HOUSE OF COMMONS

Scottish Affairs Committee

Oral evidence: Airports in Scotland, HC 601

Monday 22 November 2021

Ordered by the House of Commons to be published on 22 November 2021.

Watch the meeting

Members present: Pete Wishart (Chair); Deidre Brock; Wendy Chamberlain; Sally-Ann Hart; John Lamont.

Questions 1-78

Witnesses

I: Karen Dee, Chief Executive, Airport Operators Association.

II: Dave Curtis, Director, Future Airspace and Operations, NATS.

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Examination of witness

Witness: Karen Dee.

Q1 **Chair:** Welcome to the Scottish Affairs Committee for the start of our short inquiry into airports in Scotland. We are grateful to have our first guest, Karen Dee, the chief executive of the AOA. Karen, please introduce yourself by way of a short introductory statement.

Karen Dee: Good afternoon, everybody. My name is Karen Dee, chief executive of the Airport Operators Association, the trade association for UK airports. Currently we represent just over 40 airports, from the largest commercial airports through to a number of airstrips. That includes Crown dependencies, so Gibraltar and others. Our principal role on behalf of members is to work with Government—we are not for profit—and key parties to influence and work with Government on regulatory affairs and policies, and also to allow our members to share best practice and learn from each other. It is a fairly traditional trade association role.

For aviation, the covid pandemic, as you can imagine, has been absolutely devastating. Aviation as a sector was one of the first sectors to start feeling the effects. We were first in and we will probably be the last out. There may be very good reasons for that, but that has meant that we have seen passenger numbers absolutely devastated—down more than 98% in many places through 2020. It will take a very long time to recover properly to where we were in 2019. That is quite disappointing. Aviation is something that the UK as a whole is very good at, and prior to the pandemic we were the largest market in Europe and the third largest in the world after the US and China. It is something that we have, it supports a large number of high-skilled jobs, and it drives our economy. It will be a real shame if we cannot recover quickly to allow us to continue to play that really important economic role. I am happy to drill into some of that but, as I say, it has been quite stark for all of my members, and we are still not out of the woods yet.

Q2 **Chair:** I am grateful for you painting that candid but possibly grim picture of where we are with aviation across the United Kingdom. Is there a sense that it is improving? A few of us occasionally use air services back and forwards from our constituencies and we get the sense that airports seem to be a little bit busier than they were a few months ago. Would that be right?

Karen Dee: Yes, I think that is true. For the UK as a whole, we saw the removal of pre-departure testing, and getting rid of some of the quarantine measures has had a very useful impact. At the tail end of the summer, we started to see that pick up, but not in time for the summer period. Over the half-term in England, English airports have certainly seen that benefit.

Q3 **Chair:** I know that there are winter packages and people going away for Christmas, but is it Easter that you are looking at to get back to some sense of where you were before?

Karen Dee: No. I think that for getting back to 2019 levels, we are probably looking at 2025 or 2026 before we see that.

Chair: Seriously? As long as that?

Karen Dee: 2019 was a record year for UK airports. We have lost an awful lot of connectivity. Airports and, more importantly, airlines that we rely on have taken on huge amounts of debt. It is a highly competitive industry—that is particularly important for Scotland. We will, we hope, see some recovery from Easter, but we still have a more onerous set of restrictions in the UK than we do elsewhere with our main competitor markets, so that will still have some impact.

We had thought that 2021 would be better than 2020, but it was not—in fact, summer was worse than 2020—but we very much hope that, once we get to spring/summer 2022, we will be in a better place. Winter is normally a loss-making season for aviation, so it is just the wrong time to start reducing some of the financial support that we have as we go into our loss-making period.

Q4 **Chair:** Tell us a little about how you feel the Government have handled the situation with airports and aviation. I think you said for some of the decisions made you were first in and likely to be last out, and a number of specific policy decisions were made around air travel. You can be as candid as you want. Tell us what you think. Did they get it right? Were they overly zealous? Did you feel that the interests of passengers were put first?

Karen Dee: At the very start, it would be difficult to criticise any Government. We saw many countries introducing restrictions on both domestic and international travel. Perhaps that was understandable. I think it would be fair to say that our view as airports is that the UK Government as a whole, and the Scottish Government in particular, have been overly cautious in their approach.

There were all kinds of restrictions. Through the summer last year, we had travel corridors, which were welcome. We did not have the vaccine at that stage, and testing was not a big feature until later on, so it was entirely understandable why Governments—I use collective terms—should see border restrictions as a way of managing the virus. I think, with hindsight, we know that border restrictions are not that effective in managing a virus of this nature, but, that said, we did have a very restrictive system.

As we moved forward, the UK was very good and efficient in its vaccine roll-out, and we had hoped that that would mean we would see some sort of dividend and be able to open up more quickly. Actually, that hasn't happened. Our European airports have opened up more quickly. Their testing regimes are still less restrictive than in the UK. We did suffer a little bit from a divergence between the four nations. I always like to remind people that aviation is a global industry. It is really important that, wherever possible, as with safety and all those other things, standards are agreed at a global level. It is actually very difficult to suddenly impose

something at a UK level. It is even more difficult if you then start having different approaches between the four nations. That did happen. I think Scottish airports found, even through this summer, that there were still some delays in bringing forward the relaxations that we saw in England. They did not come for some while in Scotland. Because of the different school holidays, which is particularly important for holiday travel, Scottish airports were lagging behind, even on a UK basis.

Q5 **Deidre Brock:** Welcome. I am glad that you could make it to appear in front of us today. You were talking about the standards at a global level, in terms of restrictions being opened up, and divergence between the four nations of the UK. In my home state of Western Australia, the borders were shut down very quickly, quite dramatically and were, and continue to be, fairly highly monitored. Consequently, people in Western Australia, like my family, have had pretty much normal lives during this whole period, whereas those states in Australia that opened up rather more quickly appear to have had a lot more trouble.

Western Australia is quite a remote part of the world. That said, it was a decision taken by the Premier of that state and his Government against the wishes, apparently, of the federal Government, and it has proved to be very successful for residents. Consequently, that Premier has gone on to win the latest state election by an absolute landslide. I am interested in what you are saying about the different approaches and how you feel that Scotland fell in behind what the UK Government were doing.

Karen Dee: I would never describe Governments falling in behind one another, but I do think there is a case for much better collaboration. In fact, we were arguing that the UK Government as a whole also needed to be doing that within Europe and within ICAO and with all of those international standards.

We have learned a lot about the way the virus behaves. Once we had the vaccine, all of the advice was that, given the economic impact of shutting off your borders, border measures are not as efficient as a vaccine at controlling a virus, particularly once it is already present within a community. The UK is quite small, so we were still relying on imports and exports for PPE and all of those things for which airports have to stay open to facilitate. Once we had the virus spreading within the community, I think the ECDC and WHO both said that, actually, border controls are not the way forward—they are not effective at keeping the virus out once you have got these alternatives.

For the UK we did not see the need in 2020, and we certainly didn't see the need once we had the vaccine roll-out. UK airports have suffered as a result, in comparison with their competitors. That will have an impact, not just on the economy, but on jobs and people visiting family and friends. I know that Australians have had the same challenges. We have yet to see any data to demonstrate that having had tighter restrictions for borders in the UK compared with Europe has had any health benefit as a result. Actually, we have been very restrictive and damaged the airports and our connectivity, but it has not delivered benefits.

Q6 **Chair:** You would not propose, for example, that we open up and have air travel as normal? You would not suggest to Government that we not have any restrictions on borders and we just allow airlines and airports to operate as normal?

Karen Dee: We have always said that the health situation must determine how we open up. Certainly, that has been the approach of our competitors in Europe. We should make sure that it is a proportionate approach and that it is evidence based. There were times, particularly during last summer, where the rates of infections and virus in the UK were higher than anywhere else, and yet we were restricting flights from other countries. A lot of the data showed that the risk of incoming passengers to the UK was lower than the risk of traveling within the UK. It is about being proportionate.

Q7 **Chair:** I remember that last year we were looking at this as a Committee. I do not think it was suggested to us directly, but it certainly came up in some of the conversations, that when Scotland got down to practically no cases—at the stage where we thought we had beaten the virus—it was opening up and people coming back from Spanish holidays that brought the infection rates back up in Scotland and the UK.

Karen Dee: It is true to say that the virus somehow got here in the first place. With hindsight, it is wonderful to be able to say, "How could you do that?" However, I think that globally there are all kinds of lessons to be learned. The UK was very quick to introduce a testing regime, and then we had quarantine policies and then the vaccine roll-out. We would never argue that we should not have had restrictions—there was a pandemic. Our concern is that what we did not do, as UK Governments collectively, was think about what is the evidence that suggests this is the right approach? Do we need all incoming countries to be categorised as red countries and to require quarantine? We did not see the evidence that suggested that those were the measures that would have a real impact, particularly once we had the widespread roll-out of the vaccine—which we did very well at.

Q8 **Chair:** Thank you for that. I want to ask about the support you received during the course of the pandemic. Could you talk us through what your view is on what you have received from the UK and Scottish Governments? I know that furlough was extensively used in the aviation industry. Regarding some of the other bespoke packages that were put in place, most notably by the UK Government, as they provided the bulk of support, can you tell us how helpful these were and if they could have done more to help you through the last 18 months?

Karen Dee: I think I will start with when, back in March 2020, as a sector we were very pleased because either the Transport Secretary or the Chancellor stood up and said that they recognised the direct impact the pandemic was having on aviation, and that there would be some sort of aviation recovery support package. The situation changed and we never saw a sector-specific support package—we still have no sector-specific support package. However, here are some things that have been very

useful. As you have said, the principal one was the job retention scheme, which airports and our airline customers and partners made very good use of. Going back to last summer, passenger numbers were down 98%. We have very high fixed costs as airports, so unless we take a decision to close completely, we still have to maintain the runway, we have to have security, police and air traffic controllers—whether we have one flight or 100 flights. That is 70% or 80% fixed costs. Having the ability to use the furlough scheme was really very helpful. As a sector we have consistently made the case for extending that, particularly for aviation, as we saw restrictions continuing to be put in place. That has not happened. Suffice it to say, the furlough scheme was very useful support in protecting what are, in many cases, very highly skilled jobs that we cannot afford to lose.

Beyond that, the principal area of support that we have had is around business rates. This is one area where the Scottish Government have been rather more forthcoming than the UK Chancellor. However, as a whole, business rates are still a relatively small amount in terms of the support they provide. We estimated in the UK that UK airports were losing about £5.3 million per day in January, and if you add up all of the business rates support across the UK, it totals about 13 days-worth of losses, so it is very valuable. The Scottish Government certainly have given full business rates relief to Scottish airports, and that will run for this financial year. We have only just had that similar extension from the English Government to this financial year, but it is capped in England. Those are the principal mechanisms.

The Scottish Government also provided some support for policing costs, and if I could take you back to my point about fixed costs, it is air traffic controllers, policing, security—all of those things that need to be paid for. The operational costs are actually a very big element of that cost, so in summary, we have welcomed what we have had. Some airports made use of some of the loan schemes that were around, but relatively few of them; it has been something that perhaps has been easier for airlines to make use of, but other than that, what we have seen is a relatively small amount, much smaller than we have seen the US and other European Governments providing. They have gone for a more grant-based approach rather than loan-based, which is the case here. In comparison, I think UK airports have had a bit of a rum deal in terms of financial support, and that will have some impacts as they begin to recover.

Q9 **Chair:** Excellent. We are actually going to visit Edinburgh airport in a couple of weeks' time, so these are the sorts of issues we want to discuss, to better understand the fixed costs and how that was assisted through all the different schemes that were in place. What more could they have done, then? You talk about international examples where possibly more resource was given to airports. What would you have liked to have seen?

Karen Dee: Other countries took different decisions and decided to simply make grants available for airports, particularly where they stayed open. The vast majority of UK airports stayed open. It is a slight exaggeration, but I quite often remind people that airports are a bit like power stations.

You do not just close them down and then open them up quickly: they are safety-critical, security-critical infrastructure that need to be maintained, so it is not an easy decision to entirely close an airport, which is why you will have seen that most UK airports stayed open. Some restricted their hours and others, if they were multiple terminals, might have focused on one terminal, but it is not easy to just close, so a lot of other Governments provided grants for operational costs to keep them going.

We did see non-financial support. We did see some regulatory easements, and we had the CAA working with us. Because some of the licences and skills that we have are highly regulated, there was some regulatory easement, but that did not impact greatly on the overall financial situation.

Q10 **John Lamont:** Good afternoon, Ms Dee. I want to ask you an initial question about your written evidence, where you say that the recovery of the Scottish aviation sector is going to be behind the rest of the UK. Could you expand on why that is, and whether you have set a value on the economic impact of that delayed recovery?

Karen Dee: I do not have any figure for the value of that lag, but I can certainly try to explain why that is the case. We commissioned some work from Steer, the consultancy, about a year ago—last autumn—to look at what the recovery would look like. They did some modelling work for us based on airports and their financial situations, based on some scenarios. At that stage, we did not know whether we would have a successful vaccine and so on, so they modelled three scenarios. One was high levels of restrictions, one was reasonable, and they also looked at what that would mean and how it is spread out. It was principally that report that suggested that, outside of London and the south-east—it is not just in devolved nations but in some of the English regions that you do not see that sort of consolidation—that recovery would take longer.

Glasgow airport, for example, has lost all of its transatlantic routes, most of its international routes, and more than 50% of its domestic routes as a result of the pandemic. Those routes took many, many years to build up and secure. Airports have to work really quite hard to attract airlines to run routes that will often take a number of years to become commercially viable, and a lot of that has been wiped out in a 20-month period. Airlines have experienced the same kinds of losses that we have as airports; aviation as a whole has suffered.

So what will tend to happen, for entirely valid and understandable reasons, is that, going forward, an airline will seek to maximise its profits and place its fleets wherever they can make the most money. So we have seen easyJet pulling routes out of Scotland, and out of England as well, simply to place all those aircraft in Europe and run domestic flights within Europe, because the restrictions were less. Airlines are highly mobile and they will seek to maximise passenger density and volumes wherever they can. Scotland is already on the periphery, and airlines are going to base themselves where they can make the most money. Hopefully it will begin to come back, but that is the logic behind why there would be that lag.

Q11 **John Lamont:** Is that report or study in the public domain?

Karen Dee: Yes.

Q12 **John Lamont:** Could you share it with the Committee if we have not already got it?

Karen Dee: Absolutely.

Q13 **John Lamont:** Thank you.

You have been slightly critical of the approach taken by the UK and Scottish Governments. Which country in the world would you use as an example of best practice?

Karen Dee: I don't think I would like to pick a particular country. As an industry, we understood entirely that Governments were dealing with a pandemic—something they had never experienced before—so it was entirely understandable that we would have some measures and there would be some impact.

If we look to our nearest neighbours, the co-ordination at European level has been much better. Perhaps you would expect that, but because they are looking at the travel between and across borders and it is perhaps much more difficult to restrict that, they have taken a more pragmatic approach, I think, in terms of the restrictions that apply and some of the financial support that they provide. But I don't think I could honestly pick one country and say, "Well, they really got it right."

Q14 **John Lamont:** Some of the countries that you perhaps are alluding to—Germany and Austria—today are going into further lockdowns.

Karen Dee: They are.

John Lamont: So arguably the UK approach has been—well, not ideal, for reasons that you have articulated, but perhaps it is a compromise that recognises the challenges that your industry faces, while at the same time recognising the health challenges.

Karen Dee: Indeed. And part of that is—I go back to the fact that we did so well; we were really pleased with the vaccine roll-out and the way we were going that we perhaps felt that that would deliver some greater recovery for the UK, compared with others, and in the end that did not come to pass.

Q15 **John Lamont:** One issue that fills up my inbox quite frequently is the confusion and uncertainty that many of my constituents have about travelling to and from Scotland—particularly outside the UK. Is there a particular issue about the rules in Scotland not being consistent with the rest of the UK, and are they more onerous for travellers going overseas from Scotland—again, compared with the rest of the UK?

Karen Dee: I certainly think they have been. Consumer confidence and consumer concern are actually common across the UK—UK airports. We do have a very complex system. We have a passenger locator form that asks

a lot more questions than many of the equivalents for Europe. And some of the timing and the testing regimes, at the detailed level, were quite different. For example, Scotland was slower to relax some of the testing regimes. In England, post-arrival, if you were coming back to the UK and coming into an English airport, you could find a testing provider, but the Scottish Government still required people arriving directly into Scotland to have a test provided by the Scottish Government rather than a private provider. So there is still, or was, some misalignment between what was going on. That impacts direct flights, and possibly, I imagine, if you were a Scot choosing where to travel, it would be a different arrangement than if they had flown from Manchester or Newcastle. It didn't make a lot of sense. I think the system overall has been very confusing for consumers and passengers, and I very much hope that we will see some more simplification on that going forward.

Q16 **John Lamont:** Do you think there was any way of avoiding that confusion, given that decision makers, politicians and Governments were making decisions in a very uncertain time, and the rules changed as the pandemic evolved? Hindsight is a wonderful thing, but at the time would you have made that decision differently if you had been the decision maker in Government or the politician involved?

Karen Dee: What we had been urging all the way through was for all of the four nations to at least work together to introduce a smooth system of similar restrictions, to introduce them at the same time, and to have very clear communications to the travelling public—or the non-travelling public, in this case—and potential passengers. Actually, communications has been a problem across all of the UK Governments. We saw Ministers frequently discouraging people from travel even when it was allowed, and that did create some uncertainty. But, at the very least, our key ask was for that collaboration between the four nations to ensure that there was a system, at least, for the UK.

Q17 **John Lamont:** If, heaven forbid, we have to deal with a pandemic again, you would want to see a UK-wide approach, as opposed to the fragmented approach, perhaps, that there has been.

Karen Dee: Absolutely. I would go beyond that and say that we should be learning the lessons and making sure that we do join up. I think, ultimately, that is where we will get to. Rather like we do on safety and security standards, we will start, at least with our European counterparts and actually globally, to have that sort of system that applies across. We are beginning to see some of that through, for example, the cross-recognition of the EU's covid digital certificates into the UK and recognising other countries' vaccines. I think we are moving and there will be lots of lessons to be learned for managing in the future.

Q18 **Wendy Chamberlain:** Nice to see you, Ms Dee. You mentioned Scots potentially travelling from Manchester airport and so on. Have you got any evidence that Scottish consumers were making decisions to travel from elsewhere in the UK because of the more restricted conditions, as you described them?

Karen Dee: As airports, we do not know the destinations or the origins of our passengers, because they come from the airlines, but what we do know is that the reductions in passenger numbers in Scottish airports have been higher than they have been for English airports. There is no proof, but there is certainly anecdotal evidence.

Q19 **Wendy Chamberlain:** They have been either not travelling at all or they have been travelling from elsewhere in the UK, potentially.

Karen Dee: Potentially, yes.

Q20 **Sally-Ann Hart:** Good afternoon. I just want to follow up on something John Lamont asked and you answered about the recovery of Scottish airports and a UK-wide approach. In your opinion, do you think that the different approaches were caused by political decisions or practical decisions?

Karen Dee: It is difficult to say. I think that there are certainly some administrative challenges when you have separate Administrations and separate chief medical officers, and each of the devolved nations has its own views on that. I suspect it was a little bit of administrative as well as political. I try not to reach a judgment on that—suffice to say that that has had an impact on airports in the UK, and Scottish airports appear to have suffered as a result of that. I have no proof on what was actually behind that, and certainly we did not see any kind of evidence to suggest why there was that difference.

Q21 **Sally-Ann Hart:** You also mentioned the Scottish and UK Governments being overly cautious, and that the Scottish Government policies have been more onerous. Looking at Scottish Government policies, for example, you mentioned testing and the cost of PCR testing being more in Scotland than in England. Do you think that those sorts of policies extend to the duration of time the Scottish aviation sector has taken and will take to recover?

Karen Dee: Yes, I do. It has certainly had an impact. I think some of the timing was important as well. In Scotland, the school holidays come at a different time, so some of the relaxations that English airports could benefit from for half-term in October were already too late. Most Scottish schools had already had their half-term, so for holidays—for family holidays anyway—the airports were not able to benefit. That has added to that particular problem for the Scottish airports.

Q22 **Sally-Ann Hart:** To enable a quick recovery, do Scottish airports need more Government assistance than English airports because of that, and to whom should they look for that funding—to the Scottish Government, because those are their policies, or to the UK Government, which had less restrictive policies?

Karen Dee: As we have said, the important thing about recovering at a UK-wide level—I shall come back to funding specifically in a second—and the best way for the aviation industry and airports to recover is for them to be able to operate and trade. That is why we have very much focused, throughout the pandemic, on working with all the Governments to say,

"Let's make sure that any restrictions are proportionate, that people understand them and that we can make sense", because that is really the way that we will recover. The sums are so large, no Government will step in to cover those losses completely. The best way would be to say, "Right, these are the restrictions. Let's keep them consistent, and let's make them fair and consistent with what we are seeing around the globe. And—subject to health, obviously—that is the way we trade through."

Beyond that, there are things that we will want from Governments, including the Scottish Government. That will involve, for example, route development funding, looking at whether there are public service obligation opportunities, and air passenger duty—so the taxation regime, which is at the UK level. It is a bit of a mix, but overall we believe that there is still a case for some of those continuing measures. We have seen that with business rates. As I say, however, the Scottish Government have been better than the UK Government on business rates.

Q23 **Sally-Ann Hart:** Do you know how big the job losses at Scottish airports were as a result of the pandemic? How could they have been avoided?

Karen Dee: We do not have separate figures for Scottish airports compared with everyone else. It is actually quite a difficult figure. I know that some of the individual airports have given you their own figures.

The important thing to consider about jobs in aviation and airports is that a relatively small proportion of the airport campus workers are directly employed by the airports themselves—that is a relatively small number—and then you have ground handlers and the airlines themselves. The job retention scheme helped with some of that, but we know that a number of airports made very large cuts to their directly employed staff where they could within the regulations that we have. To go back to my point about fixed costs, there are a lot of airport workers that we have to have—we have to have air traffic controllers, security and all those sorts of things.

It is difficult to say whether those job losses could have been avoided. Of course, if Governments ploughed in lots of money, that kept them going. As airports we tried to ensure that we made use of the job retention scheme where we could and of any regulatory easements to keep those jobs, because we need them for the recovery. They are very important jobs and skilled workers.

It is a little difficult to say, and we have some concerns about being able to scale back up. We are about to go into a quiet period—it is winter—but we are optimistic about spring and summer, and we will have to scale back up those airports across the campus, not just direct. We will need to get those skilled workers back again—that could be a challenge.

Q24 **Sally-Ann Hart:** You mentioned the business rate support from the Scottish Government and some grant funding that other countries have, but to what extent have the other financial packages that have been available for Scottish airports been sufficient?

Karen Dee: The principal ones, really, for Scottish airports, have been whether they would take loans out. I am certainly aware that one of the airports there has done that. As AOA, we do not really drill into which airports or quite what their detailed financial arrangements are, but I am sure that the airports will come to you on that.

What we did find at the beginning was that some of the loan arrangements did not really suit the airport structure. Most airports did not have the credit rating to qualify for some of the larger loan schemes, and yet, because of the nature of our businesses, the smaller schemes did not work. They were not that well suited in terms of loans, but one or two airports did make use of them.

Q25 **Sally-Ann Hart:** How has repayment affected the airports in Scotland that did make use of those loans? Do you know anything about that?

Karen Dee: I do not know what the impact has been. Certainly, I have heard an argument that, given the slow recovery of aviation—we will not recover perhaps as fast as other sectors—there could be a case for those arrangements being extended or happening over a more significant period, simply to reflect the length of time that recovery in our sector will take.

Q26 **Sally-Ann Hart:** Thank you. You will be glad to know that this is my last question. Given the scale of the uncertainty you just mentioned—there is uncertainty moving forward, and we are seeing European countries in lockdown again, which is pretty scary—what are the risks to airport finances in Scotland with that uncertainty hovering above our heads?

Karen Dee: All airports, including Scottish airports, have made huge losses. If we do not have passengers, we have no revenue, yet a large proportion of the costs assume that you are there. We need passengers for the airline charges; we need passengers for the shopping, the parking, and those ancillary things. Without passengers, you have no revenue.

They have taken on large amounts of debt. Like most other businesses, they will have to rebuild their balance sheets going forward to ensure that they can continue to invest. Airports are, as I said, safety-critical, security-critical infrastructure, and they require ongoing investment to modernise to keep them safe. It will be harder to make those kinds of business cases going forward. There is certainly a concerning impact.

Q27 **Chair:** I suppose you are quite happy about the surprise announcement in the Budget on air passenger duty and the fact that it will be relaxed, or brought down, for domestic travel. What are your views on that? I presume you welcomed it.

Karen Dee: Yes, we very much supported that. The reason, of course, is that the UK has the highest rate of air passenger tax in the world—even the next closest is less than 50% of what we charge in the UK—and that has an impact. I have heard lots of arguments that it is not a big factor in consumer decisions to travel, but it certainly is for some. Unfortunately, it makes it much more difficult for an airline, and therefore UK airports, to make a route viable. If you are bringing in a new route, particularly on the

periphery—that is why this is very important for Scotland—it relies on the catchment. They are at an automatic disadvantage in putting that route on because there is a fixed amount of charge that they already have to recover before the airline fee itself. That is why it is very important to ensure that we have a fair way of ensuring connectivity across the UK. We are competing with our competitor airports in Europe.

Q28 **Chair:** I don't know if it was just in my mailbox that constituents expressed concern about that decision, particularly when it was announced during COP, when we were trying to do everything possible to ensure emissions do not go up. Here we are reducing a tax that is designed primarily to ensure there is not an increase in air travel. Were there no concerns at all about the impact on net zero ambitions?

Karen Dee: That is a really interesting false perception. APD is not an environmental tax and does not work as an environmental tax. It is a flat charge that is passed on to the consumer, regardless of whether it is a cleaner flight or other measures that may be taken. None of the revenue comes back to incentivise different types of green behaviour. It is just a tax. I certainly understand that some people see it that way, but it is wrong to think of it as an environmental tax. Even the UK Treasury does not see it as an environmental tax. But I certainly read the announcement, and perhaps some of those arguments, with concern.

The important thing is to remember that connectivity is really important. You will certainly appreciate this in Scotland: aviation is not just about holidays. People always say, "You should put the tax up; it's just people frivolously going off on holiday." I actually think holidays are very important to people, but it is really about connecting families and friends, or connecting businesses based in Scotland and people who work for them to other parts of the UK and beyond. Some of that can be done by alternative modes of transport, but a lot of it simply cannot. A businessperson cannot get from parts of Scotland down to Cornwall and back in a day. It will be more difficult to get some of your goods to market without flights to get the freight going. It is not as simple as saying APD should be increased.

Q29 **Chair:** Is it not a general encouragement for some of businesses to use the train instead? Is that not a good thing to try to ensure that we have modes of travel that are not as high in emissions?

Karen Dee: All modes of transport should be efficient. There are lots of things we could do and are doing about sustainability that are not impacted or driven by APD. Our argument is that APD has very little impact on what we will do as a sector to reach net zero. The UK aviation sector was the first in the world to commit to net zero; back in February 2020, just before the pandemic, we launched across the entire aviation sector our road map to get there. It requires lots of interventions and measures taken by the airport, aircraft and air space. But the commitment is there; it's just that APD will have very little influence on that.

Q30 **Chair:** There are other ways to do that. We were just discussing the very

encouraging announcement from the Department for Transport supporting local connectivity and flights from Dundee airport, which Wendy Chamberlain and I use on occasion, to Newquay. Is that £2.5 million in support not better than lowering APD to encourage general use of air travel?

Karen Dee: But none of the revenue from APD is used for that purpose.

Q31 **Chair:** What I am saying is, would it not be better to target support for some of the airports that cannot sustain themselves, rather than just giving a reduction on all air travel across the UK? Would it not have been better to use the resources available to have targeted assistance for those having to connect?

Karen Dee: There is certainly a wider case for fiscal support measures via the PSO system, but I think it would be virtually impossible to design a tax that is flexible enough to differentiate in that way. At the moment we cannot differentiate at all—it is just a domestic rate, a long-haul rate or an ultra long-haul rate. As a tax it does not lend itself to that kind of measure. That is not to say that you could not have connectivity routes, and develop funds targeted at those sorts of things. Those certainly should be explored by Governments as part of the connectivity review and the recovery package. However, that is slightly separate from APD, which just does not really lend itself to that.

Chair: Thank you.

Q32 **John Lamont:** I want to follow up on the line of questioning from the Chair, who is apparently arguing for higher rates of tax for your industry. Could you remind us how many jobs in Scotland are connected to the aviation and airline sector?

Karen Dee: I do not think we have specific jobs figures for Scotland. We know that, across the UK, more than 1 million jobs are supported by aviation, with a further 500,000 in tourism. There are 200,000 jobs just in tourism in Scotland. There is a wide range of jobs relying on it—not just direct employees and tourism. Workers in the oil and gas industry—a really important part of the Scottish economy—fly through Aberdeen airport. It is about the facilities and the economic work that they do.

Q33 **John Lamont:** On higher APD, which the Chair seems to be arguing for, have you done any analysis on how that would impact jobs in your industry, in terms of air routes in your industry and the general wellbeing of your industry in Scotland?

Karen Dee: A couple of years ago, a study was done—not by AOA; I think it was Airlines UK—that looked at how connectivity had been impacted by the situation we have with APD, which has been higher in the UK than anywhere else for a long time. The study clearly showed that, for cities of their size, the connectivity of some Scottish cities suffered in comparison with most other similarly sized European cities. There are studies showing that impact; I will try to find that link and send it to you.

Going back to my comment about trying to make it possible for airlines to make routes viable, that is why airlines have to be encouraged to do that. They have limited fleets and they will put them where they can make the most revenue and be efficient.

Chair: Thank you, that would be really helpful. To be clear, the Chair is not arguing for anything—he is just asking questions on a Committee of inquiry.

Q34 **Wendy Chamberlain:** I want to talk a little more about the connectivity loss. In one response, you mentioned the loss of the Glasgow routes. Do you have any data on what we think the connectivity losses are for Scottish airports, from both a UK and global perspective? You mentioned both in your response about Glasgow.

Karen Dee: I do not have the individual figures. I know that Glasgow put that in its response to the Committee and I suspect, although it is in lots of the papers, that Edinburgh will say similar things. I represent only Glasgow, Aberdeen, Edinburgh and Prestwick. You are right that Glasgow lost all of its transatlantic routes and most, if not all, of its international routes, as well as more than 50% of its domestic routes.

Q35 **Wendy Chamberlain:** Some of that will relate to decisions made by other countries—obviously, the US has only just reopened to international travellers in many respects. Did the decisions of other countries have any impact? Do we have an idea of that?

Karen Dee: Not in terms of percentages. That is certainly a factor. However, we have also seen airlines deciding to change the route. I think it was in one of the points made by Edinburgh that, because of the restrictions in the UK, the airline chose to go via a different hub. Aviation is quite a complex industry. We have the hub at Heathrow, but a lot of UK flights use the hub at Schiphol or go through middle eastern airports. Obviously, a flight has two ends. It will be impacted by the decisions of the UK Government, but it will also be impacted, as you suggest, by the policies imposed elsewhere.

Q36 **Wendy Chamberlain:** You also said that the UK is currently third behind the US and China in terms of hubs. Do you believe the pandemic has put that third-place status at risk?

Karen Dee: Yes.

Q37 **Wendy Chamberlain:** Are there any other factors affecting that? I am thinking about Brexit, for example.

Karen Dee: I don't think Brexit was particularly a concern for us, as aviation, because, as I say, it is a global industry anyway. The pandemic has seen the UK aviation market drop down— temporarily, I hope. ACI Europe—our sort of sister organisation that looks after all of the airports—does have some data, which I could probably forward to the Committee, showing the change in positions of some of those principal airports. Heathrow had dropped far below a number of the key European hubs. Even the data on passenger numbers for the summer recovery shows the

UK lagging behind the others. We are ambitious and hope that we will get back to where we were, because we are good at it, but we certainly are not back where we were yet; we are not the third-largest market.

Q38 **Wendy Chamberlain:** You said earlier that it could potentially be 2025-26 before we see a full recovery, so you will actually not really be able to shake out what is due to the pandemic or other things until that point. The Chair mentioned the UK Government funding, announced this morning, relating to Dundee; that is until 2023 for flights to London. What other support in that kind of vein would you like to see from the Scottish and UK Governments, or what other routes would you like to see developed that UK or Scottish Government funding could support?

Karen Dee: We don't promote or recommend particular routes. We believe that Scottish Government and UK Government, as part of the recovery plans—"recovery package" doesn't just mean fiscal support; it means policy support as well—should be looking at what measures they could implement to help drive connectivity. That is what is important here; it is about improving and recovering the connectivity that we have domestically, within the devolved nations, and elsewhere.

That connectivity is things like public service obligations, route development funds. We believe the Scottish Government, English Government and Welsh Government, should be doing that. I think the Northern Irish actually have some similar funding scheme to help that recovery. However, as AOA, we don't pick particular routes that we think should be developed. It is clear that connectivity is important, both for levelling up and for the wider economic prosperity of the whole of the UK, so we would support measures and policies that can help support that.

Q39 **Wendy Chamberlain:** I have one last question. Taking it back a little to furlough, I am very conscious that you said that your industry was the first to be hit and the last to come out. The furlough available at the very start of the pandemic and the furlough that closed in September were very different, in that a lot of costs were still being borne by businesses as the conditions around furlough got less good. What kind of impact has that had on the debt for your members?

Karen Dee: It will certainly have increased that. I think some data suggested that, at the end of September, more than 50% of aviation workers were still on furlough. A large proportion of that was probably airline staff. As I mentioned before, there are certain key functions that airports must have, and they just had to get those people back so they could be properly operational.

Q40 **Wendy Chamberlain:** You also said that there were quite a lot of redundancies in some airports. Is that potentially linked to the fact that furlough decreased in value?

Karen Dee: That was certainly the case earlier on. We did not see quite so many redundancies for this last period, but it was certainly the case in the changing of the furlough scheme earlier on. I think it fair to say that most of the job losses had already happened and airports had resized their

businesses based on where they hoped to get to, and it will be a case of scaling up.

Q41 **Wendy Chamberlain:** But that sector-specific offer that was mooted might have alleviated some of that.

Karen Dee: Potentially, yes.

Wendy Chamberlain: Thank you very much.

Q42 **Deidre Brock:** We have talked a bit about COP26. I note that the International Aviation Climate Ambition Coalition issued a declaration on 10 November saying that it recognised "international aviation's material contribution to climate change through its CO_2 emissions". It continued by saying it would commit itself to advancing "ambitious actions to reduce aviation CO_2 emissions at a rate consistent with efforts to limit the global average temperature increase to 1.5 °C." I realise the AOA has issued a decarbonisation report. How do you balance the need to decarbonise the industry with the economic benefits of aviation and the connectivity that you were talking about?

Karen Dee: I am pleased that you talked about benefits, as well as some of the costs. First, UK aviation has committed to achieving net zero by 2050. UK airports will certainly play their part in some of the things that they control, but we are also a part of the wider coalition called Sustainable Aviation, working with the aerospace manufacturers and the airlines to create that road map. The roadmap that we have for the UK is across all those elements, and airspace modernisation, which you will be talking about later, is a part of that.

Our view is that it doesn't have to be either/or. Our road map demonstrates that we believe that we can deliver the net zero targets in a way that should not necessarily prevent us from continuing to grow and provide those economic benefits. We think there is a way through. Because of that road map, at that stage we do not see the case for any artificial suppression of demand. With more of the sorts of things that we have—sustainable aviation fuels, all the things the airports are doing in terms of energy efficiency and transforming their own emissions locally—combined with the kinds of technologies that we will begin to see coming on, show that we could continue to grow, but also reduce emissions.

We are seeing some of that benefit already. Our decarbonisation report showed that passenger numbers have increased but we have been able to reduce emissions at the same time.

Q43 **Deidre Brock:** Is that just reducing emissions from the airports themselves? What influence to you have on the airlines? Things like the low tax, if any tax, on aviation fuel is an issue for many people, which has been brought up many times. Where are you influencing airlines to move towards that more sustainable approach? You mentioned sustainable fuels. How many airlines consistently use sustainable fuels in their day-to-day business?

Karen Dee: Sustainable aviation fuels hold real potential, going forward. As a sector, we believe that there is a real role for UK Governments to take advantage of that. They are not easily available at the moment at a commercially viable level, but we have seen, certainly around COP, a number of flights taking place on sustainable aviation fuels. We know that there are some plants that are being trialled in the UK to make that happen. Those offer a big opportunity in the shorter term, while also developing the longer-term technology changes that would be needed for aircraft.

Q44 **Deidre Brock:** How soon do you see those longer-term technology changes taking? How quickly will the industry be able to adapt?

Karen Dee: I think we are already seeing some of those technologies coming about. There are real opportunities for the smaller scale aircraft first. Obviously, hydrogen and electric hybrid-type aircraft are already being tried. The technologies exist, but we have to find how we scale that up or make it work for the longer haul. It will take some time to filter through, which is why sustainable aviation fuels and some of the other measures we take will be really important in the next five to 10 years.

There is a clear pathway. This is not something that we expect the UK to do entirely on its own, although clearly the UK aviation industry is committed to that. We are pleased that there is global action on this now as well, and pleased to collaborate, because you don't design an aircraft just for a UK airport. These are big companies, so there are real opportunities there.

Q45 **Deidre Brock:** Indeed. I am just interested in how you marry up the commitment to net zero by 2050 and continuing for the next five to 10 years before there is any significant change or difference to the overall emissions from the industry? How do you balance those two approaches, which pull away from each other rather than heading down the same track?

Karen Dee: I would not want you to get the impression that nothing is happening now. Emissions are already being reduced. Part of that is focusing on those things we can reduce early; I go back to some of the easier-to-take actions that UK airports are taking at this stage, including on energy use and the kind of vehicles they use. All of those on-airport emissions are part of our whole roadmap and things that we can do now. That is already happening. You will have seen in our report that a lot of airports have already committed to their own plans for driving that. The point of the roadmap is that, although some parts of the aviation sector will take slightly longer to decarbonise, that does not mean that the sector as a whole should not make changes or emissions reductions.

Q46 **Deidre Brock:** Are airports themselves starting to put pressure on airlines to make serious attempts to look at sustainable fuels, for example, in terms of emissions? Is there a part for airports to play in that?

Karen Dee: Certainly there is a part for airports to play in that. A lot of airports are working through various initiatives and schemes to prepare themselves for the types of future aircraft that might come, which will require us to change our operations and infrastructure so that we can accept the different types. That is already happening, so there is that part. I do not think it is really a case of airports putting pressure on. It is very collaborative. We have all been party to this UK roadmap to net zero, and we can see the various parts that we have to play.

Q47 **Chair:** A lot of people watching this will think there is a great deal of complacency when you quote figures such as 950 million tonnes of CO_2 being produced by airlines in 2019, 2% of all human-induced CO_2 emissions being from the aviation industry and 12% of all CO_2 emissions in transport being from aviation. They will listen to what you say and think you are not serious at all about trying to do what you can to reduce this CO_2 footprint.

Karen Dee: No, I think we absolutely are committed to that. Very few other sectors have a roadmap to net zero by 2050 as we have in UK aviation. Aviation is one of the harder-to-decarbonise sectors. We recognise that, which is why we have worked to develop this plan. We take it very seriously. There have actually been a lot of benefits already. Although you might criticise us for being complacent, I do not think we are. We are trying to make sure that people understand that aviation is not delivering all of the carbon. There are lots of things that we can do, but there are other sectors that are also hard to decarbonise. It all has to be UK-wide. We all have to get to net zero, and my members are very committed to that.

Q48 **Deidre Brock:** Can I just ask your thoughts on the EU "Fit for 55" plan, which will end jet fuel tax exemption in the EU? Some 60% of fuel sales will be exempt from that, because it only covers fuel used on private and commercial flights. Can you see the sector supporting that sort of approach in the future?

Karen Dee: Rather like with APD, you can have taxation, but the problem you have with a global industry is ensuring that you do not have disbenefits or incentivise weird behaviour, which is why we have the European emissions trading scheme, CORSIA and all of those things, so market-based measures are certainly part of that. However, we would say that those need to be done globally, if they can be, because you do not want to suddenly export your emissions to a different country or to get false emissions reductions. There are market-based measures that will be out there and they will certainly have a role to play. What we want to ensure via ICAO, for example, is that we can reach a global agreement on that issue, so that we do not get any distorted behaviours.

Q49 **Deidre Brock:** Where are those discussions taking place?

Karen Dee: A lot of these discussions are through ICAO and through other global bodies—IATA, as well. Aviation around the world comes together regularly to discuss all of these things and how you can make that happen.

Q50 **Chair:** Lastly, on airspace modernisation, we know a huge body of work is taking place and we hope to explore it just a little bit in this inquiry. Can you give us your views about how you are observing it and what difference you think it will make?

Karen Dee: We are very supportive of airspace modernisation as a programme. We would probably describe airspace as the motorways in the sky that nobody notices. The system that we have has been in place since the 1950s. It hasn't really been upgraded since then, despite the kinds of technologies that we have. Going back to our discussion about decarbonisation, we also think that it can have a really important role in making routes more efficient, both to and from the UK, and then into individual airports.

So we are very supportive. The programme as a whole is quite complex, but airports are committed to it; you can't do one part of airspace without making sure that it all fits together properly. So we think that the modernisation strategy as a whole is a really good thing.

It will take some time, because it will require a good deal of co-ordination, not just between Scottish airports but between all of the UK airports. There is a lot of overlap between those systems.

It is quite complex. It is quite a hard thing to explain to people, and consulting local communities will be an important part of that process; it is a highly technical thing that we need to work together on. However, not only in terms of carbon but in terms of noise for local communities, there are some real potential benefits to be had by changing and updating the airspace system that we have.

Q51 **Chair:** I see that the UK Government say that it will deliver "deliver quicker, quieter and cleaner journeys and more capacity for the benefit of those who use and are affected by UK airspace." Are we likely to see that in Scotland as a result of this modernisation?

Karen Dee: Yes, I believe so. This is not just about English versus Scottish, or Welsh; it is about UK airspace and how we manage that, into and out of. All areas and all airports can benefit from having a more efficient system and being able to utilise the kinds of technologies that aircraft frequently have these days, which we're not making better use of. And they can reduce unnecessary miles, so that we reduce the fuel bill. So, yes, you potentially can benefit from it.

Q52 **Chair:** Excellent—that's what we like to hear. Thank you ever so much, Ms Dee, for coming and answering those questions so candidly. I think that there were a couple of things that we asked you to supply the Committee with. If you can do that, we would be very grateful.

Karen Dee: Yes.

Chair: Thank you for your attendance today.

Examination of witness

Witness: Dave Curtis.

Q53 **Chair:** Sorry that we are running a little late. For our record, could you say who you are, who you represent and anything else by way of a short introductory statement?

Dave Curtis: Good afternoon. My name is Dave Curtis. I am the director future airspace and operations at NATS. I am responsible for the airspace programme within the NATS business. By way of introduction for those who are not aware, NATS provides the air traffic service, predominantly in the En Route domain but also across the whole of the UK, including the ocean, and we also provide a service into a number of the major airports in the UK, as well.

Q54 **Chair:** Thank you. You were definitely in the room when we were asking Karen Dee about airspace modernisation. I suspect that you are a bit closer to some of the final details. Maybe you could talk us through exactly what is intended by this, and what you see as an outcome objective of the work that is being done.

Dave Curtis: A bit of background: airspace in the UK is very structured. We provide a safe and efficient service to all the aircraft that are flying around the UK. In terms of numbers, what does that look like? In 2019, 2.6 million aircraft flew across the UK or through UK airspace, so it is significant. Roughly 20% of all the traffic in Europe flies through UK airspace because of the ocean. That has been built up over a number of years. These are very structured routes. Anybody who has flown will know that you end up often flying over the same place at the same time, because it operates very efficiently. The thing is, though—I think Karen mentioned this—that airspace was predominantly structured in that way in the 1950s. It was based on navigation aids that were, at that time, on the ground. The majority of them are still in use nowadays. It was quite restrictive.

Obviously, the aircraft have moved on. They are quieter now. They are cleaner now. They also do not rely on those navigation aids in the same way. What we are trying to do in the airspace modernisation programme is use the capability of the aircraft to restructure that airspace, obviously in a safe and efficient manner. That means that you get cleaner and quicker in terms of the operation. The ground services have also moved on. The technology has moved on from an air traffic perspective as well. That is what we are seeking to achieve. I should probably say as well that we are not in the 1950s airspace. It has been built upon, so we are not quite there, but the way to think about it is by analogy. We might have started in the 1950s with a three-bedroom house, which we have built up to a six-bedroom house. At some point, you realise that you can do it a lot more efficiently, and that is what we need to move to.

Q55 **Chair:** I think you heard a few gasps from me there. This is a 1950s infrastructure. Hardly anything flew in the 1950s, if I remember correctly.

Now we are in a situation where there are God knows how many thousands of flights per day. How could we possibly have relied on a technology that is almost seven decades old in order to keep the UK flying?

Dave Curtis: I should say that it was based on the original 1950s airspace structure. It has been developed over the years hugely. We have done airspace change pretty much every two or three years, for the last 20 years in particular. We have certainly built on that. What we have not necessarily done, though, is a full restructure of it around the London area, or around the Manchester and the northern area.

Scotland has moved on. A lot of places have moved on. What I meant, I suppose, for clarity, is that the original foundations of how the airspace was structured have been built upon over the years. Actually, 2.6 million flights flew around safely in the UK in 2019. It is obviously a lot less today. We are only operating at about 65% of where we were in 2019. It relies on the skill of the controllers as well, but the core focus is that those routes are not as efficient as they could be. They are safe, but they are not as efficient as they could be.

Q56 **Chair:** I asked Ms Dee this. Perhaps you could help us a bit more. What specific benefits will Scotland get from airspace modernisation? Is there anything in particular that we can expect to see in our airports?

Dave Curtis: Before I go to the airports, I should probably say that Scotland is going to see a benefit in terms of airspace modernisation next week. We are changing airspace above Scotland next week, from 25,000 feet upwards, as of 2 December, and the old route structure will be removed as we move forward. The airspace above Scotland that aircraft are flying around will see a benefit within the next 10 days. That enables 12 kilotons of CO_2 saving for aviation. To put it in perspective—sometimes we get lost in the numbers—that is the equivalent of about 3,500 flights. It will power Pitlochry for two years. We are delivering that next year.

You asked directly about Scotland. The other thing that we are doing in terms of airspace modernisation for Scotland is working closely with the airports—Edinburgh, Glasgow and Aberdeen in particular—to do the airspace modernisation programme. All of us have started on that journey. We are all going through the airspace change process today. The expectation is to deliver that in the next five to six years. It takes time. Obviously there is a lot of consultation with people on the ground, and we have to do that in partnership with the airlines and with the Airspace Change Organising Group. Again, that will directly deliver significant fuel savings and CO_2 savings for aviation in Scotland.

Q57 **Chair:** I have it in my notes that this is the free route airspace that is opening on 2 December ’21. Is that correct?

Dave Curtis: That is correct.

Q58 **Chair:** Thanks to the good work of our Clerks, we are informed of these types of details. Could you talk us through what this is intended to

deliver? Where has it come from? This is going into operation in Scotland in the next few weeks, so is it likely to be rolled out across the rest of the UK? Is that the plan? Talk us through what you intend with this new initiative.

Dave Curtis: What we will enable on 2 December is for the majority of Scottish airspace. It is not the whole airspace, as there is one portion that is not covered. I will come back to the phasing of it in a second. Aircraft will be able to enter Scottish airspace at a specific entry point and then leave at an exit point. Under the current structure, aircraft sometimes have to fly air routes, which means they might go to a particular point and then across. What they will now be able to do is plan a route directly across Scottish airspace, which is where you get the benefit.

On widening it out across the rest of the UK, there are four phases. The second phase is in the western portion of England—the way to think about it is that it is predominantly from the Scottish border right down to France, and from Ireland right across to Oxford. Phase 2 will be early 2023. The rest of the UK will be in a '25 to '26 timeframe. It will be a bit more complex over London, but we can see significant benefits from moving to those routes.

You asked what aviation is doing now, and I should mention that a significant portion of western France will also move to free route airspace on 2 December. We have had to do some element of UK airspace change, too, because international borders do not necessarily always fit aviation borders. We have done some airspace change there to enable free route airspace across western France at the same time.

Q59 **Deidre Brock:** Mr Curtis, welcome. It is good to see you here. What difference will people on the ground see from this change of routes? Anything? Nothing? I take it that people will not be able to see any change. Someone who lives near an airport, for example, will not see any difference in terms of noise. They will not see any change at all.

Dave Curtis: Let's cover both things. Planes will always overfly somewhere, so I will start from high up and move down, if that works. The free route changes next week are all above 25,000 feet. There is a change, because there will be a slightly different route, but it is not a recognisable change. There will certainly be no effect on noise.

From a NATS (En Route) perspective, in terms of our responsibilities for airspace change, it will be above 7,000 feet predominantly, local to airports. I will come on to that in a minute—I will not ignore it. Above 7,000 feet, Government policy at the moment is to focus on an environmental perspective. Visually, for people on the ground, there is potential at that level, but people on the ground are predominantly not affected noise-wise above 7,000 feet.

Closer to airports, people are obviously affected. There is a full consultation process, and we work closely with the airports. It is an airport responsibility to change the local airspace, and they know their communities best. They know how to run the consultation, and we do that

in partnership. A lot of the time, when delivering airspace change, it has to end up somewhere, so we work closely with the airports in that space. They know their communities, and there is a process we all have to follow, which is very transparent. We all have to consult with the people who are affected on the ground about the airspace changes we are implementing. We are doing a London one in February, and we have worked closely with Luton to consult all the people around Luton to deliver that airspace change. It is now done very openly following the CAA process.

Q60 **Deidre Brock:** Have any major concerns arisen as a result of those consultations?

Dave Curtis: What we have to do in all those formal consultations is take into account the responses of people on the ground. We follow a 12-week consultation process and can adapt airspace designs, having taken into account the responses.

Q61 **Deidre Brock:** I think you previously mentioned one airport that is being phased in.

Dave Curtis: Yes. We are doing an airspace change in February—it is not in Scotland; it is to the north of Luton. We consulted people on that virtually during covid and we had more responses to that consultation than to any we had ever done before, so we recognise that that works. That is a vehicle that, like everything, was adapted during covid. We did that consultation in the middle of covid.

Q62 **Deidre Brock:** That's good; thank you. Can you expand a little bit about the roles and responsibilities of Aberdeen, Edinburgh, Glasgow and Glasgow Prestwick airports in the modernisation programme?

Dave Curtis: As Karen mentioned before, we work closely with the airports on making sure that airspace changes fit together. We deliver the service in the En Route phase; the airports deliver locally. They will follow a consultation process, which they have now started. That is why we have an integrated delivery plan in terms of timescales. We also make sure that their airspace changes fit into the wider networks. As an example, Edinburgh started an airspace change two or three years ago which they stopped—they are now moving to a different one. We make sure that we work closely with those airports to be able to deliver quicker, quieter and cleaner airspace for the future.

Q63 **Deidre Brock:** Good; thank you. What is contributed by airports that are not involved in the programme? Will they be involved in the programme going forward?

Dave Curtis: Yes, completely. We work in partnership, and at the moment there is a future airspace strategy initiative that is not just for Scotland—it is 17 airports across the UK—which will enable the airspace change in Scotland that we were just talking about and which was the focus of your question. In that programme, we are also delivering an airspace change around Manchester, Leeds and London. All of the major airports, as Karen mentioned, are fully supportive of the airspace modernisation programme.

We need to ensure that the investment plans all match up. We have been affected by covid—the industry has perhaps been affected by covid more than many others—so that has seen a delay and obviously an impact recently. From a NATS perspective, we have continued to try to deliver some of the airspace change that I just talked about throughout covid, but we need to ensure that we work with the airports.

Q64 **Deidre Brock:** Will the much smaller airports fit into the programme as well? I am thinking of Stornoway airport on Lewis—I hope I don't get in trouble for describing it as a small airport. But are, say, airports smaller than Edinburgh all going to be included in the programme as well?

Dave Curtis: The intent is that this is not an exclusive club at all. Any airport can join the airspace exchange programme if they have been invited to join. If we are delivering an airspace change programme, it has to be joined up, particularly when one airport is reliant on another. Airports can often be quite close together and affect each other, so we have to ensure that, in the airspace designs, the smaller airports are accommodated in the same way.

Q65 **Deidre Brock:** I am sure the focus is always on safety.

Dave Curtis: One hundred per cent. We have to ensure that whatever gets implemented is focused on delivering a safe and efficient service. Certainly from a NATS perspective, safety is paramount in all the airspace change we do.

Deidre Brock: Good. Thank you.

Q66 **Sally-Ann Hart:** Good afternoon, Mr Curtis. You just said that the free route airspace and the Scottish upper airspace will be implemented next week, but what barriers might prevent airspace modernisation from taking place within the timescale laid out in the airspace modernisation programme, given the pandemic, which came after 2018?

Dave Curtis: The barriers—you mean in terms of what is impacted because of covid?

Sally-Ann Hart: Or just barriers in general. I presume that you are going to say covid.

Dave Curtis: I won't say "covid"; I won't use that. But what I will use is the fact that the impact that it has had on the industry, in terms of investment in particular, has been significant. That is the case from a NATS perspective as well. We furloughed a number of the staff; we have a centre up in Prestwick as well, so we furloughed some of the staff. That included some of those people who were working on the airspace modernisation programme and particular elements. That has had an impact.

Airports have had significant impact on their investment programmes; their focus has been on other areas, understandably. Certainly, from a NATS perspective, what we are trying to do is make sure that that is a barrier that we should now be moving away from. The funding that the

Government have given to help the airports as well, to bridge that gap as we move forward and start to build the airspace change, is important. There is still a long way to go. I do not underestimate it. The consultation that I have just talked about, the number of people who are affected on the ground, the size of the airports—we have to do a consultation, and we focus on doing a consultation properly. We also have to make sure that those designs are delivered in a safe manner, but we have been working on it for a number of years, so this is not like an empty—blank—piece of paper; this is about making sure that we can do it. There are still barriers there. There were always going to be with something of this size and scale.

Q67 **Sally-Ann Hart:** You mentioned funding from the Government. Are you confident, or do you need more funding from the UK Government? If so, are you confident that you will get it?

Dave Curtis: From a NATS side, our funding actually comes from the unit rate, so our capital investment comes from the unit rate that we charge for people to fly around the UK. Our funding is from there; we are not reliant on the Government funding. The airports are utilising that funding. That is co-ordinated through the Airspace Change Organising Group, which was established three years ago, with Government and CAA support. In terms of that funding, the focus for us has been about making sure, from a NATS side, that our funding is secured. We are consulting our airline customers as we speak. From an airport perspective, the airports will know the level of investment that they need from the Government. We recognise the industry is still in its recovery phase, and I am sure those challenges will be taken forward. Certainly, the funding for next year will be needed.

Q68 **Sally-Ann Hart:** Thank you. From both the airport point of view and the NATS point of view, do you need any further UK Government support, or are you anticipating that it will be forthcoming?

Dave Curtis: Certainly from an industry perspective, the support we continue to need from the Government is in terms of their focus and drive for airspace modernisation—their recognition and their need for it. The policies and strategies that we have had now need to be driven into implementation as well, so the support we can get from the Government on that will be needed.

Q69 **Sally-Ann Hart:** Do you think it will be needed in order to comply with the timings—to deliver the airspace modernisation programme within the timescale? Do you think that is why you are going to need more support?

Dave Curtis: I think we are going to need support; and we, as industry partners, need to work together. It is an industry-wide thing, so it will require support from the Government and each of us as industry partners within it. It also needs the Civil Aviation Authority. It needs all of us to work together to make sure we implement it.

Sally-Ann Hart: No further questions from me—thank you.

Q70 **Wendy Chamberlain:** Thank you for joining us, Mr Curtis. A lot of my questions tie in with what Sally-Ann Hart was just asking about. My understanding is that the UK Government put in £5.5 million to restart the airspace modernisation programme. The question that I had was whether that was new money or delayed money, but I think I am revising that, because obviously it sounds like it maybe should not have been the Government who were inputting into that in the first place. Is that right—that that money, that injection of cash, is what you have not been able to attain from the industry to get this work moving forward as a result of the pandemic?

Dave Curtis: That £5.5 million is for the airports. From a NATS perspective, we have not utilised the funding for that; the airports have utilised that. The airports needed it, to be able to continue the airspace modernisation—

Q71 **Wendy Chamberlain:** That's fine—that was my understanding. I suppose my other question is this. When we listened earlier to Ms Dee, she was saying that they are expecting a recovery as a result of the pandemic to be in 2025-26. It sounds like your timescales are quite aligned in relation to the overall modernisation project. Is that a good thing or a bad thing, or neutral?

Dave Curtis: In terms of when the traffic comes back—

Wendy Chamberlain: Well, I suppose what you are seeing is a phasing-in of improvements that you have described, with Scotland coming in the next 10 days. The industry are obviously expecting an increase as they recover from the pandemic. Is that going to present challenges with implementation?

Dave Curtis: It will present challenges, but it will also provide an opportunity because of the phased return of traffic. We want to make sure that we continue to deliver a service. When it is growing traffic, it is obviously a lot more of a challenge—as it will be for all industry partners—in terms of where we invest. However, there is also an opportunity to make sure that we deliver that airspace change. Build Back Better is something that we have all focused on across the UK. Certainly, from a NATS perspective, there is no better opportunity to make the most of the airspace change over the next few years. We will handle that ramp-up of traffic safely, as we do in the current airspace domain. However, it gives us a chance to build back as well, with less of a direct challenge from the growth that went on over the last few years. We should see it as an opportunity, not a risk.

Q72 **Wendy Chamberlain:** Ms Dee described a number of redundancies in the airports and in industry, and you have described staff being furloughed—some of whom were working on this project. Have you lost a degree of expertise from NATS as a result of the pandemic?

Dave Curtis: From a NATS perspective, some people did leave. I will use the example of the Prestwick centre, as it is local to Scotland. There are about 680 employees at that centre. During the last two years, 45 people

in Scotland left NATS on voluntary redundancy. In terms of the expertise, it was our decision whether anybody could go. It was voluntary redundancy, and we made sure that we retained the skills. I do not believe there has been a significant impact on skill. Otherwise, we would have retained those people. The impact has been significant, and I would not underestimate it, but not in terms of skill. We retained everybody from an operational perspective, so no operational controllers left NATS in that time period. Airspace modernisation has certainly been a focus of NATS and of the Government for the last few years. Nobody in my team—and it is my team—would have left if I had needed their expertise, because it is massively important.

Q73 **Wendy Chamberlain:** Absolutely. I am thinking about the stat you gave us at the start, about the 1950s—I am thinking from Enigma to today. That is a huge shift and, from a learning development perspective, it is crucial.

I have one more quick question. You talked about the ongoing consultation. In September, the UK Government announced that they were scrapping the Independent Commission on Civil Aviation Noise, which had an independent input. I know from those whose constituencies are near airports—although mine is not—that noise can be a continual issue. As you transition in the next 10 days, what further consultation will NATS and other stakeholders do, so that, as Deidre Brock said, those on the ground do not see the impact?

Dave Curtis: I mentioned it before, using the practical example. The one in 10 days' time is much higher, so people on the ground will not necessarily be impacted. Realistically, we have to make sure that we take into account everything that we are told in a consultation, and we did that. I used the practical example before—London, so not Scotland. Certainly, from a NATS perspective, we are very cognisant of the impact that noise has on the ground. We need to work closely with the airports on that.

We will see what we can change realistically as well. We want to remove the amount of holding. There is minimal holding into Scotland, but we can certainly reduce it into the rest of the UK—into Stansted, Luton or Heathrow. That includes slowing aircraft down up to 500 miles, which reduces holding, reduces visual pollution and reduces noise. We need to make sure we focus on that. We will certainly make airspace changes in the airspace that I am talking about—above 7,000 feet—to adapt to what people on the ground respond to in the consultations. I am sure that will be true for the airport partners as well.

Wendy Chamberlain: Great. Thank you very much.

Q74 **Chair:** One of the few benefits of the pandemic for air travel—if you could describe it as such—was that there was no holding. When you went to Heathrow and Edinburgh or Glasgow, you were straight off the ground. From getting on the aircraft to getting off, the flight from Scotland to the London airports in its entirety probably did not take much more than an hour. How much of an impact does holding have on the emissions from

aircraft? Is it like a car idling in a congested area of the city centre? Is it that type of impact?

Dave Curtis: I do not have specific numbers for the impact to hand, so I will write to you with those, if I may. One thing that we have focused on, and I will come back to it, is that, from a NATS perspective, we have implemented a number of things in the last few years. There is the time-based separation tool that we implemented into Heathrow; it reduced the Heathrow reliance on holding. We are also implementing over the next few years, across Gatwick, Heathrow and Stansted, a slowing down of aircraft up to 500 miles away. That is important, and it has been implemented in places such as Paris and Amsterdam. In the UK, we will also be slowing aircraft down in those sorts of places, because the impact that you have a lot further out, with the linear holding, is a lot better than it is with direct holding, but I am afraid that I do not have the specific number to hand.

Q75 **Chair:** I assume that will have a negative impact when it comes to emissions. I am also pretty certain that the trafficking that goes on, particularly at the big airports—your Gatwicks and Heathrows, where it can take anything up to 40 minutes from getting on the aircraft to getting off the ground—must have an impact. Surely it is your responsibility to make sure that those areas are addressed and looked at as a major means to reduce the emissions that aircraft produce.

Dave Curtis: I think that comes back to the point about what we are trying to do within the airspace modernisation programme. The 40-minute wait at certain times of day is something that we are all, as an industry, working to reduce. It has a detrimental environmental impact, and that is why we are trying to reduce it. We have actually worked with a number of the airlines during covid to try to reduce the holding—certainly first thing in the morning—that might have been experienced. Again, that has reduced as well.

We recognise that those sorts of areas are constraints that we should do something about. In the short term, and certainly in the medium to longer term, with the airspace modernisation programme, that will mean less delay on the ground and less delay in the air.

Q76 **Chair:** My point is not about inconveniencing. You are doing wonderful things in the upper sky, and it looks like you are actually starting to make a significant difference to emissions, but that does not mean anything if the aircraft are travelling at 10 miles per hour on the ground, belching out whatever fumes they are and circling round and round London for the best part of 20 minutes before they land. Surely all the good work you are doing in the upper sky is lost with that.

Dave Curtis: I think we should be cognisant that that is not the standard. Aircraft do not go round and round in the hold for 20 minutes or go as slow as you say. The airports have put a lot of time into making sure that they reduce the taxi times that you have just been talking about—we have certainly done that. We have also increased certain elements of the capacity to enable that. The airports work closely with the airlines on scheduling as well because they want to reduce the taxi times; they want

to reduce the holding times that you have just talked about. The 20-minute experience is not the focus of the industry; that is not the norm. Certainly, the majority of the airports actually have minimal holding, if any. Obviously, Heathrow is one of those cases where there is generally more holding than most of the airports, but everyone is working to reduce it. As I have said, some of the initiatives that we have brought in will reduce it.

Q77 **Deidre Brock:** I just want to pick up quickly on something you mentioned before, Mr Curtis, about the fact that just four airports in Scotland are part of the programme. I note that the other airports in Scotland are not part of the programme. HIAL—Highlands and Islands Airports Ltd—is developing its own air-traffic management strategy. You said that anyone who wanted to join the programme could, but do you know why HIAL, which includes airports such as Stornoway airport, has chosen not to?

Dave Curtis: No, I do not know. The Airspace Change Organising Group, which I spoke about before, is responsible for co-ordinating the partners into that programme. Certainly, from a NATS perspective, we have been involved in that programme right from the start. Any engagement would be to the benefit of HIAL, should it choose to join. That would be a matter for ACOG and HIAL.

Deidre Brock: Okay, we will speak to them. Thank you.

Q78 **Chair:** Lastly, I like the sound of what you are saying about emissions under the modernisation and the new initiatives coming into place. You have been in the industry for 20 years and have been director of future airspace since 2013. Can you identify anything more that we could be doing right now to reduce emissions from air travel?

Dave Curtis: The one thing I should say is that NATS has been committed to delivering this over the last number of years. Since 2012, we have enabled 1.2 million tonnes of CO_2 savings—we have been working on that for a long time. Airspace modernisation is part of it and will be the next significant change. That goes on relatively frequently in my terms, although perhaps not frequently in others. Certainly, we are focused on that, given the 1.2 million tonnes that I have just talked about.

I should probably also say that the changes we will make next week—the 12 kilotons—are not for 12 kilotons throughout, but per year. That is the power for 3,500 homes per year as we move forward. I hope that the 1.2 million tonnes allow the Committee to see how dedicated we are to delivering the environmental performance that we all desire.

Chair: Excellent. Thank you for that, and for coming along to help us out on the first day of our inquiry into airports in Scotland. It has been fascinating just finding out the facets of the sector and some of the things that we need to look at in the course of the inquiry. Thank you very much for attending.