Bristol Airport
Amazing journeys start here

Giving wings to airports across the UK

Bristol Airport's recommendations for a balanced aviation policy

Foreword

A coherent policy which supports airports right across the UK is essential if the aviation sector is to deliver on its potential to drive economic growth, create jobs and rebalance the economy. And it is needed now – not several years down the line.

The UK economy remains in the midst of the worst economic recession since the 1930s. Businesses across the country, particularly in the regions, are struggling with stagnant demand and cost increases. In response, the Coalition Government has announced many initiatives to foster job creation and economic growth. But the aviation industry, a key driver of the economy, has been stalled and left in a policy vacuum.

The Government's Draft Aviation Policy Framework fails to deliver a bold, new vision that will encourage the aviation industry to invest in the UK. Furthermore, an Independent Commission has now been called to consider hub capacity, but will not report until 2015.

Meanwhile, Bristol Airport is preparing to invest millions of pounds in enhancing its facilities and improving services to customers, with planning permission in place for development to handle 10 million passengers per annum within the next decade.

As politicians, Government officials, aviation professionals and other stakeholders debate issues around capacity and new schemes costing billions of pounds, it is critical to remember that significant airport capacity already exists in the UK regions.

Government policy should encourage the use of this capacity, and should encourage private sector investment in long-term infrastructure. Not only will this relieve congestion at airports in the South East, but it will help to rebalance the economy at the same time.

Like many airports outside London, Bristol Airport is very well placed to create jobs and drive economic growth in its region. What we need is a very clear and very tangible aviation policy which supports growth and investment. This paper sets out five recommendations which will deliver real benefits for airports in the regions, the wider economy and passengers across the country.

Robert Sinclair
Chief Executive Officer, Bristol Airport

Introduction

The UK's regional airports (those outside London) handled 86 million passengers in 2011 and Department for Transport forecasts predict this number will grow to 150 million by 2030, by which point all London airports will be at full capacity.

Even if consensus can be reached on a solution to capacity constraints in the South East, it will be many years before new runways or airports in London are operational. It is clear that the UK faces an airport capacity challenge.

Airports in the regions have a vital role to play, but can only do so with a supportive aviation policy in place. The 2003 Aviation White Paper included specific proposals for development at these airports and this national policy support was an enabling factor in the strong growth experienced in the sector during the previous decade. The Government has voiced general support for the growth of regional airports but, unless this is reflected in a robust policy framework and specific initiatives, these words will have little value.

A strong London airport system is of national importance, but airports outside London should not play second fiddle to those in the South East. By taking a fresh view of the UK airports sector and resisting emotive arguments about hub capacity there is an opportunity to make best use of existing capacity and rebalance the economy at the same time.

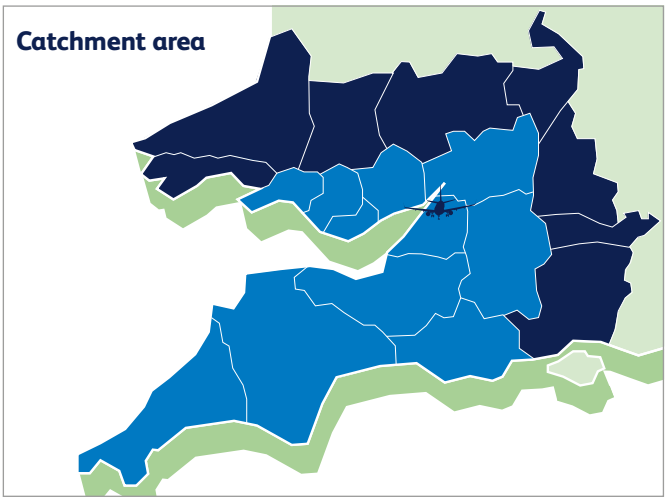
> Bristol Airport really is a viable alternative to London's airports. The Government recognises the role regional airports play in making sure the country remains an important hub for international air travel.

Transport Secretary, Justine Greening (June 2012)

Bristol Airport – serving the South West and South Wales

Handling six million passengers per annum Bristol Airport is the ninth largest airport in the UK and the fifth largest outside London.

Located just eight miles south of Bristol in rural North Somerset, Bristol Airport serves one of the UK's premier city-regions with a population of 1.1 million people living within the four council areas that make up the West of England (Bath and North East Somerset, Bristol, North Somerset and South Gloucestershire). The Airport is conveniently located for the city-region's main urban centres of Bristol, the World Heritage City of Bath and the town of Weston-super-Mare which is now benefitting from an award-winning programme of regeneration.



Bristol Airport serves a catchment area with a population of over seven million.

The Bristol city-region ranks amongst the most attractive, successful and culturally prestigious in the UK and enjoys a rising profile in Europe, the USA, China, Japan and elsewhere. The City's world class knowledge economy based on aerospace, defence, engineering, ICT and electronics, financial services, media, creative and environmental industries competes on the global stage. This is supported by the global reach of its four outstanding universities. Bristol produced the highest level of private sector employment growth between 1998 and 2008 and has the most competitive and productive economy of any large English city outside of London. Bristol Airport plays a vital role supporting the travel needs of this vibrant economy.

> Bristol and the West of England has grown its economy over the years to become the highest provider of GDP in England, second only to London. Bristol Airport provides a vital ingredient to maintain and grow our economy further, and adds a further dimension for direct access when receiving enquiries from potential foreign investors.

Nigel Hutchings, Director - Chambers of Commerce, Business West

Bristol's regenerated Harbourside is home to several large financial services firms.

Bristol Airport's catchment area extends far beyond the West of England into the wider South West region and South and West Wales, with a population of around 7.5 million people living within a two-hour drive time of the Airport. Passengers travelling to and from Swansea, Cardiff, Cornwall, Devon, Somerset, Wiltshire, Gloucestershire and Dorset pass through the Airport in increasing numbers. This area includes some of the most beautiful, unique and unforgettable countryside in the UK with a tourist industry that has been welcoming visitors for centuries. With a relatively high standard of living, aspirations for travel amongst local residents are high. Bristol Airport aims to meet these needs in an efficient and convenient way with high standards of customer service.

> Our strong and active partnership with Bristol Airport is key to our ambition to grow the visitor economy to Bath and North East Somerset by £43million over the next three years. Bristol Airport will provide an increasingly important gateway as we encourage more high spending international visitors to the region. Working together, we can achieve significant success and maintain Bath's position as one of the top five 'must see' destinations in England.

Nick Brooks-Sykes, Chief Executive, Bath Tourism Plus

Royal Crescent in Bath is part of a strong inbound tourism offer.

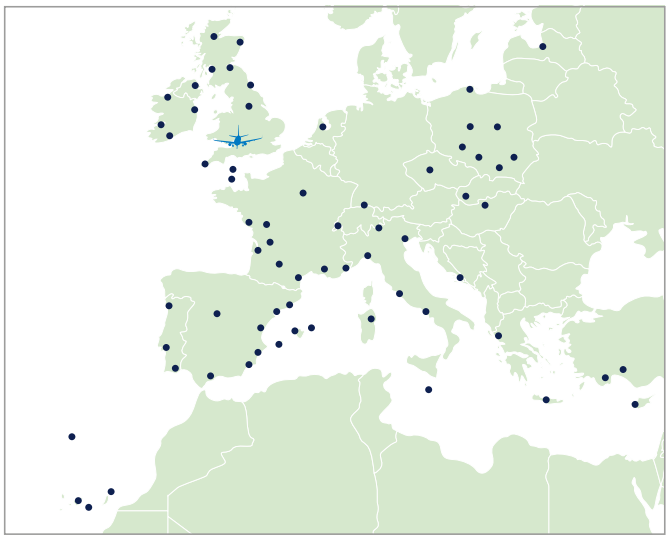
Bristol Airport today

The mix of outbound leisure passengers, inbound tourism and business travel supports a route network at Bristol Airport numbering over 100 direct destinations in 30 countries, including 13 capital cities. Ten departures a day connect with the worldwide Star Alliance and SkyTeam airline networks via the European hub airports of Paris Charles de Gaulle, Amsterdam and Brussels, bringing hundreds more destinations worldwide within easy reach.

Bristol Airport is jointly owned by Ontario Teachers' Pension Plan and the Macquarie European Infrastructure Fund, two of the largest infrastructure investors in the world, with interests in Birmingham, Brussels and Copenhagen Airports.

A diversified range of leading airlines in the low cost, full service and charter markets operate from Bristol Airport. Home to the UK's largest easyJet operation outside London, Bristol is also a strong Ryanair base. Full service airlines include KLM, Air France, Brussels Airlines, bmi regional, Aer Lingus and Flybe, while Aurigny, Eastern, Blue Islands and Skybus operate services to destinations across the British Isles. The two major tour operators, TUI and Thomas Cook, also offer extensive programmes from Bristol.

Bristol Airport's market is primarily short haul, although a selected number of long haul routes are viable given the right economic conditions, as demonstrated by the operation of a daily transatlantic service to New York by Continental Airlines between 2005 and 2010.



Over 100 destinations are served direct from Bristol.

This network supports significant business traffic, which accounts for around one in five passengers. Bristol and the South West's 'connectivity' – the measure of a city or region's accessibility – is an important factor in its economic competitiveness. This connectivity is positively enhanced by the range of destinations served from Bristol Airport, improving business efficiency, providing access to new overseas markets, attracting globally mobile businesses and supporting economic clusters (such as the aerospace and defence industry in the South West, which employs 43,000 people).

Bristol Airport was named 'Best UK Airport' in the Business Travel Awards 2012 where an independent panel of judges, including travel managers from major multinational organisations, commented on the proactive approach taken to corporate customers.

Bristol has been one of the country's fastest growing airports over the last decade. This growth has coincided with a period of sustained investment in facilities to attract airlines and passengers, starting with the construction of the current terminal building in 2000.

Approximately 2,900 people work on-site, employed by 45 different organisations.

The number of overseas visitors using Bristol Airport – to visit attractions such as Bath, the Cotswolds and festivals including Cheltenham and Glastonbury – has increased threefold since 2003, with international tourists staying twice as long and spending over three times more than their domestic counterparts. So called 'VFR' passengers – those travelling to visit friends and relatives – also increased sevenfold at Bristol between 2000 and 2008, the largest increase seen at any UK airport over the same period.

Bristol Airport – the future

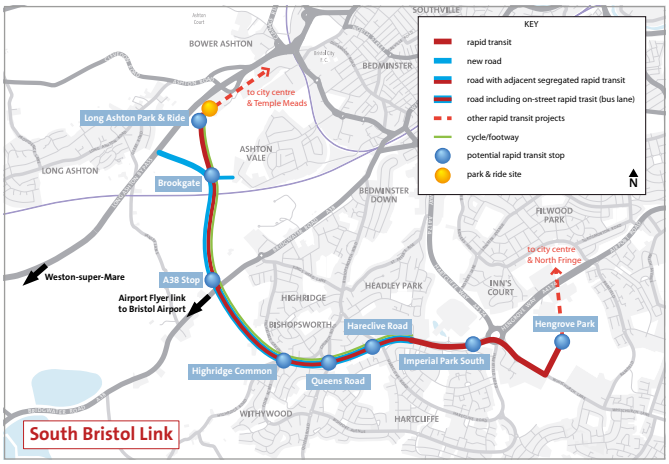
Plans for the development of Bristol Airport to handle up to 10 million passengers per annum were approved by North Somerset Council in February 2011. The development commenced in November 2011 and the first of more than 30 separate projects – the construction of three new aircraft stands – was completed in spring 2012. Other major components include an extension to the terminal building to almost double its size; a new multi-level car park with public transport interchange on its top level; and an on-site hotel. Development is concentrated on existing operational areas and is located almost entirely within the current Airport boundary. A comprehensive package of controls, monitoring and mitigation measures accompanies the development covering noise and night flying, air quality, nature conservation and surface access.

The development plan includes a number of minor modifications to the runway and taxiway system which will facilitate the introduction of long haul services by the latest generation of aircraft such as the Boeing 787 which will bring many more destinations further afield within realistic reach of direct services from Bristol.

The development plan also includes challenging public transport targets which will see public transport use increase threefold. This will be achieved through continued investment in the successful Flyer Express bus service linking the Airport to Bristol city centre, including rail and bus stations, and the development of an expanded public transport network serving Weston-super-Mare and Bath.

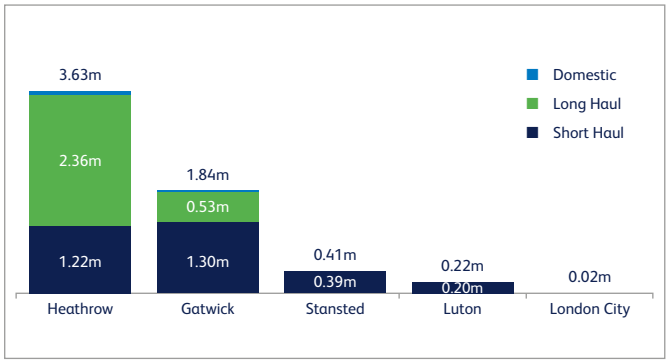
A £200 million investment (including significant funding contributions from Bristol Airport) in three new high quality bus rapid transit routes by the local authorities in the West of England will create a transport network which, on completion in 2016, is set to transform surface access to Bristol Airport.

Despite the growth of Bristol Airport's route network and much improved facilities many passengers from the South West and South Wales still continue to use the London airports. The CAA Passenger Survey indicates that, in 2011,



Schemes such as the South Bristol Link will enhance surface access to Bristol Airport.

6.1 million passengers with an origin or destination in the South West and South Wales flew from the London airports (primarily Heathrow and Gatwick), over half of whom were travelling to short haul destinations.



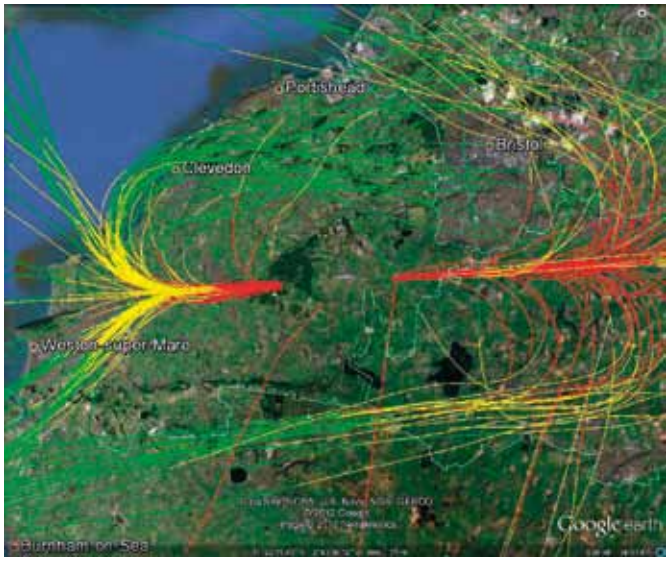
Leakage to airports outside the South West/South Wales (2010)

This constitutes the largest leakage from one UK region to another. Bristol Airport's objective is to encourage an increasing proportion of these passengers to make use of services from their local airport saving time, cost and carbon emissions. Consistent with the Government's aim to make best use of existing capacity by 'clawing back' the leakage of millions of these passengers, Bristol Airport can free up capacity for vital new long-haul services from the capital. With planning permission in place for a major development alongside an expanded route network, Bristol is focused on better meeting the needs of passengers across its catchment area. By encouraging demand to be served in the region in which it arises, a policy framework which supports regional airports will also help deliver benefits to the London airport system.

Bristol Airport plays a vital role in the economic success of the South West, with its development projected to create more than 3,500 additional jobs in the region. Development will also deliver additional income to the region estimated at between £1.9 and £2.0 billion.

An environmentally efficient airport

Bristol Airport is one of the most environmentally efficient airports in the UK and well able to respond to the challenges on noise and other environmental impacts set by Government in its Draft Aviation Policy Framework. The noise mapping exercise for UK airports undertaken in 2006 in conjunction with Environmental Noise Directive 2002/49/EC, showed that Bristol Airport has the lowest noise impact of any airport in England and Scotland handling more than one million passengers per annum[1]. This is achieved by the use of a modern fleet of aircraft operating to the highest standards of efficiency and safety. Taxiing distances are short, stacking is avoided and delays are kept to a minimum. Arrival and departure routes are simple and efficient, with overflying of built up areas avoided for the noisiest parts of the flight profile.



Bristol Airport's Tracker system enables aircraft tracks to be plotted against specific locations on the ground.

A strong package of control measures has been put in place as part of the airport development plans to ensure that this situation will continue. This includes the application of a noise envelope based on the area of the 57dB Leq 16hr noise contour, a noise control scheme with penalties for breaching noise limits, controls on ground noise and the most stringent control of night flying at any major UK airport. This is backed up by a policy of transparency and collaboration with the local communities and airlines. Recent innovations include the launch of Tracker Online, enabling residents concerned about noise and track-keeping to access flight data and relate it to their own location on the ground using Google Earth. A noise insulation grant scheme based on the noise footprints of the noisiest aircraft operating has ensured that those living in the worst affected areas have been provided with appropriate compensation. An Airport Environmental Improvement Fund provides a further £100,000 per year for funding mitigation and compensation projects within the local community.

Fixed electrical ground power delivers reductions in noise and emissions.

Bristol Airport is also a signatory to Sustainable Aviation, a coalition of UK airports, airlines, aerospace manufacturers and air navigation service providers which has committed to a long term strategy setting out the collective approach of UK aviation to tackling the challenge of ensuring a sustainable future for the industry. Through this we have access to world leading knowledge of best practice techniques to reduce and manage the environmental impacts of airport activities.

Nature conservation is a key consideration in Bristol Airport's development plans.

1 When measured by the number of people exposed to noise levels in excess of 55dB Lden

Convenient, efficient and welcoming

Bristol Airport's brand promises 'Amazing Journeys Start Here', an ethos which applies equally to passengers whether they are seeking new horizons abroad or arriving for the first time in the South West, and also to staff starting out on a career in aviation. Underpinned by three pillars – *Exceptional People, Progressive Place, and Serving our Region* – the brand emphasises Bristol Airport's commitment to great customer service, a vibrant and dynamic culture and contributing to the success of the region.

As well as being environmentally efficient in terms of noise and emissions, regional airports deliver a simple and efficient passenger-friendly experience which the main London airports find difficult to emulate due to their scale. As a result, Bristol Airport enjoys high customer satisfaction levels, with 84 per cent of passengers 'likely' or 'very likely' to use Bristol Airport again[2]. Furthermore, 87 per cent of those surveyed said they were 'likely' or 'very likely' to recommend Bristol Airport to others.

In addition to the time and cost savings accruing to passengers by reducing the need for long surface journeys to more distant departure points, regional airports can also provide a gateway for inbound tourists and the valuable spend they inject into the local economy. By enabling direct access to the region it serves, a successful airport can prolong the length of stay by overseas tourists, increasing the value added even further. Bristol Airport's low-cost route network also makes it an attractive base for overseas visitors wishing to visit other destinations in the UK and Europe.

2 Pragma Market Research (August 2011)

How Government policy can help deliver these benefits

Bristol Airport is making significant investment in developing and enhancing facilities to better meet the travel needs of passengers in the South West and South Wales. A complementary Government policy framework is essential to ensure this investment is progressed and delivers maximum value for the region and to the wider national airport system.

Government policy should enable airports in the regions to more effectively serve their local markets by making best use of the significant capacity available outside the South East. The five measures outlined below would support this vital sector in achieving this objective.

Rebalancing the economy

The Government has stated its aim to rebalance the economy, pledging to share economic opportunities more evenly between the regions, and the Draft Aviation Policy Framework acknowledges the important role played by regional airports.

However, London airports, and Heathrow in particular, enjoy a number of natural advantages over their counterparts in the regions. The City of London sustains a lucrative market for business travel, while London itself is the country's most popular tourist destination by far, with ten times more visits by overseas tourists than the next ranked city, Edinburgh[3].

Start-up routes from regional airports are much harder to secure and take longer to mature as they cannot rely on the level of inbound and business traffic generated at London airports. As a result, additional costs such as Air Passenger Duty (APD) have a disproportionately damaging impact on regional airports (increases in APD were cited by Continental Airlines as a factor in the withdrawal of its daily service from Bristol to New York in November 2010).

At the same time, price elasticity of demand for air travel is becoming increasingly high, particularly in the low cost leisure market. Consumer behaviour is very sensitive to price differentials, even more so in the regions where disposable income is lower and airlines often operate on thinner margins. The largest carrier at Bristol Airport, easyJet, made an average profit per seat of £3.97 across its network in 2011, compared to the £13 in tax charged on passengers taking short-haul flights.

These factors combine to create a 'Heathrow effect' where airlines retrench to what is seen as the safest market in difficult economic conditions. Rebalancing this effect could be achieved through the introduction of a lower regional APD rate based on airport congestion. This would have the effect of rationalizing the use of UK airports according to capacity available, as part of an aviation policy providing clear support for growth in the regions.

➜ Recommendation 1

In order to deliver the forecast growth in UK air passengers and spread the benefits of connectivity more evenly across the UK, aviation policy must provide clear support for specific growth proposals at airports in the regions. Without an explicit Government policy directive, critical decisions affecting regional economic growth risk becoming bogged down in local planning disputes. Action is also required to make best use of existing capacity outside London. While it is airlines who decide which routes are operated from which airports, a range of policy levers and fiscal measures should be employed to ensure best use is made of existing airport capacity.

3 Visit Britain 'Top Towns Visited' (2011)

Investing in surface access improvements

Surface access is sometimes identified as a barrier to development at regional airports. To address this, over £10 million has been committed by Bristol Airport to public transport projects, including contributions totalling £5.4m to the South Bristol Link and Bus Rapid Transit, two of five major transport schemes in the West of England. These schemes will facilitate a more attractive, reliable, efficient and frequent public transport service between Bristol Airport and Bristol city centre, providing improved services for passengers and widening employment opportunities.

Instead of focusing already stretched budgets on a £500m rail link from the South West to Heathrow, which will only serve to increase pressure on the London airport system, transport funding should be focused on further improving access to airports in the regions. As well as contributing to economic growth, schemes such as the Greater Bristol Metro, Great Western Main Line electrification, and the regeneration of Temple Meads station will all have a positive impact on surface access to Bristol Airport, as will the extension of the Bus Rapid Transit route to the Airport in 2015/2016.

By contrast, a Heathrow link risks poor returns because of the relatively dispersed population in the South West. Such a link could also serve to exacerbate capacity problems in the South East and hamper the ability of regional airports to attract new long-haul routes. This potentially undermines the significant private sector investment made in regional airports such as Bristol, further entrenching a 'Heathrow-centric' approach.

Priority should be given to improving surface access to airports outside London to extend the catchment areas in which they can compete for passengers, reducing leakage between regions and easing congestion in the South East.

➜ Recommendation 2

Government policy should prioritise transport proposals that would deliver short, medium and long-term improvements in surface access to airports outside London in order to drive economic growth within the regions. Links to nearby airports should be a key consideration when assessing applications for funding of new transport schemes, and integration of rail and air services must be central to the assessment of rail franchise replacement bids. The scope of the Department for Transport's review of rail access to airports should be extended beyond those airports named in the Draft Aviation Policy Framework and widened to include road transport.

Supporting inbound tourism to the regions

Bristol Airport is ideally situated for visitors to popular tourist destinations including Stonehenge, the World Heritage City of Bath, the Cotswolds, Devon and Cornwall.

In order to deliver maximum value to the domestic tourism sector, Bristol Airport supports a flexible approach to tourism marketing in the South West, where different 'attack brands' can be emphasised to best appeal to a particular market. Partnerships should be formed on a project by project basis, with clear measures of return on investment agreed at the outset. This flexible approach should apply across national borders, with Cardiff included as a potential partner alongside cities in South West England where appropriate.

Co-ordinated tourism marketing activity between destination management organisations and the private sector should recognise the value of international visitors, who stay longer and spend more. Rather than restricting spending to the domestic market, where destinations compete for a limited pool of customers, marketing should be focused on winning more business from overseas.

Regions with limited name recognition beyond these shores, should be supported in overseas marketing activity by Visit Britain, helping to spread the benefit of inbound tourism beyond London. Integral to this marketing should be a focus on the relevant regional gateway, delivering maximum benefit to the local tourism sector while at the same time relieving congestion at South East airports.

➜ Recommendation 3

The Government's tourism strategy should encourage international visitors to use airports in the regions as gateways to the UK. The proximity of regional attractions to local airports with access to international connections should be highlighted in marketing materials promoting the UK overseas. Priority should also be given to airports outside London when considering initiatives, such as US pre-clearance, which would increase their appeal to international passengers. Similarly, where this would provide benefits to inbound passengers, Government agencies should consider piloting other innovative technology and processes at airports in the regions.

Promoting travel policies which embrace airports in the regions

As noted by the Committee on Climate Change in its 2009 report, there is some evidence suggesting that meetings based on videoconferencing may be additional to, rather than substituting for, meetings which require air travel[4]. Flying from regional airports remains the most logical, efficient and cost-effective way of dealing with customers and clients for many businesses.

Government can encourage the adoption of 'fly local' travel policies favouring regional departure points, particularly in public sector organisations where a bias towards rail based on misunderstandings about aviation's emissions may result in inefficient use of time and resources. Such a policy would build in a presumption in favour of using the closest airport when considering air travel, and would apply a total journey time and cost analysis to take into account surface journeys to the departure airport and related emissions. Connections from regional airports via international hubs should be included in these comparisons, and travel policies reviewed to close loopholes which allow overnight stays before early morning departing flights from London airports.

To encourage this approach, Bristol Airport's aviation sales and marketing team works with organisations in its catchment area to identify the best flight options available to meet their requirements.

➜ Recommendation 4

Private and public sector organisations should be encouraged to revise travel policies to, where possible, favour the use of airports in the region in which they are located. This would deliver a combination of time, cost and emissions savings, while also relieving congestion at London airports. Government should also address the anomaly whereby passengers on domestic flights linking far-flung regions of the UK pay double the tax of those making return trips to destinations in other European countries.

Maintaining 'light touch' regulation in the aviation sector

Regional airports operate in an extremely challenging environment, with difficult economic conditions impacting on consumers' propensity to travel and their spending levels at the airport when they do. Combine this with inflationary costs and a complex framework of domestic and European regulation, it is clear that regional airports face being squeezed. Through our trade association, the Airport Operators Association, we are actively engaging in the Government's Red Tape Challenge for aviation in order to reduce the regulatory burden.

In areas where regulation is necessary, such as safety and security, a 'one size fits all' approach should be avoided. Regulation that suits major hub airports may be counter-productive when applied to airports in the regions, where different operational processes and procedures apply. Similarly, when considering local environmental impacts, the regulatory framework required to monitor and mitigate noise at Heathrow – which accounts for 70 per cent of people in the UK exposed to average noise from airports above 55 decibels – is unlikely to be appropriate when addressing Bristol Airport's relatively small noise footprint.

With respect to development, while Bristol Airport has permission to grow to 10 million passengers per annum over the next decade, streamlining the planning system is vital to ensure regional airports can effectively respond to demand in the longer term.

➜ Recommendation 5

The Government should act decisively to reduce the regulatory burden and costs for airports. Additional regulatory costs act as a drag on efficiency and should be avoided wherever possible. Regulation should avoid a 'one size fits all' approach, with the characteristics of individual airports taken into consideration when framing any limits or guidelines required. A Joint Task Force should be formed to enable airports to work with Government to identify areas where red tape could be removed.

4 Meeting the UK aviation target – options for reducing emissions to 2050, Committee on Climate Change, December 2009

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