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COUNTY COUNCIL**

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Environment & Economy Directorate  
Nigel Tipple, Chief Executive  
Oxfordshire Local Enterprise Partnership

4<sup>th</sup> July 2014

## **Response to Airport Commission**

### **Re: Discussion Paper 06: Utilisation of the UKs Existing Airport Capacity**

Oxfordshire County Council and the Oxfordshire Local Enterprise Partnership (LEP) would like to take the opportunity to jointly respond to Discussion Paper 06: Utilisation of the UK's Existing Airport Capacity

#### *Context*

Oxfordshire is strategically located between the two largest cities in the UK, London and Birmingham, as well as between London Heathrow and Birmingham International airports. The county has a large air transport need. The Civil Aviation Authority identifies 2.1 million passengers travelling by air to/from Oxfordshire mostly through Birmingham International and London Heathrow airports.

We have close strategic links to international networks via London Heathrow, which is fundamental to competing in international markets. Oxfordshire's close proximity to Heathrow makes it a great place to do business. Direct, western rail access to Heathrow will provide faster and reliable access, connecting businesses with global markets. Currently direct access to Heathrow is possible from Oxford by coach or via Reading by train prior to onward travel by coach.

#### *London Oxford Airport*

Oxfordshire regional airport London Oxford is a successful business aviation airport and has every opportunity to develop to achieve the status of a successful niche regional airport. The strategy for the next phase of its development, subject to gaining planning consent, is to deliver a core of scheduled air services to identified destinations focussed on corporate business travel satisfying the needs of the established businesses and acting as a catalyst for new businesses.

London Oxford has the ability, capacity and airside infrastructure to accommodate the future strategy of a niche regional airport. Domestic and near European scheduled air

services destinations are targeted (radius 90 minute flying time from Oxford). Typically Edinburgh, Belfast, Dublin, Amsterdam, Paris, Frankfurt feature in the most demanded top 10 destinations. Each top 10 route has a passenger potential of more than 50,000 passenger sectors per annum for Oxfordshire.

Highlighted in our recently published Strategic Economic Plan improving access to international connection is of paramount importance and we are working to make London Oxford Airport our 'city airport' to ensure this sector grows. The County Council and the LEP are supporting the surface transport strategy for airport connections particularly through the investment in strategic rail, e.g. East West Rail and Western Rail Access To Heathrow, and improving connections to London Oxford Airport from Oxford Parkway through our Science Transit programme.

The County Council and the LEP are working closely with London Oxford Airport, though gaining additional funding, to establish domestic and near European destinations airline operations. This would additionally have some effect on alleviating the capacity constraints at Southern airfields over the next 10 years and beyond. The concept of the hub airport clearly has a benefit both to the airline operator and airport. It also offers benefit to the residents/users in the local territory around the individual airport.

#### *Constraints of smaller airports*

There are a number of constraints that restrict the utilisation of smaller airport capacity. Infrastructure costs make the operation of smaller airports particularly challenging. The infrastructure necessary to provide safe aviation operations (essentially RADAR, radio navigation aids, Licenced air traffic control etc.) at smaller airports, which comply with the regulatory oversight requirements and acceptable levels of operational support for aircraft users, is generally comparable with larger airfields. However the costs of provision are spread across lower frequencies of use. This leads to either higher end user charges or longer payback periods to deliver necessary returns on investments. To impose higher end user charges further competitively disadvantages the smaller airport.

Smaller airports like London Oxford are at an earlier stage of commercial maturity and tend to attract smaller regional carriers operating smaller capacity aircraft. These inevitably see higher per seat operational costs which in turn require higher average seat prices to allow profitability to be achieved. In order to achieve that, marketing focus on certain segments (for example the corporate sector which pays higher seat price in return for booking flexibility) constrains the attractiveness of the services across all potential market segments. Leisure passengers will be deterred (through pricing) in order to allow the seat occupancy by corporate customers paying the necessary higher seat tariffs.

London Oxford Airport now has a revised strategy to develop 'niche' scheduled services. With the established infrastructure it can target domestic and near European destinations within a flying radius of 90 minutes. This typically allows focus on Scottish and Irish domestic destinations as well as Amsterdam, Paris, Frankfurt and similar European destinations. All destinations have a significant demand from the travelling

corporate sector and thus the focus will be delivery of services that support primarily this sector.

### *Demand for Regional Airports*

Oxfordshire as a County sees an annual air transport activity of 2.1 million O&Ds (UK CAA derived statistics). This is a significant county travel demand. Without the development of services from Oxford, all this traffic spills primarily to Heathrow, Birmingham and to a lesser extent Bristol and Luton. This increases the road congestion/carbon emissions resulting from longer surface transport supporting journeys to these more distant departure/arrival points. This suggests that the near future availability of a limited range of services from Oxford to those destinations mentioned would alleviate some of the surface transport congestion and carbon emission issues. Further it would provide significant improvements in convenience and mobility for the local population.

### *Recommendation*

It is our view that from an airport services competition point of view, there is value in identifying the real range of competitors that airports face and certain disadvantages that prevail for UK regional airports. There is no doubt that successful airports have the ability to create positive micro economic geographic areas around them.

The improved use of existing runway capacity at regional airports would better use existing infrastructure and improve the regional communities by more often offering them their first choice (local) departure point. This would have multiple benefits which would include reduced surface transport times and carbon emissions. An approach to regional airports at the aero political level should recognise the tax/ regulatory/ state aid imbalance across countries (particularly UK) that currently favour the use of the European aircraft fleet outside of the UK boundary.

The County Council, LEP and London Oxford Airport have already met with Department of Transport to discuss London Oxford airports future bid for the Regional Air Connectivity Fund and we will be giving joint written submissions to Transport Commissions *Smaller Airport Inquiry in October*. If you have any questions on the above response please do not hesitate to contact me.

Yours sincerely



  
Director, Environment & Economy

Nigel Tipple  
Oxfordshire Local Enterprise Chief Executive

