

General Aviation Economic Research Study: Summary of Key Findings

Department for Transport

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The total economic impact of GA on the UK economy is around £3.0 billion of Gross Value Added (GVA) and supports in excess of 38,000 jobs

- For the purposes of this research, we took a broad definition of 'general aviation' (GA) to refer to all flying activity other than that undertaken by commercial air transport operating to a schedule and military flying. GA therefore includes business aviation.
- While there are some difficulties in combining the quantitative outputs from the different pieces of analysis undertaken in this study, primarily relating to uncertainty around the extent to which benefit is retained within the UK and to which different strands of analysis interlink, a reasonable estimate can be made of the total impact on the UK from activities associated with GA. In Gross Value Added terms, this total includes:
 - an economic footprint from GA flying operations of £1.1 billion;
 - the export component of GA manufacturing of around £1.1 billion;
 - the additional wider benefits deriving from the use of business aviation of at least £0.8 billion.
- Combining these figures would suggest a total economic impact on the UK economy of around £3.0 billion of GVA. While this figure should be regarded with some caution, we believe it provides a reasonable representation of the magnitude of the total impact of GA activities on the UK economy.
- We also estimate that there are around 9,700 jobs supported by GA flying activity in the UK, measured at the aerodrome level, and around 28,400 jobs supported by GA manufacturing, making a total in excess of 38,000 jobs supported.

The wider economic and social impacts of GA are significant.

- Significant wider economic impacts arise from the use of GA aircraft for business purposes such as air taxis and the additional connectivity this offers over either commercial air transport or surface transport modes. Business aviation in particular offers major benefits to users in facilitating inward investment or supporting export markets. This can take the form of corporately owned aircraft, fractional ownership, chartered air taxis, or the use of private aircraft for business purposes.
- Quantifying this wider economic value, in terms of the long run impact on inward investment, trade and productivity, is extremely difficult given the lack of data. However, as an illustration of the potential based on a series of assumptions, we estimated that there could be a long run impact on UK GDP of around £815 million per annum from business aviation alone (noted in the figures above).
- There could also be benefits that arise from GA flying in terms of enhancing quality of life and the physical and mental wellbeing of participants as they pursue their GA flying activity. The sporting activities undertaken by some sub-sectors of GA flying also form part of the wider socio-economic benefits of sporting activity generally. However, these impacts cannot sensibly be quantified.
- The use of GA by the emergency services such as the Police and Air Ambulance also contributes important benefits to society.

However, there has been a decline in activity in the sector in recent years

- There has been a significant decline in flying activity in the UK GA sector in recent years. CAA aerodrome movement data shows a decline in aero club and private flying of around 45% since 2005 at the reporting airports. By contrast, business aviation and air taxis have experienced growth in movements of around 7% since 2005. Whilst this market is recovering from the recession, there is evidence of more sluggish growth in recent years and a slight fall in 2013, although anecdotally 2014 is reported as seeing an upturn.
- A further perspective is provided by the number of flying hours by UK registered aircraft recorded by the CAA (and supplemented by hours recorded by the British Gliding Association). The decline in hours flown by light aircraft is particularly marked, with fixed wing aircraft from 751kg to 5,700kg down by 50% on 2005, and fixed wing aircraft of under 750kg down by 35%.
- This clearly has an implication for the economic impact of the sector. A previous study identified the economic value of GA to the UK economy at around £1.4 billion in 2005, which equates to around £1.7 billion at 2013 prices. This suggests that the fall in the economic value of the sector since 2005 in real terms has been around 39%.
- There is perhaps no single overriding reason for the decline, but clearly the recession had a significant impact, with business travel falling and disposable incomes heavily squeezed. However, there are other factors which may have contributed in some degree, including costs, the age of the fleet, the lack of new student pilots and the burden of regulation, particularly that imposed by the European Aviation Safety Agency (EASA).

Reviving the GA sector to 2005 levels could add a further £0.7 billion to the economic footprint

- The strong link between the economic value of the GA sector and the level of activity suggests that if GA can be re-invigorated then the economic contribution of the sector could be increased and potentially reach levels similar to those observed in the pre-recession era. By way of demonstration, if flying hours were to increase to levels similar to that seen in 2005, the economic footprint of the sector, based on the current valuation, would be around £1.8 billion (rather than the £1.1 billion referred to above).
- We considered constraints that may be holding the sector back in terms of being able to return its economic footprint to pre-recession levels and what opportunities may exist to encourage a return to growth. In this report, we have given particular consideration to issues such as the strategic network of GA aerodromes in the UK, flying training, business aviation, and product innovation.
- The CAA's current and future work programme to address the regulatory burden on the sector clearly remains critical, but it may not be sufficient in itself. There is a significant threat to the future of GA flying from 'disruptive technologies' such as drones and advanced computer flight simulators. The industry must evolve or risk continued decline. Attracting new student pilots into the GA sector is fundamental to its future. The sector also needs to consider its image and market itself in such a way as to broaden its appeal to younger people.

Recommendations for Government consideration

Planning and the Network of UK Aerodromes

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| A | It is recommended that Government should consider preparing and publishing, in consultation with the GA industry and other relevant stakeholders, policy guidance for local authorities in dealing with planning issues affecting aerodromes; this guidance should explicitly acknowledge the strategic network of UK aerodromes as a national asset and the aim should be to bring a consistent approach to decisions taken by local planning authorities and, thereby, to offer specific protection to the strategic network. The report provides an initial framework of issues that might be considered in drawing up such guidance. |
| B | The report sets out a particular role for Local Enterprise Partnerships (LEPs) in supporting the positive economic benefits that derive from local aerodromes and recommends that Government should take steps to promote a more 'joined up' approach between the strategies of LEPs and the planning system. |
| C | It is recommended that Government and local authorities should encourage GA aerodromes to be proactive in engaging with their local communities, with local planners, and with other local stakeholders (such as LEPs) to identify and promote the social and economic value of the activities undertaken on their sites, as well as mitigating the adverse environmental impacts of their operations as far as possible. |

Training

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| D | <p>Training is a critical component of the health of the GA sector. Without new student pilots feeding through, the industry may continue to decline. It is recommended that Government should consider ways in which it can support GA training providers and make it easier for student pilots to take up flying. Specifically, further consideration should be given to:</p> <ul style="list-style-type: none"> • the case for lifting VAT on some forms of flying training; • the case for exploiting the provisions of EU Directive 2003/96/EC to allow fuel used for flight training in a commercial organisation to qualify for fuel duty relief; and • encouraging practical links between local GA aerodromes, training providers, and other Government training initiatives such as those in the STEM subjects. |
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Recommendations for Government consideration (cont'd)

Business Aviation/Air Taxis

E It is recommended that Government should recognise more explicitly the economic importance to the UK of the business aviation sector, both in terms of its direct economic footprint and the wider and often unseen benefits it can bring to the UK economy. Consultation with the industry on matters such as APD and Border Controls should be improved so that ways can be found to alleviate the constraints on the business aviation sector and thus facilitate its growth and economic impact. The use of air taxis for business purposes could be facilitated by more robust support for a strategic network of aerodromes in the UK.

Regulation

F The work of the CAA and its GA Unit to date has brought significant benefits to the sector in lifting regulatory constraints and has been welcomed by the industry as a whole. It is recommended that Government should continue to support the current and future work programme of the CAA and its dealings with EASA in this area and ensure the CAA's work is adequately resourced.

Product Innovation

G The GA sector must find ways of marketing itself to a newer, younger generation of students, without which it will continue to decline. Product innovation is a key component of this as young people find it increasingly less attractive to take up flying in increasingly ageing aircraft. The CAA's consultation on easing airworthiness and operational approval for experimental light aircraft designs is a positive step forward and it is recommended that Government should consider whether there are other opportunities to encourage and support the GA manufacturing industry in the UK as it develops new and innovative aircraft designs more likely to appeal to the younger market.

Future Monitoring

- The research has also flagged up a lack of accessible and robust data that covers the whole of the GA sector. It is noted that the routine monitoring of the UK GA sector in future whether by Government or by any other party will prove to be extremely difficult unless this issue is addressed. It is recommended that consideration be given to incorporating this into the CAA's future programme of work.
- Ultimately, the research has shown that the economic contribution of the sector is directly linked to the volume of flying undertaken so the simplest proxy measure for the health of the sector is the number of flying hours, to which all other measures would be secondary. However, recommendations have also been made regarding other areas of data collection which will assist with monitoring the future health of the sector.