

Economic impact

The Airport generates substantial employment and economic activity in its own right, through its supply chain and via the connectivity it provides, bringing economic benefits across the Midlands and beyond. To understand the scale of these benefits, we commissioned a study into the economic impact of the Airport. The study quantified the economic footprint of the Airport, assessed the net economic benefit and projected this forward based on the Airport's base case growth forecast.

Economic footprint

The economic footprint measures the scale of economic activity supported by the Airport by considering employment and Gross Value Added (GVA). GVA is the total value of output from a service less the value of any intermediate inputs (i.e. those outputs of other sectors used as inputs from the supply chain). It is a standard measure of economic activity used by the Office for National Statistics to measure contribution to the economy's total output.

While the Airport has an economic footprint that extends to the whole of the UK, we have focussed our analysis on giving a richer picture of the Airport's contribution to the regional economy.

The footprint consists of three main components:

1. the **direct footprint**, which is the employment and GVA directly associated with the Airport. It includes both the footprint of Birmingham Airport Limited (BAL) and that of other firms that operate on the Airport site;
2. the **indirect footprint**, which is the additional employment and GVA supported throughout the UK via the supply chains of the firms located at the Airport;
3. the **catalytic footprint**, which is the additional employment or GVA supported by firms choosing to locate or expand in the West Midlands because of the connectivity that the Airport offers.

Our assessment of the **catalytic footprint** is likely to understate the true economic value of the Airport to the region in terms of jobs and GVA. This is because we only report the additional employment and GVA supported by firms in the service sector of the economy (including inbound tourism), who choose to locate or expand in the West Midlands because of the connectivity that Birmingham Airport offers. These estimates, however, do not take account of the contribution that increased air connectivity would make to the manufacturing sector of the economy. Given the scale of high-value engineering in the region relating, for example, to aircraft engine and car manufacturing, we have shown in the table on page 46 the extent to which the Airport's catalytic footprint is greater still if account is taken of the Airport's impact on the manufacturing sector of the economy as well as the service sector.

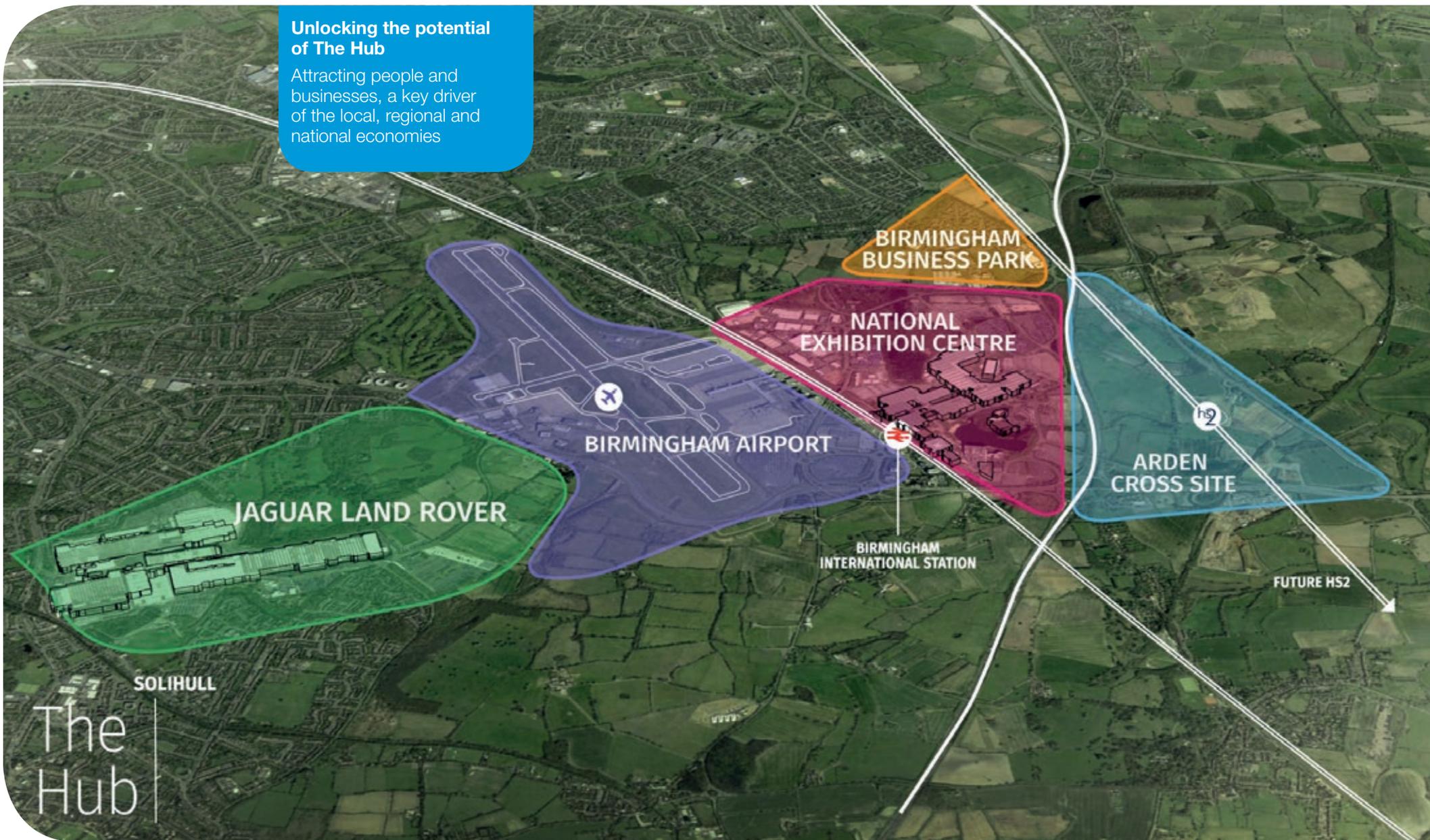


Prince Albert's Statue
Wolverhampton

Dudley Zoological Gardens, Dudley
Home to hundreds of exotic and endangered animals

Unlocking the potential of The Hub

Attracting people and businesses, a key driver of the local, regional and national economies





The West Midlands has firmly established itself as the UK's driver of growth, fostering centres of excellence in business and leading the country's traditional sectors – such as manufacturing and engineering. The region lies on the cusp of a period of great economic growth, supported by major infrastructure projects such as HS2, that will help attract more people and investment than ever before. To realise this potential, we are committed to working with our partners at Birmingham Airport to showcase the region to the world.

Neil Rami

Chief Executive, West Midlands Growth Company



The New Art Gallery Walsall, Photo: George Benson

Walsall Art Gallery, Walsall

Presenting, collecting and interpreting historic, modern and contemporary art

Net economic benefit

The net economic benefit of the Airport to the region is defined as what would happen to the economy in the absence of the Airport, rather than the gross amount of resources it uses for its operations in its economic footprint. This approach to assessing economic impact is consistent with the approach mandated by HM Treasury's Green Book and the Department for Transport's transport appraisal guidance (WebTAG).

The logic of this is that if the resources used by the Airport and its supply chain were not employed in providing the services of an Airport, they would be doing something else. The economic impact of the Airport is therefore the difference between what those resources produce as they are employed and what they would produce if they were not involved in producing goods and services at/for the Airport.

On this basis, our current net economic impact is £1,509 billion GVA and a total of 30,900 jobs, which is projected to rise to £2,139 billion GVA and 34,400 jobs by 2033 (see economic impact table below).

If account is taken of the Airport's contribution to the manufacturing sector of the economy then the Airport's contribution to the West Midlands economy rises as shown in the second table below. The estimates of the effect of the airport on the manufacturing sector are less certain than those for the service sector of the economy alone but they provide a good indication of the importance of the airport to the region as a whole.

Economic impact

Area	2016/2017		2033	
	GVA (£m)	Employment	GVA (£m)	Employment
Greater Birmingham and Solihull	792	16,000	1,140	18,100
Coventry and Warwickshire	296	6,200	408	6,600
Black County	421	8,800	591	9,700
West Midlands (Total)	1,509	30,900	2,139	34,400

Note that some of these figures may not sum due to rounding

Estimated economic impact

Area	2016/2017		2033	
	GVA (£m)	Employment	GVA (£m)	Employment
West Midlands Service Sector	1,509	30,900	2,139	34,400
West Midlands Service & Man.	1,754	36,100	2,387	38,600

The Airport is a key economic accelerator for the Midlands region, providing the connectivity that our thriving businesses need to trade, export and secure investment. Furthermore, the contribution we make towards the regional economy will significantly increase as we grow over the next 15 years.

The Airport already stimulates 1.6% of the total West Midlands GVA of £92 billion and 1.9% of the jobs⁷. However, we think there is an opportunity to do even more to help the region grow. We will work with the business community through the Chambers of Commerce, Local Economic Partnerships and other relevant bodies to explore the most effective ways of doing this.

For example, we will:

- Continue to develop our route network to support the growth of businesses in our region.
- Use our procurement strategy to create opportunities for local businesses to supply goods and services to the Airport.
- Promote employment opportunities with other employers on the Airport site, with specific focus on offering employment opportunities to people from deprived areas.
- Offer training and educational opportunities to upskill existing and future Airport employees.
- Work with our regional universities to provide the best possible connectivity for foreign students.
- Support inward investment and inbound tourism to the region by facilitating air access.
- Support the region's growth sectors by targeting air connectivity to help develop trade opportunities.

⁷West Midlands Growth Company Quarterly Economic Digest, May 2018

Net economic impacts

