



House of Commons  
Scottish Affairs Committee

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# Airports in Scotland: Government Response to the Committee's Fifth Report of Session 2021–22

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Second Special Report of Session  
2022–23

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## The Scottish Affairs Committee

The Scottish Affairs Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the Scotland Office (including (i) relations with the Scottish Parliament and (ii) administration and expenditure of the offices of the Advocate General for Scotland (but excluding individual cases and advice given within government by the Advocate General)).

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Committee reports are published on the [Committee's website](#) and in print by Order of the House.

### Committee staff

The current staff of the Committee are Stephen Aldhouse (Senior Committee Specialist), Zoe Backhouse (Second Clerk), Pete Brook (Financial Analyst, Scrutiny Unit), Samantha Colebrook (Committee Operations Officer), Deborah Courtney (Committee Operations Manager), Nerys Davies (Committee Specialist), Simon Horswell, (Committee Specialist), Chloe Jago (Senior Media and Communications Officer), Alex Knight (Senior Economist, Scrutiny Unit), Leoni Kurt (Clerk), Ellen Parry (Committee Researcher) and Chloe Smith (Committee Specialist).

### Contacts

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## Second Special Report

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The Scottish Affairs Committee published its Fifth Report of Session 2021–22, [Airports in Scotland](#) (HC 601) on 22 March 2022. The Government's response was received on 24 May 2022 and is appended below.

## Appendix: Government Response

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This is the Government's formal response to the recommendations made by the House of Commons Scottish Affairs Committee fifth report on Airports in Scotland, published 22 March 2022. The report considered the importance of the aviation to Scottish businesses and communities, the impact of the Covid-19 pandemic and subsequent travel restrictions, and the sector's recovery.

The Government welcomes the Scottish Affairs Committee inquiry and report into airports in Scotland. We are grateful for their detailed and careful consideration of the issues facing Scottish airports, and to all those who provided evidence to the Committee's inquiry.

We recognise the unprecedented impact that the Covid-19 pandemic has had on travel and travel related industry. The Government is, and remains, supportive of the key role airports and the routes they provide play in supporting union connectivity, boosting our global connectivity and levelling up.

The Government thanks the committee for their recommendations during this important time for the aviation industry in the UK. We have carefully considered our response to each of the Committee's recommendations and this paper sets these out.

The structure of the response corresponds to the recommendations for the Government in the committee's report. Text taken from the select committee's report is highlighted in bold.

### Recommendation 1

*We recommend that the UK Government's strategic framework for aviation recovery should include:*

- *How airports in Scotland can increase their passenger numbers and grow their business whilst meeting net zero targets and using greener methods of operating*
- *How airports in Scotland can continue to deliver current connectivity and recover any routes that have been lost through the pandemic; and*
- *What the context is in which the UK Government would step in with funding for stage 3 of the Airspace Modernisation Programme*

## Government's response

This Government values the important role the aviation sector has in the UK, and recognises that maintaining a thriving and competitive aviation sector is of the upmost importance to the UK, delivering essential connectivity, supporting levelling up and strengthening the ties of our union.

We share the committee's view of the importance of considering in detail the future of the aviation sector in this country as we begin to build back from the pandemic. Our strategic framework will consider a wide range of issues including workforce and skills, domestic connectivity, noise innovation and regulation and consumer issues. We will also consider climate change and decarbonisation, as well as the critical role that the UK aviation sector plays in retaining this country's global reach.

The Government supports continued growth in aviation over the next 30 years, but we agree with the committee this growth must be sustainable, and that the aviation sector has an important role in helping to deliver the UK's net zero commitments. In July 2021 we published the Jet Zero Consultation, outlining our vision for the aviation sector to reach net zero by 2050. The Jet Zero consultation closed on 8 September 2021, and we received over 1,300 responses. We continue to carefully consider consultation responses in the development of the final Jet Zero Strategy. We are aiming to publish the Jet Zero Strategy later this year.

The Government also continues to support progress towards low and Zero Emission aircraft technology through the Aerospace Technology Institute (ATI) programme. The recent Spending Review has extended our commitment to co-invest in aerospace by guaranteeing R&D funding for the ATI Programme to 2031. In March it was announced that the Government will provide £685m of funding to the ATI Programme over the next three years, an increase of £235m over the previous three years. We are also aiming to build a world-leading sustainable aviation fuel (SAF) industry. Our ambition is to enable delivery of 10% SAF by 2030. On top of existing programmes and support, we will provide £180 million to support industry to accelerate the commercialisation of SAF plants and fuel testing in the UK.

Our analysis suggests that by focusing on these new fuels and technology, the aviation sector can achieve Jet Zero targets without the Government needing to intervene directly to limit aviation growth or cap demand. We are continuing to engage with stakeholders on next steps as we develop the final Strategy.

We welcome the committee's recognition of key role airports have in delivering connectivity to the communities they serve and our forthcoming Strategic Framework will explore how we can ensure the UK has the domestic connectivity necessary to deliver on the Government's union connectivity and levelling up objectives.

The Government has already introduced a package of APD reforms that will bolster air connectivity within the Union with a 50% cut in domestic APD, which will particularly benefit regional airports who tend to account for a greater proportion of domestic flights.

To help protect important routes for communities that were in danger of being lost the Government currently jointly funds three public service obligations (PSO) routes into London from Newquay, Dundee and Londonderry. We will consider whether there are

further opportunities to utilise PSOs alongside other policy measures, towards meeting our ongoing regional connectivity objectives and protecting air routes. We welcome Sir Peter Hendy's Union Connectivity Review, which was published in November 2021 and considers all of the main modes of transport including air routes, and we are carefully considering how we can best take them forward.

Finally, the Government agrees with the committee that the Airspace Modernisation Programme is a critical national infrastructure project, that will help deliver quicker, quieter and cleaner journeys and we have recently announced a further £3.7 million of funding for the programme which follows on from the to the £5.5m support package in 2021.

However, it is a long-standing policy that air passengers should fund the cost of their travel, including the costs of changes to airspace structure, rather than being subsidised by the taxpayer. The funding packages were provided on an exceptional basis to assist the sector to resume progress on this crucially important project during the pandemic.

This funding was agreed on the condition that sponsors would fund the rest of the programme under the user pays principle. As the sector continues its recovery sponsors of the programme are expected to resume responsibility for funding further stages of the programme.

## Recommendation 2

***We recommend that the inter-ministerial group on transport produce a report within the next six months outlining the steps they will take to improve communications between devolved nations around the timings of travel restrictions. It should investigate how to develop new communication processes that respect devolved competencies and explore where joined up working can take place. The inter-ministerial group on transport should also review the effects of the timings of travel restrictions over the pandemic have affected airports. (Paragraph 46)***

## Government's response:

The UK Government shares the Committees view on the importance of good and proactive communication with the devolved administrations. We recognise that the Covid-19 pandemic has profoundly impacted airports across the UK and we will continue to work in partnership with the devolved governments to support airports and passengers as we build back from the pandemic.

Close collaboration and strong communication with the devolved administrations will be vital as we look to fully understand the effects that travel restrictions during the pandemic had on the UK transport system, including airports. The Department for Transport will continue its work to learn these lessons, improve aviation connectivity and support airports across the UK.

The recommendation cannot, however, be fully endorsed as the Inter-ministerial Group (IMG) on Transport is not the appropriate body to produce a report reviewing intergovernmental relations or the effects of the pandemic on airports. The IMG on Transport provides department-level quadrilateral structures to ensure effective

collaboration across policy areas. Engagement at ministerial level aims to promote understanding of, and accountability for, the governments' intergovernmental activity on transport policies across all areas of mutual interest. The IMG on Transport is not a decision-making body but a forum for discussion. The IMG will continue to meet and be utilised as a mechanism to facilitate dialogue between the Government and devolved administrations.

The UK Government is committed to positive and effective working with the devolved administrations. We will continue to improve communication mechanisms, align wherever possible across our shared transport interests, and discuss joint decision-making, policy development and pragmatic ways to work together.

### Recommendation 3

*We recommend that the UK Government investigate how money raised from Air Passenger Duty could be used for environmental purposes and report the results of this investigation to the House by the end of 2022.*

#### Government's response:

Air Passenger Duty (APD) is the Government's principal tax on the aviation sector since tickets are VAT free and aviation fuel incurs no duty. Its primary objective is to ensure that airlines make a fair contribution to the public finances.

As mentioned in the Committee's report, the Consolidated Fund receives the proceeds of APD and other tax revenues, such as those collected by Her Majesty's Revenue and Customs. APD is not a hypothecated tax.

It is worth noting that the UK's Emissions Trading Scheme (ETS) is part of the wide range of measures that the Government has put in place to support the decarbonisation of the aviation industry. The ETS covers participants from the aviation, power and industrial sectors. It sets a total annual cap on greenhouse gases emitted by these sectors and covers domestic flights within the UK, flights from the UK to the EEA, and flights between the UK and Gibraltar.

The other measures, as mentioned previously, include supporting progress towards low and Zero Emission aircraft technology (by providing £685m of funding towards aerospace research and development over the next three years) and £180 million to accelerate the commercialisation of SAF plants and fuel testing in the UK.