

**Treasury Select Committee**

**Government Coronavirus finance package: Call for evidence**

Written response submitted by  
Heathrow Airport Limited

23<sup>rd</sup> March 2020

Heathrow welcomes the opportunity to respond to the Treasury Select Committee's call for evidence on the Government's Coronavirus finance package. Coronavirus (COVID-19) is a serious challenge and a real threat to the global economy. Our response is split into two brief sections – steps we have taken so far in response to the Coronavirus, and a response on the Government's finance package to date (as of 23<sup>rd</sup> March 2020).

### **The steps Heathrow has taken so far**

As the UK's hub airport, we are determined to play our part as a responsible employer and business, and to work collaboratively with the wider aviation industry and government at this difficult time. Heathrow has a strong financial and liquidity position, but Coronavirus is a serious challenge and is already having a devastating impact at all UK airports.

Heathrow will take steps to reorganise and shrink operations to remain open throughout this crisis. Keeping the airport open will enable some passenger services to continue, as well as facilitating cargo operations which will safeguard vital supply lines for the UK. Our priority is to also protect as many jobs as possible.

Whilst we remain committed to remaining open, Heathrow's financial performance will be significantly impacted by this unprecedented situation. As such, we are taking a number of immediate actions to safeguard the financial resilience of the business. Initial steps we have already taken include reducing operating costs, cancelling executive pay, freezing recruitment and reviewing all capital projects. We continue to monitor the situation.

We are also doing everything we can to support our airlines and other airport partners and will also continue to deliver on our commitments through the prompt payment code. The management team are reviewing further actions which can be taken if required and as the situation continues to develop. We have maintained prudent headroom in our credit metrics and have a strong track record of taking actions to support strong investment grade credit ratings.

### **The Government's finance package**

We welcomed the Chancellor's statements last week and the creation of a Treasury and DfT taskforce to come up with specific support packages for airlines and airports. We await the outputs of this taskforce and urge the government to provide clarity on timelines and delivery.

We have requested government action on the following, to support all airports, and ensure that the airport sector is able to protect jobs and operate quickly and effectively once flight restrictions are lifted:

- Suspend business rates and other government and local government rates and taxes on airports.
- Defer payments of all VAT, corporation tax and other taxes for the duration of global flight restrictions. The government should also provide clarity on timescales and delivery of these changes.
- Deferral of employer PAYE contribution (including income tax and National Insurance contributions) for the duration of global flight restrictions and deferral of regulatory charges and deadlines.
- Provide relief from airport policing costs.
- Defer payment of regulators' charges.

- Remove the liability on ground-handlers for unpaid Air Passenger Duty, without putting these costs on airports.

We have already put in place significant cost saving initiatives, and are looking at going further, but believe these steps by Government could help us to minimise redundancies, which are being considered as a last resort.