign in order to attract overseas visitors is fully exploited.


6.15



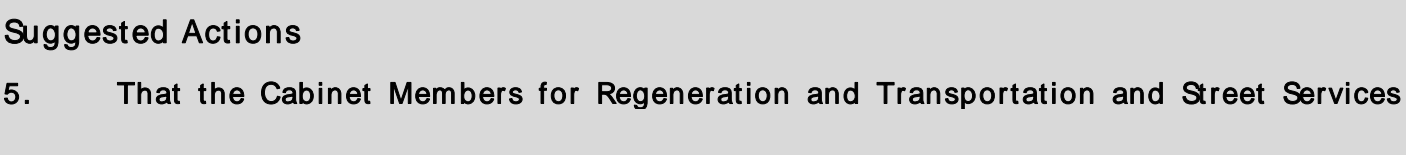



- 7.3 As above, there are opportunities to improve cultural partnerships – for example working with AWM and Marketing Birmingham in a new coordinated campaign with leading cultural venues and performing companies including Birmingham Hippodrome, Birmingham, Royal Ballet, CBSO and others.
- 7.4 In respect of journey times, one issue that will maximise these benefits relate to transport links to and from the airport – and these are discussed in the next section.
- 8.1 During our examination of issues relating to maximising the benefits of the airport and proposed runway extension, there has been one recurring theme: transport links to and from the airport. It is likely that if people cannot easily get to the airport, they could be more easily persuaded to use other airports, regardless of proximity. It is also true that, in order to exploit fully the employment opportunities, there should be easy accessibility from East Birmingham. Indeed transport links should be a benefit resulting from the existence of the airport to residents of East Birmingham.
- 8.2 Some of our witnesses considered transport links to the airport to be good – particularly as the airport is situated at the centre of motorway network. However, there were a number of recurring issues:
- Availability of public transport – both for those working at the airport and for those flying in or out of the airport;
 - Congestion – on the whole road links are good with the airport located at centre of motorway network but congestion is a disincentive;
 - Links to destinations beyond Birmingham for both tourist and business purposes – to encourage people to stay longer and visit.
- 8.3 Most passengers using BIA get to and from the airport by private car. In 2006, the Public Transport Modal Share was 20.2% and rail accounted for 11.7% of the airport's passenger surface access. The Airport Master Plan contains long term targets to increase use of public transport to 30% of passengers by 2020 and 35% by 2030. To support this, an Airport Surface Access Strategy and Travel Plan were drawn up, to build on the Multi Modal Interchange facility that was opened in 2003.
- 8.4 In relation to public transport, one of the key issues was the lack of transport via bus or rail for staff or passengers to coincide with the first wave of early morning services at the airport. Flights at BIA commence at around 0600 – which means passengers must arrive at the airport at around 0400 – yet the earliest trains from Birmingham New Street to Birmingham International train station arrives after 0530. On a Sunday flights also commence at around 0600 whereas the earliest train arrives at Birmingham International train station after 0830. In contrast, there are trains from





around 2025. Feasibility studies to test the viability of proposals for a new North/South high speed rail line should take into account interconnectivity with the airport.

- 8.18 Bus travel links could also be improved, and we also believe that a serious attempt to increase public transport use in travelling to and from the airport should include consideration of a Metro line between the city centre and the airport. In December Arriva Trains Wales services were extended from New Street to Birmingham International. This has expanded direct links.
 - 8.19 The overall issue is one of connectivity between the airport and East Birmingham and the city centre. Whilst it was relatively easy to transport individuals into the city centre, there were weaknesses with regard to the transportation access arrangements in place between different areas of the city and Birmingham International Airport.
 - 8.20 Linked to better promotion of the region is improved accessibility between tourist areas such as Stratford-Upon-Avon and Birmingham (thereby ensuring that visitors could access local tourist attractions on a day trip basis). This should include integrated travel/transfers bookings (plane and train) and improved train journeys.
 - 8.21 Providing good information for visitors on arrival at Birmingham International Airport is also important. One option would be to consider the introduction of a travel shop – similar to that at New Street Station – at the airport.
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- Joe Kelly, Acting Managing Director, Birmingham International Airport (BIA)
- Crawford Rix, Managing Director of Bmibaby
- Peter Vella, Business Development Director, BIA
- David Bull, Assistant Director Development Strategy; Birmingham City Council
- Dave Carter, Acting Head of Strategy & information; Birmingham City Council
- Chris Haynes, Head of Transportation Strategy; Birmingham City Council
- Katie Teasdale and Brian Summers, Birmingham Chamber of Commerce & Industry
- Geoff Inskip and John Sidebotham, Centro
- Mick Laverty, Chief Executive, Advantage West Midlands (AWM)
- Jack Glonek, Assistant Director, Investment, Enterprise and Employment; Birmingham City Council
- Veronica Docherty, Head of Economic Strategy; Birmingham City Council
- Cabinet Member for Leisure, Sport and Culture; Birmingham City Council
- Paul Thandi, Chief Executive, NEC Group
- Neil Rami, Chief Executive, Marketing Birmingham
- Niall Duffy, FlyBe (written response)