

## **'A DAY IN THE LIFE OF AN AIRPORT CEO' – PAUL KEHOE, BIRMINGHAM AIRPORT**

### **LUNAR SOCIETY INQUIRING MINDS BREAKFAST, 7 MARCH 2017, 7.30-9.00 am**

Paul Kehoe, Chief Executive of Birmingham Airport, spoke to an audience of about 20 Lunar Society members and guests over breakfast at The Alchemist on Colmore Row. This was followed by a discussion session, compered by Alan Wenban-Smith, Chairman of the Lunar Society.

#### **Introduction**

##### **The context**

Paul has been CEO at Birmingham Airport (BHX) for 8 years. He started just a year after BA pulled out, but (realising an ambition) BA is about to return this year with flights to continental Europe. Meanwhile, passenger numbers have grown from 9m to 12m pa (after dipping to 8m in 2009). Now 50m airlines fly from BHX, serving 150 destinations directly (and 350 indirectly).

This contributes in major ways to WM economy: 750 work directly for BHX and 8,000 on the site, supporting ~25,000 other jobs around WM. With JLR, NEC and others co-locating could be described as an 'Aerotropolis'.

##### **The challenges**

Challenges arising from building work to cope with growth spurts, reducing user satisfaction from 95 to 90%. Sheer range of airlines compared with (say) Luton and aircraft, even with Heathrow requires great adaptability.

Closeness to Heathrow has constrained BHX growth, especially for trans-Atlantic flights because cannot compete for range of destinations and frequency of flights. Manchester is sufficiently distant to be less affected by this. However, Heathrow Runway 3 10 years off, and much could happen in between. HS2 has the effect of moving B'ham 100km closer to London, changing perceptions.

##### **The politics**

B'ham should take advantage of its geography, both in terms of proximity to a world city, and as centre of an urban area with 4.5 m population. We are in the 'Goldilocks zone' – close enough to enjoy connectivity, but not so close as to suffer excessive location costs. Capitalising on this will require collaborative leadership from the members of the Combined Authority. Crucial that whoever is the elected Mayor has the mandate to secure this local collaboration and to realise further devolution of powers and resources from Whitehall. The Lunar Society should use its influence to help bring this about.

**Discussion:** A lively discussion followed, with the following points being raised and responded to by Paul

- Responding to a query about how Brexit might impact on the Airport, Paul emphasised the benefits that UK had enjoyed as result of EU 'Open Skies' policies, particularly the diversification into low fares operations (RyanAir, EasyJet, etc). He regarded these as embedded and essentially irreversible, though could well affect airline organisational structures (Dublin-based RyanAir and BA as member of a Madrid-based conglomerate may not be much affected, but Flybe might be).
- Responding to a question about the future of trans-Atlantic flights from Birmingham, Paul pointed to the possible growth of alternatives to the big carriers operating out of Heathrow. Small airlines operations like Icelandic already serve smaller US cities like Portland via Reykjavik, and this could well increase, with Birmingham well-placed to be a player.
- In response to query about the way in which public expenditures on Heathrow infrastructure in connection with Runway 3 would increase its dominance, Paul commented that because of inherited landing rights Heathrow is effectively a BA hub more than it is a UK hub. He contrasted this with the more equal relationship in Germany between Frankfurt, Munich and Dusseldorf, the result of a more devolved national pattern of governance (plus the post-War isolation and division of Berlin).
- Looking to the longer term it is arguable that Heathrow (and to lesser extent Birmingham) airports are too close to major residential areas. Paul suggested that the increased sensitivity to air quality issues following the VW test scandal could change public acceptance of airports in such locations. However, he noted that all the WM Mayoral candidates had supported Birmingham airport as a key economic driver.
- In response to a query whether Brexit would produce difficulties and delays arising from more onerous visa requirements, Paul thought that visas downloaded onto smart phones could well be the future.

At 9.00 am Alan thanked Paul for his presentation, which had given us all food for thought – and action.

Report by Alan Wenban-Smith, 7 March 2017