

Doncaster-Sheffield Airport: Strategic Review

Potential impacts on Bassetlaw District

September 2022



1. Doncaster Sheffield Airport (DSA): SWOT findings

1.1 The table below summarises the key findings identified through a desktop-led SWOT (strengths, weaknesses, opportunities and threats) analysis involving a thorough review of relevant literature and a wider evidence base. This has informed the Council’s conclusions about the Airport’s long-term viability.

Strengths	Weaknesses
6.2 million people within a 60-minute drive of the airport	Only 2.4 million people within a 90-minute journey by public transport
Significant increase in cargo tonnage handled, 2018 to 2019	Total loss of around £58 million between 2014 and 2019
Key link for East Midlands, Yorkshire & Humber to Eastern Europe	Less than 10% of passengers outside East Midlands, Yorkshire & Humber
Long runway capable of accommodating largest aircraft, with potential to extend further	Airport charges appear expensive in comparison to competitors
Permitted to operate 24 hours a day	Very few long haul flights, relatively new to schedule
Recent award of contract for future search and rescue service	Withdrawal of Wizz Air as a base carrier
No evidence of TUI not remaining committed as a base carrier	No domestic flights, including no London hub connections
Reputation for excellent service	Lack of flights to European commerce centres (e.g. Paris, Berlin)
Available land for ‘Aerotropolis’ style expansion	Very high dependence on private vehicles for surface access
Local proximity saves tonnes of CO2 generated by trips to airports	Passenger numbers appear to have plateaued, 2016-2019
	Dominance of “sunny” holiday and Eastern European locations
	97% leisure flights vs. <3% for business purposes
	Lack of unique or distinctive destinations compared to competitors
Opportunities	Threats
Shared ownership potential (e.g. Peel’s reduced Liverpool holding)	Apparent waning of Peel Group interest in airport investments
Potential annual capacity for 25m passengers, ¼m tonnes of cargo	Post-COVID passenger growth forecasts 6% lower in 2040
‘Jet Zero’ strategy for aviation emissions without managing demand	Europe forecast to see slowest passenger number growth to 2040

50% reduced Air Passenger Duty on domestic flights from April 2023	Domestic flights reduction initiatives (e.g. where rail is an alternative)
Confirmed funding for East Coast Main Line (ECML) rail spur and station as of July 2022	ECML spur and station business case still uncertain
Potential direct services to Lincoln, Scunthorpe and Leeds using spur	Increasing public transport share of travel to UK main airports
200,000 more people within 20 miles by 2040, generating up to 3,500 more flights	Increased competition to short haul from high speed/sleeper trains
HS2 no longer reaching S. Yorkshire strengthens case for alternatives	HS2 no longer reaching S. Yorkshire reduces future catchment area
Development of Sustainable Aviation Fuel plants at Immingham	Possible debates around 'frequent flyer' taxes after general election
Potential long-term need for demand redistribution could favour DSA	Brexit has reduced Eastern European migration and associated links
TfN investment could lead to additional 30,000t of air freight per year	East Midlands Airport (EMA) dominant in air freight, with expansion capacity
TfN investment could underpin five additional passenger routes	Heathrow 3 rd runway could consolidate national demand in South East
Air/rail-freight interchange could give unique sustainability proposition	Net decrease (-17) in number of airlines operating
Regional strength in advanced manufacturing well-suited to air freight	Lack of commitment to major transport investment in North, to date
Strong regional logistics sector	
Plans to expand logistics sector (e.g. DHL, FedEx, UPS) and advanced manufacturing offer	
UK airport capacity constraints seeing trade lost to mainland Europe	
Consortium ownership could generate returns for public sector	
Precedents for public sector subsidies of vital routes	
Air freight became more price competitive with shipping during COVID	
UK govt. committed to 'Levelling-Up' infrastructure projects in North	
Bassetlaw and Doncaster viewed as Levelling-Up priority areas	
UK govt. actively supports new freeports/enterprise zones (e.g. EMA)	

2. Implications for Bassetlaw

Impacts on Levelling Up and the Sub-Regional Economy

- 2.1 Bassetlaw District is identified by the Government as being a Priority 1 Levelling Up Area. This means that the economic complexity and gross-value added of the area is amongst the lowest in the UK, where higher economic complexity is found to be associated with higher economic growth.
- 2.2 The Regional and Business Airports Group¹ highlight the potential importance of regional airports as part of the 'levelling up' agenda, including the role of air transport in better connectivity and, consequently, higher levels of productivity, leading to increased GDP.
- 2.3 In particular, it¹ states that air traffic drives economic development but, in turn, increased economic development drives increased air traffic. Such a relationship usefully sets the scene for looking at how Doncaster Sheffield Airport's (DSA's) future might be linked to sub-regional economic growth not only in South Yorkshire but also within Nottinghamshire – including our authority of Bassetlaw.
- 2.4 This is reinforced by DSA's own 'Aerotropolis' vision² which is highly compatible with the approaches promoted across the region, with DSA seen as a key element in helping to transform the Levelling Up agenda. In the short to medium term, there are many opportunities associated with the existing vision, evidenced by the 100 businesses located at the Aero Centre Yorkshire and the choice of DSA as a base for search and rescue services. Continuing to develop such an approach – as Bournemouth Airport³ has done through its dedicated business aviation centre – would be responsive to the needs of the sub-regional economy, including Bassetlaw businesses, and reduce the Airport's reliance on commercial passengers as the main source of turnover.
- 2.5 The difficulty of finding space for new runways, illustrated by Heathrow⁴ but also the protracted process of approving redevelopment at Manston⁵, should be favourable to maintaining DSA as a strategic national asset. Particularly as this can be linked to the Airport's long runway length and land availability for further growth, its ability to accommodate 24-hour operations and recent investment in its refurbishment.
- 2.6 A key focus of the D2N2⁶ and South Yorkshire⁷ growth strategies is building on existing strengths in advanced manufacturing, as well as other sectors. The high value of advanced manufacturing is compatible with dedicated air freight in terms of reliability, safety and speed.
- 2.7 Whilst South Yorkshire has a well-established advanced manufacturing sector, the sector within Bassetlaw is strong and is expected to expand in the medium to long term. Having a growing advanced manufacturing sector within the DSA catchment is considered a key strength for DSA, particularly in terms of a customer base and the ability to attract funding in the future.
- 2.8 The recent funding announcement by the Government for the ECML station and spur to DSA⁸ is a positive sign, potentially bringing 8.8m people within a 90-minute public transport journey⁹, including many more Bassetlaw residents and businesses. However, a business case would be a much clearer commitment of

intent and would provide a stronger indication of the potential impact on the Airport's long-term viability and the benefits it could bring to the sub-regional economy. This may be a pragmatic basis for lobbying central government.

Impacts on the Bassetlaw Business sector

- 2.9 In the short term, the direct impacts on the Bassetlaw business community appear to be relatively limited at a strategic level. It is possible that there will be some direct loss of jobs, but the District's focus on promoting employment self-containment will help minimise this.
- 2.10 However, the picture from local businesses at a more granular level starts to reveal the way in which DSA is embedded in the local economy and how its loss could have a range of indirect adverse effects on the income and operation of micro, small- medium and large-scale businesses in the District.
- 2.11 In response to a survey undertaken with the District's business community by the District Council and the North Nottinghamshire Business Improvement District (North Notts BID) in August-September 2022, it has been possible to build a qualitative picture of how local businesses in Bassetlaw view the potential closure of DSA.
- 2.12 Many already have some reliance on the airport for turnover in a diverse range of ways:
- Servicing of private hire cars that service the Airport
 - Taxi services that rely on the Airport for some of their trade
 - Connection to international and domestic markets, with Ireland and the USA mentioned as examples
 - Bringing in international visitors and guests to tourist attractions, event venues and shows
 - Regular logistics work, including oversized load handling
 - Use of events venues by airport employees
 - Travelling globally to visit suppliers and allowing suppliers to visit
 - For importing and exporting freight
 - Use by employees from Mainland Europe to get to the UK and return home, connected to agricultural work
 - Supporting the customer base of local retail businesses, with one suggesting that 20% of their revenue was derived from DSA
 - Servicing DSA employees able to access their services using private health insurance
- 2.13 Businesses highlighted DSA's '*surprisingly good facilities*' and '*convenient location*' as a basis for competing with Manchester and East Midlands Airport. Expected improvements in rail access were noted as another key factor in providing an attractive base for use in the future by the business sector.
- 2.14 However, the proposed change at DSA is seen as a lost opportunity particularly in the medium and long term. The potential of the Airport to strengthen its position and become a strong regional airport – and a focus for economic growth for the wider sub-region, of which Bassetlaw and Nottinghamshire play a vital part – will be lost,

requiring Bassetlaw's business community and its customers to travel much further afield.

- 2.15 Multiple businesses highlighted the need to offer a greater range of European flights from DSA, with a lack of connectivity to European hub airports of Amsterdam Schiphol, Paris Charles de Gaulle and Dublin being seen as a missed opportunity but one which could be popular for local businesses if introduced.

'We would relish the opportunity to use DSA but the number of flights has always been too limited. That has also driven up the price of those flights to a very uncompetitive level.'

Large business with more than 100 employees and a turnover of nearly £200m

- 2.16 Impacts may also be experienced in the visitor economy – the loss of the Airport is likely to make it more difficult to attract international and national visitors to Bassetlaw and the wider Nottinghamshire region each year. A local tourist attraction highlighted that increased domestic flights would benefit their business, suggesting that many of their visitors travelled long distances, and air travel may be a more convenient option.

- 2.17 Building on this, some businesses highlighted that provision of a better public transport offer to North Nottinghamshire would be beneficial to local businesses, particularly in the short to medium term whilst options for a rail station are still being considered.

- 2.18 Positive trends in the handling of air freight seen at DSA over the last few years - by 2019 cargo tonnage at DSA was the sixth-largest UK Airport outside London¹⁰ - suggest this could be a significant area for future development, which could be bolstered by the potential to create a rail-connected airport and the ability of the runway to handle the world's largest freight aircraft¹¹.

- 2.19 A substantial part of Bassetlaw's current and future economic growth is in logistics, evidenced by the presence of companies like DHL in the District as well as the expanding portfolio which includes B&Q and Eddie Stobart. Local business views suggest that the Airport's proximity is attractive for businesses in this sector, although DSA could make more of this than it currently does as *'an import/export facility'* (specialist Bassetlaw manufacturing business), with several other businesses suggesting they would make more use of DSA if carriers such as DHL had a base at the Airport.

'A logistics hub...would positively affect the supply of parts and other items that our business needs to generate revenue.'

Logistics and machinery sales company

- 2.20 The Bassetlaw Local Plan¹² promotes a range of opportunities to support a more diversified local economy. In addition to the growth of the logistics sector (and related uses), it also recognises the value advanced manufacturing can play in a delivering a resilient local economy, such as through the Centre of Excellence for Modern Construction. It is notable that the Airports National Policy Statement¹³ recognises that advanced manufacturing is ideally suited to movement by air. The retention and development of DSA with a stronger focus on freight could be an

important attractor for such business growth in the District (and also for retaining such operators).

- 2.21 Additionally, the West Burton A site, within 15 miles of DSA but within Bassetlaw District, is currently on the shortlist as a location for the development of the UK's first commercial fusion energy facility. With an existing rail connection linking it to the East Coast Mainline and local railway lines, the proposed rail connection to DSA could open up opportunities for supporting construction of the fusion facility through the air freighting of components as well as maintaining international connectivity for those involved with developing the project, which is likely to be important given the high profile of the facility.
- 2.22 This initial snapshot shows how DSA is embedded in the Bassetlaw economy and confirms expected secondary links in terms of using the Airport for business flights and logistics, but also highlights the unexpected tertiary links (e.g. how the Airport's employees support the Bassetlaw economy and how Bassetlaw businesses service other businesses using the Airport).
- 2.23 The survey response highlights some frustration that businesses in the District have not been able to make more use of the Airport, with flights not connecting to desired destinations considered vital for business purposes and air freight not being as developed as it could be. This suggests that DSA could be more responsive to the needs of the Nottinghamshire, South Yorkshire and wider regional economies, boosting turnover and its long-term resilience.

Impacts on Passenger Growth

- 2.24 The current state of commercial flying post COVID suggests that significant increases in passenger numbers are unlikely in the short to medium term. Targets of attracting between 10 and 25 million passengers¹⁴ per year seem unrealistic in light of capacity availability at East Midlands Airport and Manchester Airport up to 2050¹⁵.
- 2.25 But long term, aviation forecasts project significant growth in passenger numbers¹⁶. Linked to the potential for 'clawing back' local demand, this suggests the potential for healthy long-term growth in passenger numbers. Such growth might lead to increased route availability from DSA, in light of evidence from both local businesses and past surveys about a lack of variety in destinations being a key limiting factor in the Airport's use by local businesses and leisure passengers alike.
- 2.26 Importantly the Jet Zero Strategy¹⁶ states that it is possible to pursue clawback within the wider climate change agenda; net zero emissions from aviation can be achieved without intervening to limit growth in passenger numbers and flight numbers, considered vital to enable passenger growth in the longer term.
- 2.27 The Airport is particularly important for Bassetlaw's resident population which, over the next 15 years or so to 2038, is envisaged to expand. Around 9,000 homes are expected to be built in the District's three main towns and four largest rural settlements in the north of Bassetlaw¹⁷. Based on the average UK household size of 2.4 people¹⁸, this has the potential to put another 21,500 residents within the Airport's immediate catchment area, which could support between 21,700 and 53,000 additional flights taken per year¹⁹.

3.0 Future Options for Operation

- 3.1 Doncaster-Sheffield is the only UK airport owned 100% by The Peel Group²⁰. The only other regional airport in which they have a stake is Liverpool John Lennon (45%) following the sale of Teesside Airport²⁰. Peel reduced its holding in Liverpool John Lennon from 80% to 45% in 2019, suggesting that it is not averse to partnering with other investors.

Alternative Ownership Models

- 3.2 The strategic review has highlighted a number of alternative ownership models that are in place across the 50 regional airports²¹, some of which could strengthen DSA's aviation offer. This shows that DSA's future does not necessarily depend on single ownership but could successfully transfer to a consortium of investors including both public and private partners. The different ownership models below, include one or two private sector investors who may also be interested in operating DSA. The model used by the Manchester Airport Group (MAG) discussed below demonstrates the possibility for airport ownership to generate significant returns for local government - Greater Manchester councils have received more than £600 million in dividends from MAG²² - although it does not appear that such returns could be expected from DSA in the short term.
- 3.3 It is recommended that alternative ownership models are considered carefully, as they have the potential to reinforce DSA's role as a vital contributor to the sub-regional economy, whilst strengthening its resilience as a financially-viable business in the long term.

Fully private

11 Airports

Bournemouth Airport & Rigby Group

Bournemouth Airport was purchased by Rigby Group (RCA) in December 2017²³ from Manchester Airports Group and claims *'to help regional airports to prosper through effective management and collaboration'*²³, highlighting the possibilities of sharing best practice amongst its network of airports (it also owns Norwich Airport, Exeter Airport and Coventry Airport), and owns other aviation businesses²⁴ including private jet centres operating from two of their airports.

Bournemouth Airport (to the 31st March 2019²⁵) made a small operating profit of around £1 million on roughly the same turnover of DSA (£13.5 million vs £11.5 million at DSA), but with around half the number of passengers (just under 70,000). For the 2019 calendar year, the Airport served just over 800,000 passengers, an increase of around 125,000 passengers on 2018²⁶. For the two financial years prior to the RCA takeover, the Airport made an operating loss.

Of the 38,540 flights using the Airport²⁶, 49% were Test and Training Flights, with only 1.2% being commercial flights, highlighting the importance of building in resilience to the operating model by diversifying the flight offer.

RCA's 2021 Annual Report²⁷ highlights a range of real estate development projects that the group has invested in at its airports, echoing the strategy for DSA. It also highlights the expansion of cargo operations to compensate for the drop in passenger numbers caused by the COVID pandemic.

Fully public ownership – local government

15 Airports, 11 of which are owned by Councils in the Scottish Highlands

Teesside International Airport

Teesside International Airport is cited in the Levelling Up White Paper as an example of *'the difference empowered local leaders can make'*²⁸ in taking the airport into public ownership. However, passenger numbers at the Airport are very small, even compared with DSA. It served around 150,000 passengers in 2019²⁹, making it a very different proposition to public ownership of DSA.

Fully public ownership – National Government

13 Airports, all owned by the Scottish Government with the exception of Cardiff Airport which is owned by the Welsh Government.

Joint public and private ownership

9 Airports, with local government stakes ranging from 10-75%³⁴ This includes 2 Airports (including East Midlands Airport) owned by Manchester Airports Group (MAG), which is 65.5% owned by Greater Manchester local authorities. MAG states that it *'is actively seeking equity investment and operational management contract opportunities'*³⁵.

East Midlands Airport

The 2019 Freight Study³⁰ depict East Midlands Airport (EMA) as at the centre of a 'Golden Triangle' of distribution hubs. It is a hub for dedicated freight carriers such as DHL, FedEx and UPS, handling nearly half a million tonnes of freight each year³¹. The Airport emphasises its road accessibility (within four hours drive of 90% of the population, 11 million people within a 90-minute drive), long runway and ability to operate 24 hours a day as a key selling point – it also points to its ability to handle the largest cargo aircraft.

Notably, DSA handled freight diverted from EMA during five consecutive weekend closures for the refurbishment of EMA's runway in 2016³². It is notable that DHL were a prominent user of DSA during the closure.

EMA's air freight operations are cited by the UK Regional and Airports Business Group (RABA) on how the COVID pandemic affected the aviation industry³³ as up *'remarkably well'* (p.8), within the context of airports with a diverse stream of incomes generally being less adversely affected by the pandemic.

Other

2 Airports, one owned by the National Trust and one owned by the Duchy of Cornwall.

- 3.4 Additionally there are a number of other initiatives that would be worth consideration to provide resilience in any future operating model:

Passenger Service Obligations

- 3.5 It is possible to designate certain routes as Public Service Obligation (PSO) routes³⁶, where these may not be commercially viable. These routes attract public subsidies. A PSO supported service between DSA and either Gatwick or Heathrow could be justified using the Levelling Up agenda and the high priority given to Bassetlaw and Doncaster, the cancellation of the HS2 eastern leg, and evidence from businesses about wanting to make greater use of DSA.

Planned Reductions in Air Passenger Duty

- 3.6 From April 2023, Air Passenger Duty on domestic flights will be reduced by 50% for flights within the UK. Given that most current routes from DSA are short haul, this does have the potential to reduce ticket prices for passengers using the Airport and could also support the introduction of domestic connectivity from DSA.
- 3.7 A case could be made for linking the development of the ECML station to intentions for any domestic flight network to be zero emission (in line with the 'Jet Zero' strategy³⁷) – this would allow the Airport to build a vision around being the most sustainable regional airport in the UK.

Scottish Government – Air Discount Scheme

- 3.8 An 'Air Discount Scheme' provides residents of certain Scottish Islands with a 50% discount on core air fares³⁸, in recognition of the importance of air connectivity. It seems unlikely that such a scheme could be introduced for any residents reliant on DSA, but does introduce the principle of a discount scheme for local residents, which could be part of public sector scheme to support the Airport's continued operation. This could be a consideration for any public investment, for example by South Yorkshire Mayoral Combined Authority. In addition, it could provide an incentive for residents to use DSA as a more carbon-efficient alternative to travelling to airports further afield.

4.0 Evidence

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- ³Rigby Group's 2021 Annual Report
- ⁴Department for Transport, Airports National Policy Statement: new runway capacity and infrastructure at airports in the South East of England, June 2018
- ⁵Planning Inspectorate, Manston Airport: Examining Authority's Report of Findings and Conclusions and Recommendation to the Secretary of State for Transport, October 2019
- ⁶D2N2, Vision 2030, 2013
- ⁷Sheffield City Region, Our Strategic Economic Plan: 2021-2041
- ⁸Department for Transport, City Region Sustainable Transport Settlements: confirmed delivery plans and funding allocations, July 2022
- ⁹Doncaster Sheffield Airport, About Us: Peel Airports, 2022
- ¹⁰CAA, Freight by Aircraft Configuration, 2019
- ¹¹UK Airfields, Runway Lengths in the UK & Ireland, 2022
- ¹²Bassetlaw District Council, Bassetlaw Local Plan 2020-2038, Composite Version, 2022 www.bassetlaw.gov.uk/bassetlawplan
- ¹³Department for Transport, Airports National Policy Statement: new runway capacity and infrastructure at airports in the South East of England, June 2018
- ¹⁴Doncaster Sheffield Airport, A Northern Vision for a Connected National Economy, 2018
- ¹⁵Department for Transport, UK Aviation Forecasts, October 2017
- ¹⁶Department for Transport, Jet Zero Strategy: Delivering net zero aviation by 2050, July 2022
- ¹⁷Bassetlaw District Council, Bassetlaw Local Plan 2020-2038, Composite Version, 2022 www.bassetlaw.gov.uk/bassetlawplan
- ¹⁸<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/families/bulletins/familiesandhouseholds/2020#:~:text=The%20average%20household%20size%20in,1.1%25%20in%20the%20West%20Midlands>
- ¹⁹<https://www.sciencedirect.com/science/article/pii/S2214367X21000466>
- ²⁰<https://www.caa.co.uk/Documents/Download/3951/e925ed1f-e4b5-4d12-ad1c-e95e0b5b3307/1323>
- ²¹House of Commons Library Research Report, Regional Airports, April 2022
- ²²Manchester City Council, Report to: Economy Scrutiny Committee - 10 March 2022: Manchester Airport
- ²³Bournemouth Airport, Rigby Group Airport Management Division Acquires Bournemouth Airport, December 2017
- ²⁴Rigby Group, Airports: Unleashing the potential of the regional airport, 2022
- ²⁵Bournemouth International Airport Limited, Annual Report and Financial Statements: For the year ended 31 March 2019, August 2019
- ²⁶Civil Aviation Authority, Aircraft Movements 2019
- ²⁷Rigby Group, Annual Report 2021
- ²⁸HM Government, Levelling Up the United Kingdom, February 2022
- ²⁹CAA, Terminal and Transit Passengers, 2019
- ³⁰National Infrastructure Commission, Better Delivery: The Challenge for Freight - Freight Study final report, April 2019
- ³¹East Midlands Airport, Cargo, 2022
- ³²Air Cargo Week, DSA growing its cargo offering in the north of the UK, February 2017
- ³³UK Regional and Airports Business Group, Written evidence submitted by the UK Regional and Business Airports (RABA) Group (AAS0046), November 2021
- ³⁴House of Commons Library Research Report, Regional Airports, April 2022
- ³⁵Manchester Airports Group, Partnerships and working with MAG, 2022
- ³⁶Department for Transport, Guidance on the Protection of Regional Air Access to London, December 2013
- ³⁷Department for Transport, Jet Zero Strategy: Delivering net zero aviation by 2050, July 2022
- ³⁸House of Commons Library Report, Regional Airports, April 2022