

# PREPARING FOR TAKE-OFF

4 steps to Realise the Potential of the UK's Regional Airports





Regional airports play a hugely important role in the UK. They provide national and international connectivity. They are enablers of economic growth. They are significant direct and indirect employers of skilled people. As the UK prepares to leave the European Union and draws up its Aviation Strategy for the next 30 years, the Government has clear opportunities to build on the existing attributes of regional airports and further increase the economic benefits that they can offer both to their regions and the UK.

Regional & City Airports (RCA) is the UK's leading regional airport operator. RCA currently owns and operates Bournemouth Airport, Exeter Airport, Norwich Airport and Coventry Airport and holds management contracts for Blackpool Airport, City of Derry Airport and Solent Airport. With its expertise RCA also carries out numerous consultancy commissions at other airports and airfields. Additionally, RCA operates the growing XLR Executive Jet Centres FBO business that currently has operations at Birmingham, Liverpool and Exeter. Through its operations RCA serves 2.3m passengers and manages over 215,000 aircraft movements a year, serving as a gateway to and from the UK for the 7m people that live in the airports' passenger catchment areas.



RCA's Airports have tremendous potential to provide more connectivity to more people and a home for even more aviation and non-aviation related businesses and their employees. The Government has the opportunity now to take bold decisions to unlock this potential. RCA urges the Government to take action today and implement four specific policies.



# 1

## Designate regional airports as freeports

Following the UK's departure from the European Union, the UK Government should designate regional airports as free ports – a defined area where goods can be imported, manufactured or re-exported inside the allocated boundaries without incurring domestic customs duties or taxes.

If initiated, the Government would enable frictionless trade to and from the UK following Brexit and limit any potentially negative impact of a new UK/ EU customs agreement, or lack thereof. Research conducted on a free port initiative for Northern sea ports by the Centre for Policy Studies claims that free ports could create over 86,000 jobs for Northern communities, proving this policy could serve the Government's objective of addressing geographical imbalance in economic growth.

With regional airports located across the country, a free ports initiative for regional airports would spur investment and growth for the whole of the UK and provide new opportunity for regional airports, supporting their long-term survival and encouraging the possibility for new passenger routes, as well as freight routes, in the future.

RCA urges the Government to seriously examine the free ports concept and begin exploratory negotiations with regional airports as to how these could work when the UK leaves the European Union.

# 2

## Scrap Air Passenger Duty (APD) for regional airports

Air Passenger Duty (APD) undermines the viability, sustainability and potential of regional airports.

Historically, regional airports have experienced difficulty in developing new routes due to the size of their catchment areas. However, the advent of low cost airlines saw many experience significant growth as a result of market stimulation through low fares. This growth was subsequently stifled by a combination of increasing levels of APD and economic downturn which impacted the viability of many newly established services. Consequently, low cost airlines in particular have reduced the level of activity at UK regional airports in favour of placing capacity at larger UK airports or airports outside the UK that are not burdened by APD.

As regional airports have sought to replace low cost carrier capacity, options have been limited to mid-size jet operations or turbo-prop equipment which have a much higher cost per seat. This structural inefficiency, combined with the effect of APD and the market's expectation of lower ticket prices, makes it very challenging for these services to be replaced.

The impact of APD on the economics and demand for domestic connectivity, which by definition requires connectivity between regional airports, is even more severe, with domestic journeys being subject to double taxation whereby the short haul rate of APD is charged twice on a return journey.

RCA therefore urges HM Treasury to work towards an Air Passenger Duty (APD) exemption for airports of under 3 million passengers per annum, with an immediate APD holiday on new routes from these airports to encourage growth and effective use of existing airport capacity.



# 3

## Expand the Enterprise Zone network to cover regional airports

Expanding the network of Enterprise Zones to cover regional airports will help to address regional imbalance for economic growth and make regional airports attractive places to invest – helping to secure their long-term future.

Airports are generally accessible and outside conurbations. They have land available, are existing employment centres, and are generally in the wider region's plans as an area for growth and development. Designating these airports as Enterprise Zones will therefore help to achieve this development potential.

Investment into airport sites from local businesses, spurred on by the designation of Enterprise Zone status, will help to ensure the long-term economic success of regional airports.

RCA urges the Government to designate regional airports as Enterprise Zones with a presumption in favour of development.

# 4

## Invest in transport infrastructure to maximise the connectivity of regional airports

Access to a regional airport is critical – for passengers, staff and employees of businesses located there. In order to maximise the connectivity potential and subsequent economic benefits that regional airports provide to local communities, it is essential that they enjoy good local transport links.

Regional airports should be recognised as nationally significant infrastructure which should be a focus of appropriate road and rail investment to support development and growth.

RCA urges the Government to ensure policy prioritises investment in local connections to regional airports.



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