



HOUSE OF COMMONS

Scottish Affairs Committee

Oral evidence: Airports in Scotland, HC 601

Tuesday 1 February 2022

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

Questions 171 - 203

Witness

I: Robert Courts MP, Parliamentary Under Secretary of State, Department for Transport.

Written evidence from witness:

- [Department for Transport \(AIS0014\)](#)



Examination of witness

Witness: Robert Courts MP.

Q171 **Chair:** Welcome to the Scottish Affairs Committee, where we have the great pleasure of having the Minister for Transport to help us with our aviation in Scotland inquiry and report. Minister, would you like to introduce yourself and say anything by way of a short introductory statement?

Robert Courts: Chairman, thank you very much. It is a great honour to appear before you today. I am Robert Courts and I am the Parliamentary Under Secretary of State in the Department for Transport, with responsibility for aviation, maritime and security. Today, of course, the aviation aspect is foremost. Thank you for the invitation to attend the Committee today, focusing on airports in particular which under the aviation part of my brief is the thing that I have responsibility for.

A number of important functions of airports are devolved to the Scottish Government. I want to recognise at the outset that the last two years have been among the most challenging periods for airports across the whole of the UK. The UK and Scottish Governments have acted to support the aviation sector through this time. May I start by acknowledging the work of Transport Scotland and its officials during this pandemic? It is heartening to report to this Committee that there is a strong working relationship between officials in Transport Scotland and my own in the Department for Transport responsible for airports. I thank all of them for the work that they have done.

As we start to emerge from the impact and the effect of the pandemic, there are reasons for optimism in the future. The move towards removing restrictions on travel across England and the devolved Administrations will increasingly allow people to resume their lives for leisure, personal reasons or business. The Government are committed to supporting the industry as it emerges from the pandemic and to continuing to level up across the country.

That is one of the reasons why I support working closely with the Scottish Government as we consider the recommendations in the Union Connectivity Review. This was published in April last year and the review identifies key areas where we can boost rail, road and air links to better support Scottish businesses and communities. As the Prime Minister has said, we will work closely with the Scottish Government to take these proposals forward in ways that will bring our communities, our towns and our cities closer together. Chairman, thank you.

Q172 **Chair:** Thank you for that, and thank you very much for your concise opening remarks. You are right: in the course of this inquiry, the issue that has probably been most debated and returned to is the difficulty around the pandemic and the impact that this has had upon air travel, airports and those involved in the whole air travel sector. I think it is



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right that we have a look at some of the issues around that with you and see if we can explore and examine them a bit more.

I am presuming that you are going to tell us that the restrictions were necessary and required when the pandemic appeared in all its various guises and with all the various variants that emerged in the course of the past couple of years. When you look at the restrictions and what has been in place in the last couple of years, do you think that we got it right, or were they too severe or stringent or perhaps too lax? Were we in the Goldilocks period where it seemed to do its job? When you are answering, could you tell us what your view is about the difference the restrictions made to trying to contain and constrain the pandemic?

Robert Courts: First, there are no two ways about it; this has been an extraordinarily unprecedented situation for all of us. Unprecedented is a much overused word, but it really is the case here. All of us, all over the world, are finding our way through the best way to deal with this. That is true across the United Kingdom and the DAs as much as it is through the rest of the world, particularly as we are finding out more about the disease that we have had to cope with and we have seen variants come along that have different characteristics.

It is never going to be an easy thing for the Department for Transport and the aviation Minister to be anything other than reluctant to impose restrictions for all sorts of reasons. It is what we exist to do—to facilitate travel, not to slow it down. I am acutely aware that for a multitude of reasons, aviation is vital for the way we live our lives. We are a globalised country in a globalised world. We see ourselves in that way and it is vital that we are able to communicate with each other in every way. It is vital that people are able to support businesses that they may have abroad. It is vital that the travel industry, which employs so many people and which has brought so much understanding and enrichment of culture to all our lives, is able to continue. Ultimately, it is all about people, Chairman. You have families with family abroad. That is what happens in a globalised world. I am acutely aware that behind all of this there are real, personal, human stories.

None of the restrictions that we have imposed at any point have been taken lightly, but I think that they were necessary. I think that they were the right thing to do for the simple reason that it enabled us to slow up transmission. It enabled us to monitor what was happening with variants at the border so that we would have an understanding of the variant that was coming in, what was happening and, therefore, how we deal with it. At the same time, with constant scrutiny of that self-same data, we were able to take steps to mitigate the effects. Chairman, I could spend the whole of the session talking about the various different stages of the pandemic. In the pre-vaccine world, things like travel corridors and test and release were a way of enabling travel but in a safe, secure, responsible, balanced way. Then in a vaccinated world we have shifted to the policy based around vaccines rather than around other testing measures.



Future generations will look back over the way that every country has managed the pandemic and if there are lessons to be learned, I will be trying to learn them, as I am sure will everyone else. Essentially, to answer your question—do I think it was necessary? Yes, I do. Do I think we got it right on balance? Yes, I think we did.

Q173 Chair: What was unique, and is of special interest to this Committee, is that across the UK different Governments had different restrictions. There was a suggestion, and perhaps a criticism by some of the people who came to the inquiry, that Scotland was a little bit more stringent than the rest of the United Kingdom. Could you explain and describe to us how the four nations approached this as an issue, given that we are one island and one country? Is there anything more that you felt could have been done to work more co-operatively together? Is there anything that you observed that perhaps did not quite work with a four-nations approach?

Robert Courts: With the caveat that I appear before this Committee and every other with humility, and if there are suggestions made about things we could have done better, I am very keen to hear them and learn lessons, I think that there was co-operation at every stage. There is, of course, the fact that in a devolved system the rights of the devolved Administrations are what they are and it is quite right that they are able to take a different decision if they wish to do so and to move at a different speed or, if they wish, to take a different policy. I think that by and large the same policy has been followed by most of the Administrations throughout the UK, perhaps with some slight differences in timing, and I think that is right. It is the purpose of a devolved system to be able to do that.

On the co-operation and the four-nation approach, I have always said, certainly when I have appeared in front of the Transport Committee, that I am keen for us to step together and to walk together along this journey if at all possible, while respecting the right to go at different speeds if required under that constitutional settlement. My door will always be open to more co-operation if that is possible.

Each week there are two sets of official-level meetings, or there have been, one dealing with the devolved Administrations travel group and one on the international travel programme, at differing levels of officials' seniority. Those are official engagement meetings. You then have the Covid-O meetings—I am sure you are all familiar with the process of decision-making, the Cabinet subcommittee that makes these decisions—where the DAs are represented and make their voices clearly heard at that stage. That is to say nothing of the very regular informal contact between officials. When I said in my opening statement that there is a close working relationship between Transport Scotland and the Department for Transport, I mean that. It is a very close, warm, co-operative relationship for the good of all and it is one I very much welcome.

Q174 Chair: It has been put to us as a Committee that the UK seemed to have



tougher and more stringent restrictions than the rest of Europe. Then when we looked at the UK, Scotland had more rigid restrictions. Is there any reason why the UK had more stringent restrictions than the EU? You might want to dispute and contest that, but there was evidence shown to us that that seemed to be the case. Obviously it was not on the scale of New Zealand, which just closed itself down for a lot of the time. I am trying to get a sense of where you saw the UK in the international response to this in the aviation sector. Could you comment on what has happened across the UK?

Robert Courts: On the comparative UK approach vis-à-vis the rest of the world, you are absolutely right to draw attention to the fact that there is a range. Some countries had less stringent measures and some had much more stringent measures. We were urged by some to take much more stringent measures at various points throughout the pandemic. One of the difficulties is that it depends on which stage of the pandemic you are talking about, because it obviously varied in this country as in others, so we are talking in generalities.

If we talk in generalities, I think that we were within the band of tolerance of comparable countries, if that makes sense. There are some detailed differences here and there, but I think that most countries approached things in a similar way. I am very familiar with the criticism that some make that we were more stringent than they would have liked. As I started off by saying, as the Minister for aviation, I have sympathy for that point of view. None the less, we have had to manage a public health crisis first, second and third.

I think that probably the way to look at this is that we are not setting policy by looking at what other countries are doing. We have to look at the data and the science and then form our own conclusions, because that is what we are here to do, rather than simply copy what another country is doing, be that right or wrong. There are very good reasons for that. We were, after a period, doing approximately half of the entire world's genome sequencing, for example, which meant that we have access to a great deal of data that other countries do not necessarily have. That might be a reason why we take a slightly different view to others. At the end of the day, we are always seeking to slow down transmission, protect people and then, latterly, buy time for vaccination.

Q175 **Chair:** We will come on to the specific issue of APD because I know that there are questions the Committee wants to ask you about that. Do you have any other plans or anything to bring forward that will give a boost and a bit of support to the aviation industry as it starts to emerge from this pandemic? Is there anything concrete or specific you can share with us today?

Robert Courts: Yes, there are a number of things. The piece of work we are doing at the moment is a future strategy for the recovery of the sector, which I have referred to before in other committees. We have had to pause that while we have been dealing with the Omicron crisis, for



obvious reasons, because it is a recovery. It is difficult to look at recovery while you are still dealing with an acute phase of a crisis. We will be looking to release that in the first part of this year and it will cover a number of things. It will cover things like skills, regional connectivity, DA connectivity, airspace, slot policy and others, very much looking to the future and what policy will be going forward. We will release a policy document and discuss it and that will be our vision for the future of the sector over the course of the next 10 years or so.

On concrete steps, we have talked about APD and I suspect that we will come back to that in a bit more detail in a minute. There are things like airspace change, for example. That is a concrete thing that will support the sector. In very brief terms, Chair, the UK's airspace has not really changed since the 1950s. It is out of date, and the aircraft types and the technology we have are obviously very different to what we had back then. We have started with that and we have stepped in by giving two tranches of funding, £5.5 million initially and latterly £2.7 million, which I announced at City Airport about 10 days ago. That is intended to help airports, in the difficult circumstances they are in at the moment, to sponsor airspace change.

Why does this help? There are a number of reasons: environmentally and financially, essentially to stop waste so that you are not flying longer distances than you have to for obvious reasons, and then to help communities. That is just one of the things that I can point to as a concrete example that we are doing at the moment.

Chair: Excellent, thank you ever so much for that.

Q176 **John Lamont:** Good afternoon, Minister. It is very good to see you. My questions will start on the subject of the support that the aviation sector got during the pandemic. Obviously, it had the benefit of the furlough scheme and various other measures, but there was no dedicated sector support package. What representations did you make to the Treasury to try to secure that, or was there some reason why that was not put in place?

Robert Courts: The approach that the Government took was big cross-economy support, and you are familiar with that of course. It was approximately £400 billion worth of cross-economy support, which applied across the whole of the union. Scotland was able to take advantage of that, as were others. That is the philosophical approach that everybody in every sector can take account of. The most valuable for finance and jobs was furlough—the CJRS. UK Export Finance loans were a particularly big part for airlines. That totalled approximately £8 billion by the time it was all paid out. In England that included the AGOSS, the business rates scheme. In Scotland, as a devolved area of policy, the Scottish Government had their own policy for that.

That is the approach that we have taken. At all times we are trying to look at the areas that are most in need of help and then put in place a



raft of schemes, some of which will be able to help somebody. Rather than everything being tailored to a particular sector, they were cross-economy schemes with the intention that there will be something from some of those schemes to help everybody. That is as true for aviation as it is for other areas of the sector, furlough and UKEF being chief among them.

Q177 John Lamont: As furlough has come to an end, do you have any concerns about the level of job losses within the aviation sector as that support has ceased? Are you seeing any airlines or other businesses connected to that sector laying off significant numbers of workers?

Robert Courts: I deeply regret anyone losing their job. Aviation is a highly skilled sector. It is the sort of sector that somebody goes into because they love aviation and it becomes someone's passion. It becomes their dream as well as a job. It is deeply distressing for anyone to lose their job under any circumstances, and particularly when it is one that you will, I suspect, have dedicated a significant proportion of if not your entire life to. I deeply regret any of that. Clearly, there have been a number of incidents where, tragically, people have lost their jobs.

The steps we have taken from a DfT perspective include particularly the Aviation Skills Retention Platform, which is a website that we set up with the intention of connecting vacancies with those seeking work. That is meant to retain skills within the sector. As airports start hiring again, those who have the relevant skills will be able to see where the opportunities are and it is in one quick, easy place. We have done that and it has been very successful. It has had approximately 7,000 vacancies across the UK with 100 companies advertising on it. I believe that Loganair and Edinburgh Airport have both made use of it, for example. That is something that we have done and that has helped with skill retention.

We also have something called Talentview Aviation, which is intended to bring new people into the sector—young people looking to come into it. It is an extension, essentially, of the Aviation Skills Retention Platform. Then within DfT we have the Reach for the Sky programme as well, which is intended primarily to bring in new people but also, from a diversity perspective, those who might not otherwise have thought of aviation. Those are the things we are doing to try to retain those jobs.

On losses and the recovery of the sector, we are broadly seeing in Scotland the same recovery trajectory as we are seeing throughout the rest of the UK. There are some areas where it is more challenging than others—I fully accept that—but broadly we are seeing that. As we come out of Covid, we have the lowering of restrictions and we see passenger numbers increase, which is why I said in my opening statement that I think there are grounds for optimism here, challenging though it is. I am particularly aware that in Scotland there are many rural, small airfields where the challenge is particularly acute, which is where PSO policy, for



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example, has been important, from us and then particularly on an intra-Scotland basis from the Scottish Government.

Q178 **John Lamont:** Thank you. You mentioned the recovery of the sector. What assessment have you made of the confidence of travellers to get back into the air and to use airports again? Are you confident that we will get back to pre-Covid levels, or will that take some time?

Robert Courts: Do you mean health confidence?

John Lamont: Yes.

Robert Courts: It depends on the person to a certain extent, but it seems that there is a big demand for people to travel for the reasons I started by explaining. This is often talked about in the media as holidays, and that is important because it is a business and, frankly, for people to get away is important, but you also have things like business. If someone operates a business in part or wholly abroad, they need to go and look at what is happening in that business; that is critical. Then just people: if you have family who you haven't seen for the best part of two years, or you have hardly seen for the best part of two years, you will want to do so.

It will take time to come back. Any view as to how long it is likely to take to come back will depend very much on which airport or airline you are talking about and which scenario you are considering. There are grounds for optimism that that is coming back because the fundamental demand for human beings to travel is still there.

Q179 **John Lamont:** Thank you. I want to move on to another issue, and that is Prestwick Airport. It has been attracting quite a lot of media attention in the Scottish press. As you will know, it is owned by the Scottish Government and has received a taxpayer subsidy of around £50 million. We have heard evidence during this inquiry from Gordon Dewar of Edinburgh Airport, who said that this fundamentally skews what should be a competitive and fair playing field. Brian McLean from Aberdeen and Glasgow airports said that it distorts the market completely. Do you have any concerns about the Scottish Government's involvement in Prestwick Airport and how it is distorting the market, either in a Scottish context or perhaps in a wider UK context?

Robert Courts: There is the potential, obviously, for any government involvement to distort the market, which is why I suggest that you should always think carefully about it before you do. It is clearly something that the Scottish Government will have considered and ultimately it is their responsibility. This area is devolved to them and it is an airport that operates largely within Scotland. I don't think that it would be appropriate for me to go much further than that, other than to say that the general principle is that it is possible there is distortion but it is a matter for the Scottish Government to decide whether or not that is the case.



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Q180 **Mhairi Black:** Thank you for joining us. It is good to have you here. You mentioned the Aviation Skills Retention Platform. To follow on from that, do you think there have been any weaknesses in that platform or anywhere you think it could have performed better?

Robert Courts: We obviously keep this under review. In approximately two weeks, we will approach its first anniversary and there will be a roundtable then in which we will spread awareness of it and take feedback on the way it comes back. It is fairly early days in assessing its performance.

There are always ways to improve things. I am not going to sit here and say that everything is perfect and nothing can be improved, but the general principle of it is one that I think has worked well and has been welcomed by those throughout the sector, simply because it is a place where vacancies and those seeking work come together and can be connected. I think that it has worked well and has been valuable. As I said, the stats of 7,000 jobs being advertised and 100 companies using it suggests that it has value. They are not the same ones. Some are coming off and others are coming back on, which suggests that it is being used. I think that it has value but I will be looking at it and if we can make any improvements, I will.

Q181 **Mhairi Black:** The only reason I mention it is that in evidence to this Committee, we have heard other witnesses' concerns. They think it is a good idea but there is not enough visibility or it is quite difficult to find the platform. It is just to flag that up to you.

Robert Courts: I see what you mean, and that roundtable I mentioned is intended to address that in part. Is there a need for greater visibility of it and for it to be better known? I would like to make that happen, yes.

Q182 **Mhairi Black:** Thank you. Secondly, and it touches on what my colleague John Lamont has just asked, on the recovery plans that you have outlined very clearly—thank you—is there any particular approach or plan to enable Scotland to get the number of routes that it had previously? We heard evidence suggesting that to get back to 2019 levels in Scotland we are probably looking until 2025-26. Are you aware of that and do you have a particular plan for how you will increase the number again?

Robert Courts: I am aware of that projection and, as I say, it very much depends upon which airport you are talking to and which airline and under which demand assumption, as always with any projection. If we work for the purpose of the argument to that assumption, we are keen to explore the Union Connectivity Review. The Scottish Government will help us on that. One of the things that has been recommended is PSOs in there. I would like to explore what might be possible from a PSO perspective as well. So, that is something.

I cannot commit to what might happen. It is too early for that at the moment and we have not responded to it, but that is mentioned in the



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Union Connectivity Review and we will be looking at it in our own document as well.

Q183 **Mhairi Black:** As yet, there is not a concrete plan as to how we can best facilitate this.

Robert Courts: There is no one thing that will do it, and this is the challenge. There are a number of things. PSO policy, for example, helps with linkage, communications and connections, but the broader aviation ecosystem is part of that as well. The skills retention platform helps too, because if you are able to access the workers you need to do these highly skilled jobs, you will be in a position to grow. If you cannot access them, you cannot grow. There is a constraining factor from the supply side of things, if you see what I mean.

Then on the demand side of things, the wider capacity to the rest of the world will help as well. This is why it is complicated and there is no one answer. The UK has for the large part now removed our restrictions, certainly for the vaccinated. Not every country has done that, and you will find greater connectivity and greater flight levels increase for Scotland, as in other parts of the UK, as you see the international picture pick up again.

The document that I have referred to is intended to look at all these things holistically and then consider how we can do this, but there is no one solution. It will be a patchwork of different things.

Q184 **Mhairi Black:** Finally, beyond the skills retention platform, are there any other plans or programmes or anything in the works that would also help prevent job losses?

Robert Courts: The skills retention platform is the DfT, as is Talentview. Then you have things like Reach for the Sky. From a non-DfT perspective, you also have the DWP's flexible working fund, which is intended to assist people to move from one area of work to another. Between those, that is the hands-on support from the DWP perspective, and then from the DfT perspective the awareness of opportunities and where they are. Past that, our focus throughout this has been to get people moving again as quickly and as safely as we can but, none the less, as soon as we can. It is only through getting people travelling again and feeling safe to do so, as Mr Lamont said, from a health perspective but from a consumer confidence perspective as well, that the aviation sector will ultimately thrive. I am confident it will, but that is the long-term thing.

Q185 **Chair:** Thank you. One of the major frustrations over the years, of course, has been the fact that so many Scottish travellers have had to use one of the London airports for international connectivity. The pandemic has been particularly tough on some of our international services; for example, no transatlantic flights are going from Glasgow Airport just now. I know that you will probably tell us this is a matter for



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commercial operations, but is there anything that you can see your Department helping on to increase the number of connections that we have, not just across Europe but throughout the world? I know that a number of the Middle Eastern airlines have come in and helped out with some of the connectivity from Edinburgh Airport. For a nation like Scotland with 5 million people, we are poorly served, aren't we, for international connections?

Robert Courts: I want to see more international connections for every part. If the demand is there, I would like to see that happen. Ultimately, you are right; it is a commercial decision. It is not for Government to require a service to be run, other than in lifeline circumstances where, of course, both the Scottish Government and the UK Government have stepped in with PSO policy, in particular, over the course of the pandemic. Again, it comes back to demand. I am looking here at the list of destinations that were flown to in 2019. From Glasgow in 2019 it included Barbados, Canada, Jamaica, Mexico, Turkey, UAE and the United States, which suggests that the demand is there and that once people are able and feel able to travel from a health perspective and from a consumer confidence perspective, as I am confident they will, those things will bounce back.

Q186 **Chair:** I think that the PSO is working and is very much welcomed and valued. I am a Tayside MP, and the PSO was offered to Dundee Airport for London City. It is fantastic for business and commuters and also for onward connectivity. Is there not some sort of scheme that could be developed like that that could assist in international routes, or is that something that is beyond the obligations and responsibilities of the Department for Transport?

Robert Courts: It depends on what you mean, Chairman, to be honest. A PSO is a direct grant of government money to a particular airline to run a particular service.

Q187 **Chair:** Can't airlines be incentivised to consider Scotland more, and there might be a bit of extra support for them to secure that?

Robert Courts: It depends again on what you mean. I think we need to be in a position where we have services that are commercially viable, which is why I say that this is a commercial decision ultimately. If Government are subsidising something—if we are talking about subsidies or any kind of incentive, because any kind of incentive is a subsidy on one level or another—there has to be a defined public policy reason for that. Dundee to London, for example, is clearly of massive importance for all sorts of reasons. It would depend on what else that was.

I think it is important that we get demand stabilised and people are able to travel again, because once you have a vaccination policy in place, which we now do, and the restrictions are removed, that enables people to fly. Once people feel confident to do so, as I think they increasingly are, I think you will see the demand snap back.



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I suspect you will come on to APD anyway, but it is pertinent to dip into it for a second. HMT has legislated for the Scottish Government to take control of the APD policy. There is the HIAL exemption, which means it has not happened yet, but once that is resolved it will be possible for the Scottish Government to take control of that policy. That is an incentive within the devolved settlement that could be put in place to assist.

Q188 Sally-Ann Hart: Good afternoon, Minister. I am going to have a look at the environmental issues to do with airports, green tech and the support of the UK Government. There is a lot of potential in both technology and job creation. What is the UK doing to support airports in Scotland to provide infrastructure for new environmental technologies, which obviously will be happening in due course, for sustainable aviation fuels or electric planes?

Robert Courts: Thank you. This is one of my favourite subjects, and I could talk about this for a long time. There is a challenge in decarbonising aviation and there is also a tremendous opportunity. There is particularly an opportunity for regional airports and smaller airports, because a lot of the technology to help with decarbonisation is likely to be tested out, in the first instance, on shorter routes for various reasons. That is where we see a lot of these opportunities in place.

There have been some exciting trials already; ZeroAvia, for example, had the trial of its small or medium-sized passenger aircraft in the Orkneys last year. That is exciting. That is looking at hydrogen-electric technology, and I have seen some electric technology work as well. We are at the point where we are, not just as a Government but as an industry, considering what the best technology is likely to be. There are a number of different things in the mix and some of them may have a part to play, such as electric, particularly for small aircraft and short routes. I am thinking of some of the islands where that may be a real possibility. Then you have hydrogen-electric and sustainable aviation fuels as well. They all have a part to play in the mix and that is before we start to talk about the infrastructure.

We need to develop that technology before we start putting infrastructure in place because the kind of technology you use will dictate the infrastructure that you need. For sustainable aviation fuels it is a drop-in. Once you have sorted out a blend and rated your engines, that can just drop in and you can deliver it in the existing infrastructure. Hydrogen is something else and electric is something else again.

We are helping to sponsor that, essentially taking a seedcorn approach to what the technology is likely to be. From a sustainable aviation fuels perspective, we have a £180 million competition that is intended to bring along the creation of sustainable aviation fuel plants in this country. The availability of SAF, as we call it, is a challenge that we have to address and we have started to work on that.



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In June last year, the Government, run through BEIS, launched the £3 million zero emission flight infrastructure competition. That is supporting R&D into infrastructure adaptations, the things that will be required at airports for the introduction of battery or hydrogen aircraft. There are 15 organisations undertaking research projects as part of the funding. One of those is the University of Strathclyde, and that is a research project to understand what might be required.

We are not quite at the stage of putting infrastructure into airports. We are sponsoring and helping to understand the technology of what to put in once the technology is more settled. That is where we probably start moving back into the area of devolved competence again, because the infrastructure at a Scottish airport would in normal circumstances be a matter for devolved policy.

Q189 Sally-Ann Hart: Looking at investments into sustainable aviation fuels and other renewable or sustainable energy for transport, is the £3 million zero emission funding that you have just discussed and the £180 million competition part of the UK Government's aim to look at how to de-risk investment in sustainable aviation fuels?

Robert Courts: In bringing the price down and having the technology commercially deployable?

Sally-Ann Hart: How do you encourage businesses to invest in sustainable aviation fuels? Do the UK Government need to seed fund or to encourage that to happen by taking an element of risk out of it?

Robert Courts: Yes, I suggest that is what we are doing. That is the approach. I suggest that it is not the Government's job to pick what the solution is likely to be, because there are so many out there, many of which are complicated. Sustainable aviation fuels is just one. That is an umbrella term. There are different types of sustainable aviation fuels—some are synthetic, some come from feedstocks—and then there are carbon capture possibilities as well. There are a lot of different things, all of which come under the umbrella of sustainable aviation fuel.

At the moment, the price of these is high for the industry. You can have them used—we had some of them used on a blend for COP, for example—and you obviously have to bring them in. We want to get to the position where the price of SAF comes down and we produce them in this country. The de-risking is by helping to isolate what the most promising ones are, which is why we are running demonstrator competitions through the £180 million fund that I have referred to already.

Sally-Ann Hart: Then you will leave it to the private sector to invest in that?

Robert Courts: Ultimately, it will be for the private sector, yes.

Q190 Sally-Ann Hart: Thank you. Looking at sustainable aviation, the decarbonising aviation report and the Airport Operators Association



decarbonisation reports have both been criticised by environmental groups as being greenwashing. How would you support airports to ensure they become net zero and are not accused of being greenwashed?

Robert Courts: I really believe that a green future for aviation is possible and is coming. I do not accept any allegation of greenwashing here, but we have to accept that some of this technology is being developed. The criticism I have in return to such criticism is that it assumes that there will not be any development of technology, that nothing will change and that the market will not come up with solutions—and it is. We can see it happening around us already. There are all sorts of companies doing this.

Our role is in large part to bring people together. The Committee will have heard me talk about the Jet Zero Council before. This is quite a world-leading organisation because it brings together all of the leaders in academia, industry and airlines to consider how to do this. They are absolutely up for it. They are deadly serious about doing this. It is not lip service, it is meant and it is serious, and the Government are serious as well. Underneath that, there are workstreams, and one of the workstreams, the one that sits under DfT, is the sustainable aviation fuel one. Then there is the future flight work, which is the new aircraft types, the new hydrogen propulsion, for example, that tends to sit under BEIS.

This work is happening, it is happening fast and it is grasped with great enthusiasm. We have consulted on our jet zero strategy and we will release our final jet zero policy later in the year. The analysis that we have suggests that aviation can be decarbonised and can have a thriving, growing sector at the same time.

Q191 **Sally-Ann Hart:** I was about to ask about the jet zero consultation and whether you have any preliminary view on it yet.

Robert Courts: On the consultation or the policy?

Sally-Ann Hart: The results.

Robert Courts: It is a bit early at the moment. We are going through those at present, but we will be releasing that later on in the year.

The reason why I am positive about this is that the jet zero consultation document is laid out in three parts. The first stage is existing efficiencies. If we look outside now and we see an aircraft fly over us on its way into Heathrow, it will look similar to the aircraft that were flying around when I was a child. It is totally different, though. It may look the same but it is made out of carbon fibres and the wing technology is completely different. They are approximately—very approximately—twice as efficient and half as polluting as those that were flying around 30 years ago. The sector has been taking that effect anyway and that has been happening. Then you have sustainable aviation fuels, which have the potential to be an absolute game changer. Then you have the new, exciting technology



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in years to come, into which a lot of thought and effort has gone. This is real. Real change is happening and it is coming.

Sally-Ann Hart: Thank you, Minister. I have no further questions.

Q192 **Chair:** Do you really think it is possible that we will get an aviation industry that is net zero, clean? It is currently the biggest polluter of all forms of transport; 2.1% of all human-induced greenhouse gases come from aircraft, and 12% of all transport. Are we really going to secure an aviation industry that will be net zero when it comes to emissions or is this just some sort of pipe dream, the stuff of fantasy? Are we really making significant progress in dealing with this?

Robert Courts: Yes, we are. There is a lot more to do, so I am not hiding behind that. I am not saying we are there or that it is done. It isn't by a long way, but we have made significant strides in existing efficiencies because that helps anyway. Even if we do nothing—if we keep on using fossil fuels, which we will not—being more efficient helps with emissions anyway. It helps for things like the airspace modernisation that I referred to a few moments ago, burning less fuel and more efficient journeys. That helps of itself. Then you have things like the wider aviation piece, not just the aircraft themselves. I was over at Bristol recently looking at easyJet's electronic ground-handling operation that it has running there as a trial. There are those sorts of things that are starting to happen as well. Then you have the operations of getting to airports and decarbonising that side. There is a lot of pieces around aviation. Yes, it is entirely realistic because of the new technology that is coming on.

Q193 **Chair:** Do you not recognise the tension that even though we are doing an inquiry here about supporting the aviation sector in Scotland, maybe there is an opportunity to look more at rail, for example, to cut emissions with the target of the Government to get to net zero by 2050? Is investing in aircraft and air travel a means to secure that? Is there a tension between the Government's carbon emission strategy and what you are intending to do, and the support you are giving to the aviation sector?

Robert Courts: No, I don't think there is a tension. If you are saying to me, "Is there a case for exploring other parts of transport? Should we be looking at getting more freight on to rail?" that is not my brief but, yes, of course, Government should be looking at that. I am not saying no to that; I am just saying that I do not think that there is any reason to criticise aviation or to suggest that aviation will not have a critical role in the years ahead, because it will do, not only in flying around parts of the United Kingdom but in linking the United Kingdom, and particularly its remoter communities, with the wider world.

Q194 **Deidre Brock:** Welcome, Minister, to this afternoon's session. You will know that Scottish salmon is the largest food export from both Scotland and the UK. I wanted to press you a little further on route development



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for food exports, particularly given some of the difficulties we are seeing at Dover and on the back of some of the red tape caused by Brexit.

There was a report pre-Covid by the Scottish Government into food and drink supply chains and the transport industry. It points out that all fresh Scottish seafood, pretty much, exported outside the EU goes through Heathrow. It is usually taken there by road, as interconnecting routes from Scotland do not seem to match up terribly well, and it is usually as belly-hold cargo in passenger planes. This was about mid-2019 in that report. Regular capacity issues have been reported on that route through Heathrow, as well as difficulty in securing space on flights from Heathrow. Is that something that has come across your desk yet? Is it something that you are looking at to make it easier to take advantage of any emerging market opportunities in Asia, for example, in particular, and certainly in the US market? Where does that figure in what you are taking a look at now and what can you do to help ease that?

Robert Courts: It is a really good point. You are absolutely right that there are some great opportunities out there, smoked salmon being the classic iconic example of something that is hugely important. It is massively important to Scotland and to the UK as a whole. To a certain extent, you see the market adapting to this anyway. We have seen a big change in freight over the course of the last 12 months to two years because we have seen a demand for goods coming in. Some of that has been consumer goods. There has been a big rise in consumer goods because people are ordering things online rather than going to shops. That means a rise in packaging. For example, the belly hold you refer to going through Heathrow is a big part of it, and there is a rise in dedicated freight carriers as well. I was at East Midlands fairly recently watching its quite extraordinary freight-handling operation.

We are also seeing new operations emerge elsewhere. I visited Bournemouth Airport last week where there is a new carrier called European Cargo, which was relatively recently set up. That is now operating as a dedicated charter flight out of Bournemouth. I believe that one of the things it was exporting when I was there was smoked salmon. I don't know where it came from, but it is a fair bet that it may have been on its way out from Scotland. That is the sort of thing that is starting to happen.

As far as Government policy is concerned, it goes back to the questions I was answering in response to Mhairi earlier. It is the reason why the connectivity is so important from smaller airports to bring things into the hubs, be that Heathrow or a dedicated place like East Midlands or somewhere like Bournemouth where there is an operator expanding.

Deidre Brock: Or, indeed, somewhere like Prestwick. Ideally, these exports would go through from Scottish airports, but that is something that we will be—

Robert Courts: That is my point around the local routes.



Deidre Brock: Saving on emissions and road traffic as well.

Robert Courts: Or it may be trains, as the Chairman was saying. There are different ways. The point is that I want to see the ability to get freight and high-quality value goods moved quickly from their point of production to wherever in the world they are needed. That is the way commerce works and makes us all happier and wealthier.

Q195 **Deidre Brock:** Thank you. Can I ask a bit more about APD? The announcement of the decision to cut that caused rather a stir just before COP26. Could you go into the thinking behind it a little bit more, as to why the Chancellor chose to do that just before COP26? As you know, it went down like a lead balloon, I have to say, with a lot of environmental groups. For that matter, why has the decision been taken to cut it in 2023 and not sooner? What representations might you have made to the Treasury about that issue?

Robert Courts: On the process, on the timing of when that was made, APD was introduced back in 1994 and it has been the practice ever since then that any changes to rates and routes are announced 12 months in advance. There is a reason for that, which is that the carriers then have to work out the routes that the APD applies to. That is particularly the case if you are introducing a different band, which we are in this case. There is an extra band of APD, so it is not simply a matter of just switching it on. It is not like a tax relief that you could make available and operative immediately. It takes some time to operationalise. That is the process point.

There are two parts to the thinking behind it. There has been a request from the aviation sector for a very long time for APD reform, and we have, as aviation's standard bearers in Government, taken that forward to the Treasury. The chief reason for that is on domestic connectivity you pay APD twice, for obvious reasons: you are flying from within the UK to the UK and then you are going back again, whereas if you are flying out you only pay it the once. It is essentially being doubled. To remove that to help with connectivity within the different parts of our country is something that I think Government should be doing. However, clearly there is the environmental critique as well, and we have compensated for that by introducing an ultra long-haul band. That means that those who fly the furthest, and therefore create the most emissions, pay more. Overall, that balances out.

There is a further reason why I think that cut to domestic APD is right. It is not only because it brings connectivity together—I think that is a good thing in and of itself—but it makes those routes more profitable and more sustainable. As I say, that is a good thing in and of itself, connecting our communities. Going back to the decarbonisation future and the point I made to the Chairman a few moments ago, a lot of the new technology is likely to be rolled out on shorter, smaller routes. It makes sense to help those routes because they will be the testbed for the new technology that we will be using across the board in due course.



Q196 **Deidre Brock:** Have you ever had discussions with the Treasury about making APD a green tax and then potentially using some of the money raised by it for green initiatives, as opposed to cutting it altogether?

Robert Courts: To be honest, APD arguably is a green tax already, whether you call it that or not. It is a matter of terminology, isn't it? It is a tax you pay if you fly and, therefore, if you fly you are creating an emission and you are paying a tax for it. I think that arguably it is a tax already.

Q197 **Deidre Brock:** Is that why it was introduced in the first place back in the 1990s?

Robert Courts: Gosh, I don't know what the motivation was back in the 1990s. It was before my time, I am afraid. I would argue that the effect of it, none the less, is the same.

As to what you do with the receipts, the UK does not tend to hypothecate taxation. There are often arguments to do so, but the problem with doing that is that it takes away from democratic accountability of what you are spending on a particular project. I think it is better that the Treasury accumulates its money and then you and others make your submissions to Ministers, who then go away and make their bids to the Treasury in a spending review. That is the way the accountability works. Otherwise you end up in a position where you are putting a certain amount into a certain pot on a hypothecated basis, which will rise and fall depending on how well that industry does rather than how important the need is. Do you see what I mean?

If it were to go to green initiatives but the industry were to contract—I hope it doesn't, but if that were to happen—you would have less spent on environmental initiatives. Is that right? I think that probably what we should be doing is understanding what we want to spend on the environment and finding a way to do so. Chairman, Ms Brock and I have entered into a philosophical discussion about taxation, but that is the general approach that the UK takes.

Deidre Brock: It is very interesting, isn't it?

Q198 **Chair:** Thank you. We are almost done, Minister, you will be glad to know. There are just a couple of questions about the Airspace Modernisation Strategy. You will know that that was postponed, quite rightly, because of the pandemic, but we know there is an extra £5.5 million of investment to get this started again. Could you tell us where exactly we are with this and what the ambitions are to move to stage 2 and stage 3 for this to be realised?

Robert Courts: This is the CAA's. It is called CAP1616, Chairman, which is the airspace modernisation. There is a number. The money that I have referred to, the £5.5 million and the £2.7 million, is part of the future airspace strategy implementation initiative, FASI, within the Airspace Modernisation Strategy. That is the part of it. It is £5.5 million and then



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the £3.7 million. I think I said £2.7 million. Can I just correct that? It is £3.7 million; I apologise. Those are the two tranches.

Chair: We have £2.5 million in our notes.

Robert Courts: £3.7 million; forgive me. I was thinking of something else. It is £5.5 million and then £3.7 million. That is part of stage 2, which is moving the sponsors along, and then you will have a later stage 3, where those are then worked out, which is when you would have a more detailed level of consultation with local communities, for example.

Q199 **Chair:** Some of our witnesses started to describe and explain what this achieves. What, in your view and the Department's view, does this bring to the table—what innovations?

Robert Courts: The benefits of modernisation?

Chair: Yes.

Robert Courts: They are multiple. Imagine that airspace is like a motorway, but the motorway was built in the 1950s or, in fact, even earlier than that, and currently you have rather broad corridors within which you can fly. Then you have this phenomenon of stacking, which we have probably all experienced at some point. That is wasteful. That means it is, first, economically bad for airlines and, secondly, obviously environmentally bad because fuel is being expended and there are emissions that are not serving any purpose. You want to cut that out. If you are able to smarten up airspace, you can cut out unnecessary emissions. That helps economically and environmentally. You are able to be more precise about where you fly, and PBN—performance-based navigation—is a big possibility, particularly in the south-east of England where there is a very congested airspace with a lot of airports packed into a relatively small area. You have the ability to be more precise about where you have aircraft flying and, therefore, to avoid some communities. You are able to climb and descend more quickly and cut out the stacking side of things. Those are the initial things.

You are laying the building blocks in place for where other types of aviation can fly. Obviously, from the perspective of congested airspace in southern England, that is important from a general aviation perspective, particularly when you start looking at things like drones. That clearly is a big possibility from an environmental perspective and from a connectivity perspective. The possibilities of drones are endless, but you clearly need up-to-date, modern airspace.

Q200 **Chair:** This seems to be a fairly essential programme, and I think some of our witnesses were looking to be reassured that all stages would be completed within the existing timeframe. Can you give them that assurance?

Robert Courts: I had best not get into the business of speculating about where we will be, but the Government remain committed to airspace



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modernisation. We have put money in, which is unusual because usually the principle is that the user pays. We have done that to make sure that it remains on track. It is something that we are very keen on and keeping close tabs on, and I am personally. It is making good progress.

Q201 Chair: Lastly, you touched on the Union Connectivity Review. We had Sir Peter here a couple of weeks ago, and it was a very helpful session. I think we all got to better understand what was trying to be achieved and created with this. Do you not think that what is suggested in the review is rather modest; it is just a little bit of tinkering here and there? There is not any great investment that we were able to see. Could it have done more? If this was the big plan to get connectivity across the whole of the United Kingdom, surely more could have been done in that review.

Robert Courts: First, Chairman, we have yet to respond to it. We will, and we will be able to discuss it more at that stage. With respect, I do not agree with the premise of that question. I think there are some quite exciting possibilities there, particularly when I look at the aviation suggestions that are made. When I start fleshing it out in my own mind, within my own brief of aviation and maritime, the possibilities that the UCR gives us are quite significant. There are some exciting possibilities. We will respond properly in due course but, no, it is a very helpful document.

Q202 Chair: There are four key recommendations. One is revising existing subsidy rules for domestic aviation—fine. Recommendation 14 is reducing the rate of domestic aviation tax, which you are doing. One is driving the uptake of sustainable fuels, the zero emissions, which we have heard you talk about here. The other recommendation is to support the development of sustainable aviation fuel plants in parts of the UK. Is any of that coming to Scotland?

Robert Courts: If I take the last example of a plant, where is that plant to be built? Where the plant goes is a commercial matter and it is not for Government to say. There is every reason to think that Scotland will benefit, as with the rest of the UK. I referred earlier to the 15 organisations, one of which is the University of Strathclyde where there is a research project going on. I am keen to emphasise that at the moment we are talking about seedcorn money, research and scoping out what the likely technology will be. We are not at the stage of deciding where that will come, but there is no reason to believe that Scotland will not see its fair share of that.

Q203 Chair: You cannot share with the Committee when we are likely to see a Government response to the Hendy review? Is it imminent, which is what we usually get from Ministers?

Robert Courts: It will be along as soon as possible, Chairman.

Chair: We will leave it at that. Minister, thank you ever so much. It was a very helpful session. If there are any further questions, we will come back to you and I know you will be, as usual, helpful with any further



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inquiries that we have.