



Scottish Affairs Committee

Oral evidence: [Airports in Scotland, HC 601](#)

Monday 10 January 2022

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Members present: Pete Wishart (Chair); Mhairi Black; Andrew Bowie; Wendy Chamberlain; Alberto Costa; Sally-Ann Hart; John Lamont; Douglas Ross.

Questions 79-170

Witnesses

I: Gordon Dewar, Chief Executive, Edinburgh Airport; Inglis Lyon, Managing Director, Highlands and Islands Airports Limited; and Brian McClean, Director of Communications and Sustainability, AGS Airports Limited.

Written evidence from witnesses:

- [Gordon Dewar, Chief Executive, Edinburgh Airport](#)
- [Inglis Lyon, Managing Director, Highlands and Islands Airports Limited](#)
- [Brian McClean, Director of Communications and Sustainability, AGS Airports Limited](#)



Examination of witnesses

Witnesses: Gordon Dewar, Inglis Lyon and Brian McClean.

Q79 **Chair:** Welcome to the Scottish Affairs Committee and our first formal session on airports in Scotland. It is the first time, I think, that the Committee has looked at this as an issue, and we are really grateful to our guests today, who I will now let introduce themselves.

Gordon Dewar: Good afternoon. I am Gordon Dewar, the Chief Executive of Edinburgh airport.

Inglis Lyon: Good afternoon. My name is Inglis Lyon and I am the Managing Director for Highlands and Islands Airports.

Brian McClean: Good afternoon. I am Brian McClean, the Director of Communications and Sustainability at AGS Airports. We own and operate Aberdeen and Glasgow airports.

Q80 **Chair:** Thank you ever so much for that, and for giving us your time this afternoon. We had to quickly rearrange a session from a few weeks ago, just before Christmas, so we are grateful that we have you all here today.

Let's start off, and we will allow everybody on the panel to answer this. We know that it has been a tough couple of years for the whole airport sector. We do not need to start to describe the difficulties that you have had as a person-to-person business and sector that relies on close contact with members of the public. Could you give us a flavour of what it has been like, and what you have identified as the major difficulties? We will come to specific questions about what has been done in order to assist and support, but just give the Committee a sense of what it has been like for you in the last couple of weeks. We will start with you, Mr Dewar.

Gordon Dewar: It has been a bit of a rollercoaster ride for the last two years, as you can imagine. Basically, we were clearly very directly legislated out of business, in a sense. There were restrictions directly on flights in some cases, but more often there were restrictions on what passengers could do, either directly around international travel or indirectly around personal travel. For example, people were not allowed to leave their local authority area, which effectively meant that international and other domestic aviation was pretty much barred for the vast majority of people. At the bottom of the curve, we were down at less than 1% of pre-pandemic levels of demand, which is actually worse than being closed, because you have all the costs of being open but very little revenue to support that.

As a business, we probably lost over £100 billion over that period. We have obviously had to take on additional debt to cover that, and we are still in a fragile recovery, where continuing waves of the disease, and therefore restrictions targeted at managing the disease, mean that we are very far away from normal levels of demand and, as importantly, normal levels of confidence about the future. Consumers are just not booking in



the numbers that we would hope to see even for next summer, or this coming summer, simply because there is so much uncertainty about that.

Clearly that has impacted all parts of the industry—everything from retailers in airports to the handling companies, owners and operators like ourselves—but also, really worryingly, the much wider network that relies upon us. An obvious example is tourism in Scotland, which is the largest employer in the country; yet there has been virtually no international inbound tourism now for two years, and we are going into what is effectively the fifth straight winter with no break of the summer season to fund it. I am as concerned, if not more concerned, for some of the other parts of the sectors that rely upon international travel as I am about the short-term future for ourselves.

Q81 Chair: I went through Edinburgh airport last night on my way down to today's session, and I noticed that it was very quiet. There is not much in the way of restrictions. Do you feel that the public are just not flying now? Do you have any reasons why you think it is so quiet?

Gordon Dewar: I fundamentally disagree. We have phenomenal restrictions in place at the moment. It has only been in the last week that we have dropped the requirement for pre-departure tests plus a two-day PCR test on arrival, plus self-isolation when you get the answer. If you consider the prospect of somebody coming as an international visitor to Scotland, why would you? The restrictions are far, far harder, and have been throughout the pandemic, here in the UK, and in Scotland in particular, than they have been anywhere else, so it is a deeply unattractive place to come, whether for study or tourism.

If you consider the costs, you are talking about an extra £100 or £150 per person just to meet the regulations. I am talking about some huge uncertainties. If a Scot—by far and way the majority of people travelling through the airport in the last two years—has a pre-departure test that they fail on the way home from holiday, they are stuck there for 10 days and have to find the cost of accommodation and everything else that goes with that, in an unplanned way, so it is incredibly restrictive.

Q82 Chair: But the restrictions are being lifted. You must be looking at the coming year with a bit more confidence and certainty. There does not seem to be any prospect that they will be returning. There has certainly not been any discussion or debate about that. You will be pretty much back to a pre-pandemic situation, won't you?

Gordon Dewar: We are a long, long way from a pre-pandemic situation. We are going back to where we were in September or October, when we still had the need for a pre-booked arrival test. The lateral flow test is a bit less expensive and easier to deliver, but that is still seen as a significant barrier, particularly for people that might want to visit this end. Typically, Edinburgh is pretty balanced 50:50 in terms of inbound international visitors coming here and outbound Scots. At the moment, we are about 90:10, so half of our market is missing because Scotland and the UK is an unattractive proposition for people to travel to. That has been felt across



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all the sectors. If you look at the university sector, you will find a significant loss of international students coming to study. We are a very, very long way from getting back to anything remotely approaching normal. It would be extremely helpful if we could have a map of how that might come about in the coming months. At the moment, it is not there, and that feeds through into consumer confidence because they just don't know what to expect in the next five months, never mind the next five minutes.

Q83 Chair: Thank you. Mr Lyon, what has your experience been in the last couple of years? Do you want to tell the Committee what it has been like for you?

Inglis Lyon: Slightly different to Gordon. We operate 11 small airports in the north and west of Scotland. I believe you have been up to Kirkwall, so you have seen Kirkwall. Our role during the pandemic has largely been about maintaining lifeline services, and they really are lifeline services. It is the other end of the Aberdeen oil and gas business. It is patient transfers to hospitals. It is medical supplies going back and forth. When the initial lockdown happened, we put in place with the Scottish Government and with our largest customer, Loganair, a skeleton service that ran north from Aberdeen, up to Shetland and down—*[Interruption.]*

Q84 Chair: I think we have lost Mr Lyon. We will do what we can to make sure his line is restored. We will go to you, then, Mr McClean. Same question: what has it been like for you? What would you like to tell the Committee about the experience you have had in the past couple of years? If there is anything in particular that you want to highlight, now is your chance.

Brian McClean: As an industry we are quite adept at dealing with crisis, but the speed at which this unravelled—we are now nearly two years into it—was certainly a shock to the industry. I can provide some figures by way of context. Aberdeen airport carried about 3 million passengers in 2019. Last year we finished with about 1 million to 1.1 million. Glasgow airport carried 9 million passengers in 2019. We finished at around 2 million last year. The last time we carried 2 million passengers was in 1973. This has absolutely set us back decades when it comes to loss of passengers and loss of connectivity. We have not had a chance to get going at any point over the past two years, and that is down to the restrictions that Gordon alluded to. There has been a complete collapse in passenger confidence, and that is because the restrictions have been overly complex. They have changed frequently as well.

Even if we look at the seats that are on sale at Glasgow airport this month compared with November, just two months ago, there are 100,000 less seats. Airlines were putting in schedules at a point before the most recent restrictions were introduced, and they reacted straightaway when they were brought in. There were reports over the weekend that there has been a spike in demand, which shows there is a pent-up demand for travel. People want to travel and people need to travel. Also, we remained open throughout the pandemic when perhaps it did not make financial sense to do so. That was to provide lifeline services. It was also to support key



workers being able to move around the UK. Also, in Aberdeen, it was to ensure that, essentially, we kept the lights on and the oil and gas industry could continue to operate, because of the huge helicopter operations that go in and out of Aberdeen. We stayed open to support the country through the pandemic, but our airports—you went through Edinburgh last night, and it would be a similar scene at Aberdeen and Glasgow, should you travel through both of our airports—are very quiet. A lot of the retail and catering operations have closed. Some have still to reopen and some may not reopen. So it has been a difficult time, not just for the business but for the people who work for us.

Q85 Chair: I am grateful for that. We've got you back now, Mr Lyon. I don't know at what point we lost your connection, but the floor is yours again.

Inglis Lyon: Thanks very much, Chair, and apologies for that. Our position is slightly different from the position that Gordon and Brian have had, in that we exist solely to provide these lifeline services. During the pandemic, we operated a number of skeleton services running north from Aberdeen into Sumburgh and Kirkwall, and running west from Glasgow into Stornoway and Benbecula and also into Barra, Campbeltown and Tiree, and then between the west and also the capital of the highlands, Inverness.

The primary role of these was to ensure that these remote communities remained connected. It was to ensure the movement of key personnel and, as I say, to keep these lifeline services going. The current position where we are is that we are currently running, year to date, approximately 50% down on pre-pandemic levels—that is across the patch—and at the end of the pandemic, the first year of the pandemic, we finished up about 80% down. That was helped, obviously, by the business that we have up in Sumburgh, which is the opposite end of Brian's oil and gas business in Aberdeen. We run the other side of it up in Sumburgh.

What we are hearing thus far—you will be aware yourself—is that with every announcement of further restrictions, confidence just falls off a cliff, and so do the passengers in terms of using the services. We are very much aware that airlines like British Airways and others have already experienced quite a tailing-off during December and January, and are cutting back in December and January, with hopefully a bounce back around March/April. Domestic traffic will bounce back sooner than international traffic; international traffic is still forecasted to come back on to pre-pandemic levels by 2024-25, which is a further three and a half years away.

Q86 Chair: I am grateful; thank you. Can I just ask a little about your views about what you have secured and received by way of support from Government? I do not know if you have managed to make use of some of the financial support that was available from the UK Governments. Could you tell us if this was adequate to at least see you through part of the difficulties that you had?



Inglis Lyon: Yes, we did very well. You will be aware that we are a Government-supported organisation. We receive about 50% of our revenue funding from Government, and to ensure that we remained open and ensured these lifeline links, funding for us in terms of providing these lifeline links was not an issue. In terms of the support from central Government, we availed ourselves of the furlough scheme, and at one point had about one third of our staff on furlough. We also availed ourselves of rates relief, which is very useful for us, given the amount of property and estate that we have over the north and west of Scotland.

Q87 **Chair:** Mr Dewar, did you make use of the loans that were available?

Gordon Dewar: Yes, a very similar picture. There is nothing very specifically in the sector, but clearly we had the furlough scheme, which, again, we used very heavily. I think we had about two thirds of our staff on that at the peak, and then sort of tailored that down, albeit we still had to make the very tough decision to lose about a third of our colleagues. There have been over 2,000 jobs in total lost on just the airport campus alone, across all the operating companies.

As you say, we also had the rates relief, although again, the rates are there as a proxy for local business tax, and we use property value as a proxy for profitability. Not paying tax against losses is exactly the same as we got for business rates, and we haven't paid any business rates for two years, either. While it was welcome and quickly delivered and promised, so we could at least plan for it, it does seem fairly reasonable that if we are legislated out of business, we are not taxed for the delight of that.

Q88 **Chair:** What about you, Mr McClean? How did you find the support you got from Government? Is there anything you might want to suggest to us that we could have done better—any funding stream that might have been more helpful?

Brian McClean: At the outset of the pandemic, the Chancellor did commit to providing sector-specific support to aviation, and that was, I must admit, a huge comfort at the time, but that did not come to pass. We could have done with that. Inglis mentioned the fact that, due to the ownership model, they were able to keep open and it was not an issue. We stayed open, but we still had to fund that ourselves.

We did make best use of the furlough scheme—at the height of the pandemic, probably 40% of our workforce were furloughed—but that quickly tapered off. Because of the need to stay open, we still need to have a certain number of staff on site, whether we have 10 flights a day or 100 flights a day.

The Scottish Government did move quickly by providing rates relief. That was extended for two financial years. It has not been put in place for the financial year coming, and that is something we would like to see come back. We also had support with police costs.

Q89 **Chair:** Mr Dewar covered some of this, and we have discussed the prospects as we go forward. Are you feeling a bit optimistic, now we are in



what looks likely to be an improving situation? With some of the regulations for international travel being dropped, what do you feel about that, Mr McClean?

Brian McClean: It is difficult. Just reading the reports at the weekend about the spike in bookings, that does demonstrate that there is that pent-up demand. My concern is that we have been here before—we were here this time last year—and then another variant comes into play and we are quickly faced with having to deal with new restrictions.

That is why it is really important that we start to plan for the long-term recovery of aviation, having a longer-term view. In a crisis, our long-term view diminishes and we focus on dealing with what is immediately ahead of us, so we need that longer term.

We are hopeful that we are coming out the other side, but it will take us years to get back to pre-pandemic levels—2025 or 2026 at the earliest. That is because, as we come through this, there will be fewer airlines with fewer aircraft, but there will be the same number of airports, all trying to attract these airlines back into our bases, our airports.

Q90 **Chair:** What about you, Mr Lyon? What is your view of the way forward? Are you looking at it with confidence?

Inglis Lyon: The biggest danger we have is that we do not invest in the recovery. The biggest danger we have is that we leave things to chance. We now have to start planning for that recovery, planning to make UK plc one of the places where people want to go to and fly from. At the minute, that road map—if you want to call it a road map—is just not there. We are still very much in firefighting mode, which is entirely understandable, but we almost need to be spending as much time on looking at the recovery period as we are doing on the firefighting part of it. That is the bit that is missing just now.

Chair: I am grateful for all that. John Lamont.

Q91 **John Lamont:** Thank you, Chair, and good afternoon to the witnesses. First, I have a couple of quick questions to you all, starting with Mr Dewar. Will you quantify how many jobs have been lost by your airports since the start of the pandemic, as a consequence of the restrictions?

Gordon Dewar: At Edinburgh Airport Ltd, which is the company I represent and which owns the airport, we lost about 250 jobs out of 750 in the first year of the pandemic, but across the campus as a whole, more than 2,000 jobs were lost—that represents retailers, handling companies and a whole raft of different parts that make a campus of 7,000 work. The ratios are very consistent: about a third of all jobs on airports were being lost directly. That is pretty consistent across the UK, certainly for the privately owned airports. I worry that it will be much deeper than that when we look at all the other sectors that rely on us, such as tourism, as I mentioned before.

Brian McClean: Yes, that figure is certainly consistent. At Glasgow, 2,000 jobs approximately have been lost—that is direct and indirect—and at



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Aberdeen, it has been approximately 400 jobs directly and indirectly. It is a really worrying figure, but Gordon is right that there is also the knock-on impact that the restrictions and the pandemic have had on the sectors that rely on us.

Inglis Lyon: At Highlands and Islands Airports, we did not have any job losses at all. We are a Government-sponsored company, so that was the case. However, across some of the smaller airports—and some of the larger ones—we lost a number of concessions, which stopped trading.

Q92 **John Lamont:** Thank you. Mr Dewar, is the aviation skills retention platform something you have been able to use at all?

Gordon Dewar: Yes, we are really supportive of the principle of that. We have signed up to it and we are using it, in terms of advertising availability and looking for candidates. I think it is a great initiative. However, I would say that it is not punching as well as it might in terms of its visibility and findability through web searches and so on. More needs to be done to get the best out of that very good idea, but we will continue to support it and make use of it. I just hope that it gathers some momentum and helps us punch. We are, frankly, back in that recruitment drive. Across the campus, we are hoping to recruit about 1,000 people before the summer. That in itself is a huge challenge and a bit of a risk. But that is a good problem to have for the first one or two years.

Brian McClean: It is something we are looking at. It is a portal for aviation companies to advertise their vacancies. It is a good initiative. When it comes to the point when we start recruiting, we would be supportive of it, yes.

Inglis Lyon: We are not in the same position. It is something that we are aware of, but it is not something we have taken up yet.

Q93 **John Lamont:** Moving on, I am just thinking about international travel restrictions, which we are currently having to follow and which we have had to follow for the last two years. I am just thinking about the differences between Scotland and the rest of the UK. Many of the restrictions are very similar across the United Kingdom, but there is, certainly now, a difference in mood music coming out of the Scottish Government compared with the UK Government. How is that impacting on your business, Mr McClean?

Brian McClean: Throughout this we have called for an evidence-based, consistent approach across the UK. There was, and there continues to be at times, a divergence in approach when it comes to placing restrictions on international travel. For us, that is really challenging. There were points during the height of the pandemic, or when we were coming out of the pandemic, when you could fly to one country from England but not from Scotland. For us, that was the worst of both worlds. What we saw was that airlines would follow the passengers. Passengers still wanted to travel, so the only real winners were the likes of Manchester and Newcastle airports, where passengers from Scotland would travel to fly. I say it was the worst of both worlds because there was no public health benefit there. People



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were still travelling. It is really important that there is a joined-up approach when it comes to the four nations.

Inglis Lyon: I agree entirely. The lack of a four-nation approach to international travel really wasn't helpful at all. It is very difficult to explain.

Gordon Dewar: I echo that. It is not always about the hard-line restrictions. There is also different mood music. Even when a four-nation alignment has been delivered, we have seen Scottish Ministers still talking down and asking people not to make use of these relaxed restrictions. There is a softer element as well as the restrictions, which I think is unhelpful. It is no surprise that, if you look at the UK and Scotland compared with the recovery we are seeing in Europe, the UK has traditionally throughout this been stricter than most of Europe and less co-ordinated and is now significantly lagging behind the European recovery. Scotland, within the UK, is slightly stricter and slightly lagging behind the UK. The passenger numbers and the airline seats flying mirror that. We are behind England, and England and the UK are significantly behind Europe.

Q94 **John Lamont:** Thank you. On a slightly different subject—though still to do with aviation—Prestwick airport received almost £50 million from the Scottish Government. Mr Dewar, have you received similar support from the Scottish Government?

Gordon Dewar: In terms of the support we were talking about already, we have received a rapid commitment to not paying rates for the last two years. It would be nice to see that extended, because we are very far from out of the crisis. We also got very helpful support by waiving police costs, which we normally pay in addition to our business rates. That is quite unusual for a business, but that is the peculiarity of airports. Both of these were welcome, but in terms of a specific sector or airport-related support, there has been nothing further.

Q95 **John Lamont:** Presumably Prestwick airport gets that type of support—the rates and the other support you identified—from the Scottish Government on top of or in addition to the £50 million loan?

Gordon Dewar: I have not seen that confirmed. I have always assumed so, but I have not seen it in black and white.

Q96 **John Lamont:** Mr McClean, has your business received the £50 million support from the Scottish Government?

Brian McClean: No, we have not. As I say, we have received the rates relief. For Aberdeen and Glasgow, that probably totals about £8 million per year, but not the £50 million, no.

Q97 **John Lamont:** What sort of impact does that have, Mr Dewar? Does having that type of state intervention in a commercially-operating sector put your business at a disadvantage?

Gordon Dewar: It clearly does. We are on the record, pre-covid—it is nothing to do with covid—saying that having a subsidised airport that



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doesn't have to live within that level playing field is not helpful. Because of the geographical location, it's probably more directly impactful on Glasgow airport. It fundamentally skews what should be a competitive and fair playing field, whether you've got a covid crisis or not, and it doesn't help that. Equally, as a taxpayer, I am at something of a loss as to what would be achieved by that level of subsidy. It would be good to see an endgame that stops seeing that amount of money spent on an airport that doesn't sustain jobs in any meaningful way; instead, we could perhaps invest similar quantities in the recovery and getting us back to where we were in 2019.

Q98 John Lamont: Absolutely. You mentioned the endgame—at the weekend, *The Scotsman* reported that the Scottish Government have rejected a £10 million bid for Prestwick airport. Do you think that the Scottish Government want Prestwick to go back into the private sector, or are they happy holding it as a state-owned asset?

Gordon Dewar: I am not privy to what the Scottish Government think they want to do with Prestwick airport.

Q99 John Lamont: Okay. Mr McClean, Mr Dewar mentioned the skew or impact that this type of loan to Prestwick might have on Glasgow. Do you recognise the impact it is having on your operations?

Brian McClean: Absolutely. It distorts the market completely. The clue is in the name: it is called Glasgow Prestwick airport. Some of the passengers going to the destinations it serves are from our catchment area. I think about what we could do to restore connectivity with similar levels of funding, which would go a long way to helping Scotland get back on its feet, from a connectivity point of view.

Q100 John Lamont: Finally, the same point I made to Mr Dewar about the report in *The Scotsman* at the weekend about the £10 million bid. Do you think the Scottish Government want to hold on to Prestwick in the long term?

Brian McClean: That is a question the Scottish Government will need to answer. We have consistently said that there needs to be an endgame. It does distort the market and it has a huge competitive disadvantage for Glasgow.

John Lamont: That is very helpful, thank you.

Q101 Andrew Bowie: Thank you very much, Chairman. Good afternoon, gentlemen, and thank you for taking the time to speak to us. I'm going to speak about the retention of routes, attraction of new routes, air passenger duty cut and the Peter Hendy Union connectivity review, all in the allotted time I have. First, I want to ask Mr Dewar about your written evidence, in which you spoke about the difficulties facing Edinburgh airport due to airlines moving routes from Edinburgh to other EU airports. Could you expand on what you meant by that, how they are doing that, and what the UK and/or Scottish Governments could do to help to prevent it?



Gordon Dewar: There are a number of factors here. Even pre-covid, the UK was quite an expensive market to operate in, with things like our APD being the highest in Europe. There are various other tax burdens and other issues, not least the fact that Scotland is the very tip of the north-west fringe of Europe, so it's more miles for airlines to fly there—they need to burn more fuel, there are more costs and it takes more time. We have some intrinsic competitive disadvantages, some of which are designed in because of tax regimes and others are just because of our geography.

When you get into a crisis such as covid, as has already been said, you are going to see significantly less capacity across European networks, with airlines going bust, reducing fleet sizes or simply parking them up for a few years while we grow back to where we were in 2019. We are clearly all competing in a smaller marketplace. There is now a double or even treble whammy, because Europe has managed a much more consistent approach to restrictions and travel in the EU is therefore much more consistent and much simpler to understand and deliver, and there are lower costs with fewer restrictions. Huge sums of money have been thrown at its sector—both airports and airlines, as well as ancillary support such as marketing or tourism. Ireland, for example, has put €90 million into a future fighting fund to recover tourism in Ireland, which dwarfs anything we've ever seen at a Scottish level and, in fact, would dwarf much of VisitBritain in terms of the scale of ambition.

On top of that, we consistently have tighter restrictions than the rest of Europe. We start behind, in a less competitive position, with no real signal as to the plan that Inglis mentioned we would need to have—where is the route to trading ourselves out of this? We are not asking for handouts; I do not think we need cash sums thrown at airports or airlines. I do not think that would be a very effective use of public money. We want a trading environment where we can use the strength, capability, skills and experience that we have to trade our way back to the connectivity we knew we could deliver in 2019 and beyond. That is really the ask: that we find ways for marketing the restart of tourism; and that we look at APD holidays, or at least spending APD tax take on things that will benefit the recovery—which might include environmental concerns and decarbonisation, I should add.

Q102 **Andrew Bowie:** Mr McClean, I am what might be described as a frequent flyer at Aberdeen airport; I go through there twice a week. It is certainly busier there now than it was at the height of the pandemic in 2020. There are certainly more routes available from the airport, but it is far less than we had before we went into the pandemic. What has contributed to that, as you will know, is the collapse of Flybe and the lack of connectivity to London; it is only operated now by British Airways, with fewer flights than they had pre-pandemic. Are you facing the same problems at Aberdeen airport as Mr Dewar is facing at Edinburgh airport, or is it something different, given that the type of passenger who used Aberdeen airport was slightly different from the type of passenger who uses Glasgow and Edinburgh, for example?



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Brian McClean: No, I think we are facing very similar challenges. If you look at Scotland in the round, pre-pandemic we had a connectivity deficit. There was a paper prepared by Airlines UK and ABTA in 2017 that looked at Scotland and another 10 countries of similar size populations. Scotland generally ranked about tenth out of the 11 when it came to countries served. That was produced in 2017, when I think we were enjoying record levels of passenger numbers.

You are right to mention Flybe. Before covid hit, we were all dealing with the collapse of Flybe, which at the time was the biggest crisis. AGS accounted for about 20% of our passengers. The UK's domestic connectivity was really struggling. A point that we have always made is that airlines fly to cities, not airports; they bring aircraft to airports to park up. Obviously, airlines want to understand what it is that will convince them to base their aircraft at our airports. It is about destination marketing: how can we better position and sell ourselves to make sure that we are closer to the top of the list when it comes to an airline deciding where to place their aircraft?

Q103 **Andrew Bowie:** Sorry Mr McClean—I will ask this to Mr Dewar and Mr Lyon as well. How do you do that? How are Aberdeen, Glasgow, Edinburgh and HIAL going about attracting more airlines and increasing the routes available from their airports? Could we be doing more to assist you to do that?

Brian McClean: Yes, I think we could be doing more. It is about working closely with our tourism bodies—the likes of VisitScotland. We have had traditionally had city-marketing bureaux, but I think we need to work together to make a really compelling and joint proposition to airlines, because it comes back to the fact that these airlines have fewer aircraft. We are already geographically challenged. There is APD, which we will no doubt come on to; that has always been a barrier to growth. There are certain levers that we can pull, but there is no doubt that we could work better with our tourism agencies to help promote Scotland as we come out of this.

Q104 **Andrew Bowie:** Mr Lyon, you mentioned that HIAL were operating a lifeline service during the pandemic, and you have talked about the reduction in numbers of passengers that you are carrying right now. What is the plan for your airports going forward? Obviously, there is a requirement to keep those airports open given the communities that you serve.

Inglis Lyon: The biggest challenge that we have just now is not so much with the local domestic inter-island traffic, but about retaining the link between the capital of the highlands and London Heathrow. That is an essential piece of business for the highlands to retain, especially as we were successful in attracting it—now we have got to retain it. These things hang by a thread when the industry is under the pressure that it is currently under, in terms of aircraft availability, profitability and eye-watering losses over the last two years. Marginal routes like these come under a great deal of pressure. It is very important, and hopefully the



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Hendy review will point towards slots like those that are used for remote regions such as ours in the highlands and islands being retained at London Heathrow.

Q105 Andrew Bowie: In fact, recommendation 13 of the Hendy review was to “Revise existing subsidy rules for domestic aviation to allow support for routes between different regions of the UK”. That is, quite obviously given what you have just said, Mr Lyon, something that you would support.

Inglis Lyon: Aye. I would say to you that we have been around this buoy several times over the past 10 years and nothing concrete has come out of it thus far. Given where we are in emerging from the pandemic and given the reliance—in the highlands at least—on international connectivity, it is vital that we get that.

Q106 Andrew Bowie: I suppose that you request all assistance necessary from the Scottish Government and, indeed, ourselves down here to try to get something concrete through the Union connectivity review.

Inglis Lyon: Absolutely.

Q107 Andrew Bowie: Very good. So you would therefore be as disappointed as I that the Scottish Government did not engage with the Union connectivity review when it was going through its processes late last year.

Inglis Lyon: I would say that is for the Scottish Government to answer.

Q108 Andrew Bowie: For the Scottish Government to answer—absolutely. I am going to move quickly on to the air passenger duty cut—maybe Mr Dewar to start with. Is that something you welcome and what impact do you think it will have regarding increasing the number of flights and passengers into Edinburgh?

Gordon Dewar: I think we have to welcome that. It is a huge step in the right direction. There was a peculiarity whereby because you were departing both times from a UK airport, you were paying double what you would pay if you were flying to an international destination, so clearly that kind of levels the playing field.

However, it is disappointing that that opportunity—more with APD as part of a recovery plan—has not been taken, even if it is short-lived and for one or two years alone. The fact we have deferred that advantage coming into play until April next year when, actually, you could not think of a better year to do it than this year when everyone is on their knees and looking for a recovery.

I think it is a tool that could be much, much better used in terms of targeting discounts, waivers or holidays for a period of time, and also how we spend the revenue. We are utterly facing up to our zero-carbon targets, our ambitions and our absolute commitment to get there, but not spending the money that was originally intended as an environmental tax on anything remotely to do with delivering the alternatives seems like a wasted opportunity. I would certainly like to reopen that debate, but that has fallen on deaf ears for the whole time I have been in aviation.



Q109 Andrew Bowie: I think so. On air departure tax, as it is known in Scotland, the Scottish Government committed in 2016 to reducing that in Scotland, and obviously we still have not seen that. Would that be something that you would call on the Scottish Government to enact now, given the situation that the sector is in?

Gordon Dewar: Yes, and we continue to do so. I think there is a bit of a strange reason why it was not adopted that is to do with exemptions and falling foul—all of which seems to have gone away, given the fact that we have now left the EU.

So effectively it is a bit of a mystery why the Scottish Government do not take that, but equally why they seem to have softened their view. I think that they are now on record as saying that they see the APD reduction as being contrary to their wider decarbonisation strategy. I do not think that is truly the case. I think it is about how you spend the money, how you invest in that and looking at the alternatives, so I think there is a really strong case for how Scotland could actually be a very innovative leader in how we decarbonise aviation in a country that relies on it more than most.

Q110 Andrew Bowie: Absolutely. Mr McClean, is the air passenger duty cut good for Aberdeen and good for Glasgow?

Brian McClean: Yes, absolutely, but like Gordon, why do we have to wait until April 2023? It should be brought forward. We need to see that brought in this year at a time when we really need it. I think Logan Air is on the record as saying that they would struggle to operate approximately 45 of the routes they currently have if this was not brought in, but bring it in earlier.

I think we mentioned Glasgow operating in a distorted market and Aberdeen as well. We have a challenge in that Inverness and Aberdeen are exempt from APD. They are dealing with the hand they have been dealt, but in 2018, British Airways lifted and shifted a route from Aberdeen and put it in Inverness. Then in the press release, they said they did that because of the APD exemption, so we need to see a level playing field in Aberdeen as well when it comes to APD.

Andrew Bowie: I do not want to start a fight between Mr Lyon and Mr McClean on the call, so I think that I will end my questions there and move on, but thank you very much for your time.

Q111 Mhairi Black: Thanks to the witnesses for your time so far. If I could just turn to a different area now to look at environmental issues, because obviously that has been pretty high on the agenda, certainly during and before the pandemic. One of the things that we have got here says that the Sustainable Aviation group had created a road map in 2020. They reckoned that there could be a 70% growth in passengers by 2050 while simultaneously reducing carbon emissions from, I think, 30 million tonnes of CO₂ per year to zero. Is that still realistic given that a pandemic has happened? What impact has that had on any environmental plans that your organisations have had? I will come to you first, Mr McClean, as you are at the top of the screen.



Brian McClean: It has absolutely checked our progress, but it has not altered the course we have set. The UK aviation sector was the first in the world to publish a net zero road map. In June or July last year, Sustainable Aviation came out with interim targets. That is something that we need and want to progress, and that we are progressing. There is no silver bullet when it comes to decarbonising aviation; it will take a whole raft of measures, from airspace modernisation to progressing hydrogen-electric flights and sustainable aviation fuels—we need to scale that up, encourage more take-up and make it more affordable. The road map gives us something to work to, and that is something that we are all firmly committed to.

Q112 **Mhairi Black:** Excellent. What new environmentally friendly technologies are available to you right now? You have mentioned some of them. Do they make up the majority of your machinery, or is that something that you need to work on?

Brian McClean: Yes, it is something that we need to work on. Aviation is going to be one of the more challenging sectors to decarbonise. I mentioned hydrogen-electric flight. Realistically, it will probably take until the end of this decade, and well into the next decade, for us to see hydrogen-electric aircraft operating. Having said that, Scottish airports are probably a great example of being a testbed for that type of technology because of the nature of the routes that we operate to the highlands and islands. That is where hydrogen-electric flight will work.

The option on the table right now, which we need to take of advantage of, is scaling up the production of sustainable aviation fuels. That is basically taking waste—household waste, in some cases—and converting it into jet fuel, which can have CO₂ reductions of up to 80%. The challenge is that the scale is not there, production is not there, and it is extremely expensive, but there are ways that we can incentivise the uptake. We can de-risk the investment in it. Last year, I think Denmark put a mandate in place that 0.8% of all jet fuel had to be sustainable aviation fuels, increasing to about 27% by the end of the decade. That sends a really strong message to the industry that there is a market there for SAF, and you will see companies investing in it. That is a unique opportunity for Scotland, and we would like to really get to work with that this year.

Q113 **Mhairi Black:** Could the UK Government or the Scottish Government do anything more to help you in that transition to environmentally friendly jets?

Brian McClean: Yes, by de-risking the investment. It is still too risky for people to put money into this, and we need to address that.

Q114 **Mhairi Black:** Risky in what sense?

Brian McClean: To create the SAF facilities—the sustainable aviation fuel plants. We have, as an industry, done a big piece of work in identifying areas across the UK, including two in Scotland—one in Grangemouth and the other in St Fergus, just north of Aberdeen—where we could produce SAF. They have been identified because there is existing expertise and



infrastructure. We also have what we call feedstocks—what you need to convert into jet fuel. We have an abundance of forestry and agricultural residue in Scotland, which we could convert into SAF. That is something that we really need to accelerate.

Q115 Mhairi Black: Excellent; thank you. Mr Dewar, you are next on the screen—the same questions to you.

Gordon Dewar: I would echo everything that Brian said, but in terms of what we have done at the airport level, we are clearly a relatively small proportion of the overall output of aviation, which tends to be dominated by aircraft up in the sky. We are already carbon neutral at scopes 1 and 2 at Edinburgh airport, with a very modest amount of offsetting in that—a really small percentage. We have just announced that we are going to build a big solar farm with funding support from the Scottish Government for, I think, about a quarter of it, which is fantastic and has allowed us to upscale it. We are not sitting on our hands waiting for technology to fix this. We have already made huge strides in what happens on the ground, and we need to go further into scope 3, which is largely about how people get to and from the airport, and I think that is right.

The real opportunity here is to use tried-and-tested models. We are at the stage that offshore wind was at 15 years ago, and that was solved because Governments set regulatory structures that allowed investors and developers to have certainty about what they would be paid if they produced power and put it into the network. We could have a very similar model here. Scotland is genuinely uniquely placed because of the oil and gas expertise, facilities and infrastructure, as well as the natural feedstock that Brian referred to. There is a huge opportunity for us, and for countries such as Denmark, which has already kind of started this, to really lead the charge, not just at the European level but at the world level.

Q116 Mhairi Black: Thank you. Mr Lyon?

Inglis Lyon: I just echo everything that Gordon and Brian said. The SAF is really interesting because there are two parts to it. One is the physical infrastructure, which we really have to invest in. We are not doing that just now. If you consider—*[Interruption.]*

Chair: Inglis has gone again. Maybe move on to somebody else, Mhairi.

Mhairi Black: That was pretty much it from me anyway. Thank you.

Q117 Chair: Sorry; we will get Mr Lyon back. Can I just ask a couple of questions on the environmental impact? You probably all understand the concerns that people who have environmental interests at heart have with your industry and sector. I saw that carbon dioxide emissions from the aircraft industry, if left unchecked, could triple by 2050; that nitrogen dioxide levels around Heathrow and Gatwick were cut by almost half during the pandemic; and that 15% of all air passengers make up 70% of the flights. Things like APD cuts will only encourage that type of transport, and more people will choose to fly. Do you understand that people are looking to the airline sector to get its house in order and do more than it is



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currently doing to reduce emissions?

Gordon Dewar: Absolutely. It is not the case that we are going to continue unchecked. The Sustainable Aviation road map that Brian referred to, which gets us to net zero, is credible and deliverable, and we are all signing up to it and getting on with it. It is absolutely true that if you don't do anything, it doesn't get any better, but let me assure you not only that we as an industry are committed but that we are committed ahead of the rest of world aviation, I would argue. I think the UK is uniquely placed to take a lead role in this, and the way we propose to go about it is much more balanced. You have seen the French Government ban domestic flights equivalent to a rail journey of less than two and a half hours; they have already had to walk that back because it does not really work in practical terms, due to the connectivity losses and the wider economic damage that does.

The answer is to find solutions that recognise the value that aviation delivers. Scotland should not underestimate just how dependent it is on aviation, whether for the lifeline services that Innglis provides out to the highlands and islands or for bringing international students to Scottish universities. These things are utterly crucial for everything that we do, but we have to acknowledge that as we grow and reinstate some of that connectivity, we need to do it at a much lower intensity, and to continue to lower that carbon intensity to get it down to zero. We are utterly committed to that.

Q118 **Chair:** Mr McClean, will the APD tax cut not just encourage the 15% of the population that uses 70% of the flights to take even more domestic flights?

Brian McClean: The first point to make is that APD is not an environmental tax. In no way does it incentivise cleaner, greener aircraft. It could. I know the Treasury is opposed to hypothecation, but why not take some of the APD tax take and reinvest that in a green investment fund to support airports and airlines at a time when we need it, to accelerate the plans we have already put in place? I totally get the concerns, but to echo Gordon's point, it is simply not the case that we will go unchecked and do nothing. We are absolutely committed. We need to do it, we recognise that we need to do it, we want to do it, and we are getting on with doing it.

Q119 **Chair:** Mr Lyon, do you understand some of the concerns that the public have, wanting to be even more punitive on the airline industry and sector, recognising you as a total net producer of CO₂ emissions? Can you understand the sentiment that questions why we are cutting taxes like APD and giving people incentives to fly more?

Innglis Lyon: Absolutely. I think we have to look at these things in the round. We have to look at the solutions that are on the table just now. We were talking earlier about sustainable aviation fuel. We have to recognise that to get that out of the stocks, people will have to invest heavily so that we can increase the capacity. The current capacity in the system is



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probably less than 1% of the fossil fuel producers. That gives you an indication as to the scale of the challenge.

We have to look at the legislative framework. We have only just closed the sustainable aviation fuel consultation, whereas other countries, like Norway, have already mandated a level of sustainable aviation fuel in their fossil fuel sales. We really need to get this thing moving. I think the one thing that we are guilty of here is spending too long on the deliberations when other countries are taking leaps ahead in terms of the facilities that are currently available.

Chair: Thank you. Wendy Chamberlain.

Q120 Wendy Chamberlain: Thank you, Chair, and it is nice to see all the witnesses. My questions are around airspace modernisation and modernisation generally. In our last session, we heard from NATS regarding their involvement with the airspace modernisation programme and the Airspace Change Organising Group. In the first instance, my questions are directed to Mr Dewar and Mr McClean, given that HIAL is not involved in that project. What impact has the project so far had on your airports? I will come to Mr McClean first.

Brian McClean: Sorry, what impact has which project had on the airports?

Wendy Chamberlain: The Airspace Change Organising Group and future airspace strategy implementation north—FASI-N. Is that what you call it?

Brian McClean: It is. I think the first thing to say is that we have a very positive relationship with ACOG; they are doing a good job of co-ordinating the change. In terms of where our airports are in the journey, in Glasgow we are at stage 2 of the process. That is the point where you come up with the design of the potential routes that you may then want to go out and consult on. That will come to an end for Glasgow in July. Aberdeen will finish that process in September.

The challenge we have is that funding has been made available for airports—it is available to a number of airports in England for the rest of the calendar year—but that funding stops at the end of stage 2. For us, in Glasgow that will be July, and in Aberdeen it will be September. In order for us then to progress to stage 3, which is the point at which you go out to consult on the design options, we would require, and we are asking for, funding to be extended.

But as I said, the relationship with ACOG is positive, and it is a really important project. We need to modernise our airspace. These flight paths—the motorways in the skies—were designed in the 1950s for the aircraft and capacity of that time. They have had no real material upgrade since then, and there are huge savings—carbon savings—to be made if we can get this through.

Q121 Wendy Chamberlain: Yes, I recall that from the last session; what was being outlined was quite transformational. Mr Dewar, I noted in Edinburgh



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airport's written evidence to this inquiry that there was an ask for funding to go beyond 2022. I assume that you are referring to what Mr McClean just said—the fact that funding for Scottish airports will run out in April, whereas it is sustained for other parts of the UK.

Gordon Dewar: Yes, absolutely. I think it is worth giving credit to ACOG and the process, though. Before it, we had embarked on an individual project around this for both capacity and modernisation reasons, and it isn't helpful when you are trying to do an individual airport thing that isn't put in the context of the national infrastructure. The fact that we have this overarching organisation project plan, and that in the time when it is most needed, when there is simply no cash in our businesses to keep the momentum going, there has been some funding to help us to keep the lights on and keep the projects moving forward, has been incredibly welcome. I thank the Government for that.

However, we do not want to lose that momentum when we run out of funding at stage 2. We are very similarly timed with Glasgow at the moment. We would be out of that funding availability before the end of the year, and it would be a terrible shame if we had to down sticks again and lose six months or 12 months. It would be even worse if we got out of kilter with the wider thing. This thing is going to work best when all the airports involved in the shared airspace that we have are moving forward together. This is not a competitive environment; it is about wider efficiency and shared capacity, and co-ordination of new technology and new approaches.

Q122 **Wendy Chamberlain:** Yes, absolutely. So what you are saying is that if this funding does not continue beyond April, we are talking about a pause in progress on this project.

Gordon Dewar: I think that is inevitable. We are only spending money on bare essentials at the moment, as you can imagine, and you would have to say that, theoretically, that project could wait a bit of time. That would be a real shame. Losing that momentum would be something you would regret in the fullness of time, but that would be a really tough decision that I think we would be forced to make, particularly when we still do not really see ourselves getting back to full restriction-lifting in the near future.

Q123 **Wendy Chamberlain:** Yes, absolutely. We have talked quite a bit about money, but how sufficient was the £5.5 million support package for restarting airspace modernisation projects after they were paused with the pandemic? Is there anything else, other than finances, that you might be looking for from the Government? I will come to Mr Dewar and then to Mr McClean.

Gordon Dewar: I think that the sum was sufficient for the phase 2 funding—I do not think you will have any complaints about that; it has been very welcome—but it is not sufficient to move into the next phase. Obviously, that would have an implication if that were a choice of Government, and we would very much welcome it and promote that idea.



This is not just about funding. The creation of the organisations and the governance structures has given us that framework to move forward with confidence, jointly, as an industry. I have never been more optimistic about the potential to advance it, but also about the benefits that we can achieve, which include environmental benefits. It is a great environment, despite the challenges that we have with the short-term crisis, and it would be a shame to lose that momentum.

Q124 Wendy Chamberlain: Absolutely; thank you very much. Mr McClean, I will hand over to you. We have picked up already this afternoon that the economic impact stretches much more widely beyond aviation. If there is a delay in airspace modernisation, what will be the impact on the Scottish economy?

Brian McClean: Sequencing is really important for airspace change. For NATS to make the changes to the upper airspace, it needs all the airports to reach the same point. In Scotland, we have gone first; it will then go down to England and the rest of the UK. As Gordon says, if there is a pause—I think that will be inevitable if we do not get that funding—that will mean a delay to the wider implementation of the changes to the upper airspace and NATS. That would mean that we could not realise the efficiencies or the carbon savings that we need, which are part of our journey to decarbonising the wider sector. Yes, the support and funding that we have received to date has been hugely welcome, and it has allowed us to get to the point where we can complete stage 2, but we do need more as we move into the next stage, which is consulting with the public.

Q125 Wendy Chamberlain: On the questions that Andrew Bowie was asking about routes, surely this project will help that competitive advantage as well?

Brian McClean: Yes, I suppose with that geographical challenge, with the longer sector routes, if you can have more efficient routes, the less time the aeroplane spends in the sky, the less fuel burn and carbon emissions there are. I suppose the quicker they can make a route work, the better.

Q126 Wendy Chamberlain: Thank you both. Mr Lyon, I have a couple of questions around modernisation. I am sure that anyone with an interest in aviation will have seen that at the end of last week, the Scottish Government Transport Minister, Graeme Dey, confirmed that there was going to be a pause on the project for HIAL's air traffic control remote work, which has obviously been a bit controversial. As well as that, there was a joint statement from the Prospect union and HIAL last October, whereby Prospect agreed to stop industrial action, and HIAL and Prospect agreed to work together. Is the Transport Minister's announcement an outcome of that conversation, or have the Scottish Government stepped in to stop this project progressing just now?

Inglis Lyon: Where we are just now is that we have agreed with Prospect the cessation of the industrial action to allow discussions to take place to find a compromise solution. We started off with a position, Prospect started off with a position, and now we are trying to find a compromise



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between both sides. What Mr Dey answered last week in Parliament was the position on the remote tower solution part of the project. That procurement has been ceased while we enter discussions with the trade union. It is important that that was ceased so that we enter into the discussions with the trade union in good faith, and so that it is fair to the suppliers who tendered.

Q127 Wendy Chamberlain: So the procurement process has been stopped for now. The statement back in October talked about a five-year surveillance. In some ways, has the pause really just taken that five-year time pressure away from the project?

Inglis Lyon: No, no. What we have said is that, as part of the discussions that we are having with the trade union just now, one of the items that we will discuss is when to once again review the position of air traffic control in the highlands and islands, having arrived at a solution, and that would be in five years. But at the moment, there are a number of working groups with the teams across the highlands and islands to arrive at that compromise position, which will then go in front of the board later this month.

Q128 Wendy Chamberlain: I have two final quick questions. First, the Minister said that £9 million had been spent on the projects. Are you able to say how much has been spent on the remote towers aspect of that, which was mentioned in the announcement last week?

Inglis Lyon: Not specifically—I do not have the figures to hand—but there is a variety of different component parts of that project. Bear in mind that the project has been—

Q129 Wendy Chamberlain: Okay. My second question is, is the work on the remote tower in Inverness, as that central hub, still continuing, or is it just the remote towers themselves that have been cancelled?

Inglis Lyon: It is one of the items that is part of the working group discussions just now.

Chair: We have a couple of questions left. We have Sally-Ann Hart and then Douglas Ross to follow.

Q130 Sally-Ann Hart: Good afternoon to our witnesses. I want to follow up about the airspace modernisation programme, but looking at Highlands and Islands Airports Ltd, rather than Edinburgh and Glasgow. Wendy Chamberlain highlighted that HIAL is not involved in the future airspace implementation north programme, because that is for larger airports, but that HIAL is implementing its own air traffic management strategy. That is right, isn't it?

Inglis Lyon: That is correct.

Q131 Sally-Ann Hart: In terms of that strategy, Mr Lyon, is HIAL interacting with the UK Government's airspace modernisation strategy? If so, how?

Inglis Lyon: We have a regular liaison group that sits down with the CAA very frequently to ensure that we dovetail with everything that is



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happening between the rest of the UK and the highlands and islands. It is a very close working relationship with the regulator.

Q132 Sally-Ann Hart: Thank you, that is very clear. Is there enough detail in the Government's strategy for you to plan airspace change effectively for the islands and highlands?

Inglis Lyon: Yes. The one piece of information that we are waiting on is the decision whether to harmonise with ICAO. We understand that decision will be made in about nine months' time. That will help us to plan other parts of the business.

Q133 Sally-Ann Hart: Is nine months' time soon enough?

Inglis Lyon: It is not unduly long, no. It is okay.

Q134 Sally-Ann Hart: How is the strategy progressing? You cannot really make progress for another nine months—is that right? Can you start looking at things beforehand?

Inglis Lyon: No, that is one part of it. There are a number of moving component parts to this. It is a complex project that involves everything from the method of surveillance: whether you go down the avenue of old traditional surveillance, primary and secondary radar, or whether you start to adopt some of the new technologies that are out there—the ADS-B, the WAM systems and things like that. We are looking at all these different things, to ensure that what we put in place future-proofs the provision of these lifeline services across the highlands and islands.

Q135 Sally-Ann Hart: Lastly, there was a £5.5 million funding pot to try to remobilise the Government's airspace modernisation programme. How has HIAL benefited from such UK Government funding? Are you confident that there will be further UK Government funding?

Inglis Lyon: The answer is no, and I don't know. We are funded in part by the Scottish Government, so our capital projects, of which this is one, are from part of our funding from the Scottish Government.

Q136 Sally-Ann Hart: There is no direct funding from the UK Government?

Inglis Lyon: No direct funding from the UK Government.

Q137 Sally-Ann Hart: How much funding have you had from the Scottish Government?

Inglis Lyon: It is wrapped up in our capital works. This year, we will probably spend about £40 million on capital works. Of that, some of it will be attributable to the ATMS.

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

Q138 Douglas Ross: Good afternoon to our witnesses. Could I start by picking up on a couple of issues that witnesses have raised so far? Mr Dewar, you said that Scottish Ministers have been talking the industry down. You made the point that when there were changes to guidance and information, they were still encouraging travellers not to travel. What



impact has that had—in your words, Scottish Ministers talking the industry down?

Gordon Dewar: It is difficult to quantify, but when we are talking to airlines, they are first of all asking the question, “Why?” Why is it that when consumer confidence is so low, we are seeing Scottish Government Ministers relaxing restrictions and saying, “Don’t take the benefit from the relaxation”—so, don’t travel—and asking people to make individual decisions? Most recently, the Health Minister said that he was frustrated that they had been forced to align with the four nations approach where they would have been more cautious about relaxing the testing regime, so again, it is a lose-lose situation. You are talking down the confidence and the recovery, but you are not getting any health benefits because you are taking away the restrictions.

I do not understand the logic of it, and it is certainly deeply unhelpful, although I could not put a hard number on what that means, because it is a combination of airline decisions about where they phase their restart and what they plan for the future, and what individual consumers choose to do with that. As you would expect, there is a whole range of levels of confidence or fear about travel or any other aspect of covid risk in society, and therefore some are always impacted by other people expressing concern or advising further caution.

Q139 **Douglas Ross:** What feedback do you get about this from the Cabinet Secretary, Mr Matheson, or the Transport Minister, Mr Dey, when you raise these concerns about them talking down your industry and the impact it will undoubtedly have on jobs and airports across Scotland?

Gordon Dewar: They are very strident. They say they believe that is in the best interests of medical and health concerns, where they see their role as prioritising the health issues. Our point is that we are not quite sure how to quantify the benefit of that, whereas we can certainly point to the economic disbenefit.

Q140 **Douglas Ross:** So you would not feel that they are your voice around the Cabinet table. They are not speaking up for your industry; they are just taking the lead from the First Minister or others, and it is potentially having a damaging effect.

Gordon Dewar: I have absolutely no idea what they say around the Cabinet table. We have a forum that all in the industry are involved in, where we meet fortnightly with advisers, but it is very rare—I think only twice—that we have had a Minister attend that.

Q141 **Douglas Ross:** Really?

Gordon Dewar: It is an avenue for communication, and one of the frustrations is that we think there has been a missed opportunity all the way along. There is no point looking back in history, but looking at the future, I would like to see the Government making more use of the industry, thinking about how we might apply future restrictions, how we might streamline them, how we might make them better if they are required, and get them ready just in case there is a fourth, fifth or sixth



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wave or something else, but also planning for how we can look at the recovery: how we can use funding, how we can use initiatives, and how we can work together as an industry and Government to create the best conditions for a recovery. Regrettably, I am not seeing an awful lot of that, either at UK or Scottish level.

Q142 Douglas Ross: Thank you. Mr McClean, you said earlier that the industry will have to operate going forward with fewer airlines but the same number of airports. How confident are you that Scotland will have the same number of airports coming out of this pandemic?

Brian McClean: Our two airports will certainly be here, and I know Gordon's will as well. I am sure that Inglis's will remain.

Q143 Douglas Ross: You do not believe there is any threat to Scotland's airports? I think we were saying earlier that it will potentially be 2026 before you get back to pre-pandemic levels. Can airports continue that long?

Brian McClean: What is really at threat is our connectivity. That is what is at threat. I mean, we talk about talking down the industry: passenger confidence is fragile, but airline confidence is equally fragile. They need to know that they are going to put their aircraft in a base that is going to be used and maximised, and to be honest, that confidence has not been there over the past 18 months. We have not been able to have a really good run—a plan to re-establish our routes—so I think it is the connectivity piece that is the real risk, and the implications that then has for the Scottish economy. Aviation is going to play a critical role in pulling us out of this pandemic, and we want and are trying to build back the routes, but to that point—airlines, less aircraft—it is going to be extremely difficult.

Q144 Douglas Ross: To pick up on another point that has been mentioned, Mr Lyon, you were saying that the BA link from Inverness to Heathrow is essential. You worked hard to get it; it is essential that you retain it.

We have had a bit of name-dropping by other Committee members. I walked through Inverness airport yesterday on the BA flight from Inverness to Heathrow. It was 18:50, and it was quite quiet. There were not many people on, we were all on board quickly, but the pilot told us that if we did not take off within 10 minutes, we were going to be faced with a 45-minute delay sitting at the airport. Now, this has been going on for over a year. The plane had to be de-iced and we eventually took off, bang on 7 pm. Does it help you to retain essential routes such as this if BA and other carriers and operators end up having to sit and wait with their passengers because you have not been able—or you do not recruit enough people—to keep air traffic control open without these breaks?

Inglis Lyon: One of the outputs from the industrial action that was undertaken was a cessation of training. Notwithstanding the fact that we were adequately staffed in terms of numbers, folk could not get trained, and we are recovering from that just now. That is one of the reasons why we are sitting down with the trade union to try to find a mutually



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acceptable compromise so that we do not find ourselves in that position over the longer term.

Q145 **Douglas Ross:** Sorry, I don't understand that. What training do they need between 7 and 7.45 that would have kept that BA flight on the tarmac?

Inglis Lyon: The training takes place a long time before. If you don't train adequately in advance, you run short of staff.

Q146 **Douglas Ross:** Surely if you recruit more staff, that would avoid having these breaks in service. I just saw from this week—

Inglis Lyon: If you can't get them trained, that does not work. That is what I am saying to you. If there is a cessation of training, as there had been for a considerable period of time, new trainees just bank up. Your trainees cannot progress. New trainees are not there to fill the gaps in the roster to allow the airport to operate effectively through the day.

Q147 **Douglas Ross:** With the cessation of industrial action, at what stage will Inverness airport no longer have these breaks?

Inglis Lyon: We are aiming for May/June 2022.

Q148 **Douglas Ross:** So that will have been in place for almost a couple of years by that stage.

Inglis Lyon: It will have been in place for 18 months, yes.

Q149 **Douglas Ross:** And there is nothing you or your board could do to avert that? The responsibility is all with the union to enforce that.

Inglis Lyon: No, no. Please don't put words in my mouth. You have to understand the complexities involved in training air traffic controllers. An air traffic controller can leave and give less than three months' notice, and it can take approximately 18 months to take somebody in off the street and train them up. When you have got a number of vacancies and you cannot progress them because of industrial action, that is where the bottleneck occurs.

Q150 **Douglas Ross:** You didn't know the industrial action was going to stop in October. What were you doing, since this started well over a year ago, to alleviate the problem? *[Interruption.]*

Chair: I think he's gone.

Douglas Ross: Let's maybe wait for him to come back, because this is quite an important point.

Chair: Do you have questions for other witnesses until he returns?

Douglas Ross: I have gone through the questions, but I have a number of other questions for Mr Lyon as well.

Chair: Mr Dewar, we are waiting for Mr Lyon to come back. I had a positive experience in Edinburgh airport last night. We were on the plane very quickly, in the air quickly, and I think it was 20 minutes early, so



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there you go. All credit to services at Edinburgh airport.

Andrew Bowie: It was similar in Aberdeen, but it was nothing to do with Aberdeen airport staff. It was all British Airways, unfortunately.

Chair: I think we will have to leave it there, unless you have any further questions, Douglas. It looks like he's gone.

Douglas Ross: I really did hope we could wait a moment because my questions are quite crucial, particularly around HIAL.

Q151 **Chair:** I have a couple of questions on some of these European comparisons. I had a look to see what the disruption has been like across the rest of Europe for airline passengers. You are absolutely right that the UK has come out worst. I have figures that show there was a 62% reduction in European travel, but next was Germany at 50%. The best performer was Greece at 31%. What were the Europeans doing differently from the UK to make that difference?

Gordon Dewar: Do you want me to answer?

Chair: Yes, if you can, Gordon.

Gordon Dewar: Largely, it is about restrictions. The fundamental demand for travel has never gone away. It is about what people are allowed to do and how they find the ease of doing it. The UK has consistently had stricter testing regimes and clunkier legislation and bureaucracy around the passenger locator form. Add to that confusion around misalignment of the four nations on occasion, with different communication strategies and so on and so forth, and that is why. I would argue that direct things such as APD, for instance, puts us lower down in terms of European airlines choosing to invest in Britain at the start of the recovery.

Chair: Thank you. That is interesting. We have now got Mr Lyon back. It is not for me to be in the way of your cross-questioning from Mr Ross, so we will resume now, Douglas.

Q152 **Douglas Ross:** Thank you, Chair. I was just asking Mr Lyon to outline what you and your board have done for over a year now—but perhaps for up to 18 months come May 2022—to alleviate the problems. You did not know until October that the action by Prospect union and others was going to be stopped, so what action were you taking to stop these breaks impacting passengers' ability to depart or even arrive at Inverness?

Inglis Lyon: I would make two points. First, you are making this sound as if it is a regular occurrence, and it is not. I will happily come back to you outside this discussion and provide you with the instances when that has occurred. That is the first thing. The second thing—

Q153 **Douglas Ross:** Sorry, just on that, I have it in front of me here that on Sunday, there is a break between 7 and 7.45; on Monday, there is a break between 8 and 8.35, and between 7 and 7.45; from Tuesday to Friday, there is a break between 8 and 8.35, and between 7 and 7.45; on Saturday, there is a break between 8 and 8.35—I could go on. It is a fairly



regular occurrence.

Inglis Lyon: Looking ahead, yes; not in the past, bearing in mind that you have had two years of a pandemic. So no, it has not been a regular occurrence. That is the first thing. The second thing is that these discussions with the trade union have been going on for a long time now to get us to the point where we have the potential for a compromise solution.

Q154 **Douglas Ross:** Okay. I want to finish my questions by looking at the remote tower project and the impact it would have at Sumburgh, Kirkwall, Stornoway, Dundee and Inverness. The one thing it did do was unite communities against these plans. One of the issues that communities were up in arms over was connectivity—the worry about a breakdown in connectivity and the impact that could have. Given that we have lost you three times in just over an hour, Mr Lyon, do you understand why communities would be worried about connectivity?

Inglis Lyon: I am working off a £39.99 router in my house. The kind of connectivity that we would be putting in is not a £39.99 router—

Q155 **Douglas Ross:** There would not be a single problem with connectivity under your plans for a remote tower.

Inglis Lyon: It is a very fixed, dedicated line between the centre and the facilities.

Q156 **Douglas Ross:** That would have no issues at all? You are saying there would be zero prospect of any connectivity issues with that.

Inglis Lyon: There would be three levels of redundancy built into the system if that were indeed the system that went forward.

Q157 **Douglas Ross:** So would there be any issues with connectivity?

Inglis Lyon: If one system fails, the other system takes over, and if that system fails, the other system takes over, so in the round, no issues with connectivity.

Q158 **Douglas Ross:** Hmm. You could not answer Wendy Chamberlain's question about how much the remote tower part of the project has cost. I am assuming you can get that information for the Committee, but you are bound to be able to give a percentage. Is it 10%, 50%, of the £9 million so far?

Inglis Lyon: No, it is all in together, and I will happily provide that information afterwards.

Q159 **Douglas Ross:** But you will be able to give a percentage.

Inglis Lyon: No, because that would assume that I know the exact breakdown, which I do not have at the moment. I will happily provide that afterwards.

Q160 **Douglas Ross:** Is it a significant proportion of that budget?

Inglis Lyon: As I said, I am happy to provide that afterwards.



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Q161 Douglas Ross: Okay. The *Shetland News* site made a freedom of information request, and it said that between April 2018 and November 2020, the cost of this project was £6 million, and it is now up to £9 million. Is it approximately £3 million a year that you have been spending on this project that has now ceased?

Inglis Lyon: No, no, no. Please—you have not listened to what has been said. The project has not ceased. What has ceased is the procurement for the remote tower solution.

Q162 Douglas Ross: How does the project continue if you have ceased the procurement?

Inglis Lyon: Because there are other components to the project that involve modernisation, including the surveillance element, tower modernisation and how we build up resilience in the system. To simply take the view that that involves what you have just said does not work.

Q163 Douglas Ross: But according to you and your board, it revolves around the remote tower option just outside Inverness.

Inglis Lyon: No, no, no; again, you have not been listening. What we have said—

Q164 Douglas Ross: I have been listening throughout. I have also listened to the communities and others who have been up in arms about this for a long time. I am just trying to work this out: is it approximately £3 million a year that has been spent on this?

Inglis Lyon: It has been spent on airspace modernisation, and—

Douglas Ross: What has changed in the years that that—

Inglis Lyon: Let me finish. Within airspace modernisation, there are a number of projects that involve controlled airspace, surveillance, and building up levels of resilience in how we do that across the patch.

Q165 Douglas Ross: And what has changed, if it is not just about the remote tower? What benefit—

Inglis Lyon: We have ceased the procurement for the remote tower solution while we enter into these discussions with the trade union.

Q166 Douglas Ross: But the £9 million figure is correct—that was a freedom of information request; it goes back a few years. Are we saying that approximately £3 million has been spent every year on this?

Inglis Lyon: On the air traffic management strategy, which comprises a number of collected projects.

Q167 Douglas Ross: Yes. So my question is: what have we seen for that amount of spend? Three million pounds a year, years of work by yourself and others, £9 million in total so far—what have you achieved out of that investment?



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Inglis Lyon: We have moved the project forward to a point where, if we wanted to, we could start the project in earnest. However, we have this industrial relations problem, which you are aware of, so we have stopped until we find that compromise solution.

Q168 **Douglas Ross:** But you were telling me that, if I had listened properly, it was not all about the remote tower—

Inglis Lyon: It's not.

Q169 **Douglas Ross:** So what have you delivered for £9 million of spend over the last few years?

Inglis Lyon: We have a number of projects that are in the stocks and are ready to go, provided we can reach a compromise solution. At that point, they will move ahead.

Q170 **Douglas Ross:** The Chair is looking to end this, but just to confirm, nothing has been achieved or delivered since April 2018, at a cost of £9 million. There is a lot of stuff waiting that could go ahead, but HIAL has not delivered anything for over £9 million of investment.

Inglis Lyon: HIAL has delivered a number of projects up to the point where they can be taken forward once we have arrived at that compromise position with our trade union colleagues.

Chair: Maybe this is conversation can continue offline, if that is all right, because we have come to the end of the session. It just remains for me to thank all three of you for coming along at short notice after the unfortunate cancellation, or postponement, of our trip to Edinburgh airport. Hopefully, Gordon, we will still get an opportunity to come and have a look around the tower. Perhaps we will get the chance later in the year.

Gordon Dewar: It is an open invitation.

Chair: We will leave that with our Clerks to fix with your staff. Perhaps it is something that members of the Committee could come round and do if we cannot do it as a group. Would that be all right with you?

Gordon Dewar: You are very welcome.

Chair: Thank you for that, and thank you all very much for coming along today and answering our questions. I think there are a couple of things that you are going to get for us; if you could supply that information, that would be fantastic.