

AIRPORT OPERATORS ASSOCIATION

# A UK Airport Recovery Plan

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# Chief Executive's Introduction

**2020 was the worst year in history for aviation globally and the outlook for 2021 is deteriorating. The proliferation of travel bans, quarantine requirements, lockdowns and lack of consumer confidence to travel taken together meant that runways and terminals at UK airports stood empty for most of 2020. Even in the summer, when other businesses saw a temporary recovery, airports saw a fraction of the normal summer peak due to quarantine and an ever-shrinking list of exempt countries.**



2021 is expected to be our second-worst year in history, with the major question being: just how bad will 2021 be? The outlook is worsening every day and week. The recovery that is necessary for the industry to survive has been postponed at best, with a real prospect that 2021 is not materially better than disastrous 2020.

The public health measures are understandable, given how the pandemic has taken a turn for the worse. That does not make the effective government-ordered shutdown of travel any less challenging for airports. Yet even while they have closed off our main revenue stream, airports remain open in the national interest: serving remote communities, key industries such as oil, gas and offshore wind and emergency services while bringing crucial supplies to the UK. This cost for this is borne by our industry, with little government support or recognition.

It is vital that we get 2021 right, for our industry but also for the UK. Aviation supports nearly a million jobs and drives economic growth: as rule of thumb GDP grows by 0.5% for every 10% connectivity growth. The UK Government's Global Britain and levelling-up agendas, for example, will be ineffective without aviation. The Scottish Government's priority of inclusive economic growth is another example of a policy that will be more difficult to achieve if aviation is unable to play its role in connecting communities, including connecting them to growth opportunities.

Summer 2021 needs to be a success for airports and airlines to survive and avoid further job losses and reduced investment in the UK's infrastructure. The UK Government should play a leadership role in this, bringing together other countries to set out a common approach to restarting aviation safely.

Before the pandemic took its most recent turn for the worse, the AOA worked with Steer on possible recovery scenarios. While the outlook is

now significantly worse, they give a helpful baseline view. In this Airport Recovery Plan, we set out the main conclusions and outline how government support will be vital, even in an optimistic scenario, to prevent the UK lagging behind our international competitors.

UK-wide passenger numbers could return to 2019 levels around 2025 at the earliest, if 2021 sees a successful global vaccine roll-out and easing of travel restrictions. This is genuinely an optimistic scenario – initial roll-out challenges have already emerged around the world and more may yet materialise while travel restrictions have increased, rather than decreased. Some of these will be resolved, and others may not be.

The role of government is to see the aviation sector not just through the immediate crisis but support the sector through the slow recovery with a UK-wide Aviation Recovery Package. The financial damage of the pandemic for aviation will take years to repair, so the work must start urgently. This is particularly important outside London and the South East, where the recovery is expected to take longer to the detriment of the UK Government's levelling-up agenda.

While the COVID-19 pandemic has been a major rupture for our sector, it is also an opportunity to build back better. We are ambitious in our desire to bring back aviation connectivity for all communities, not just those in the economic hotspots. We also believe there is a major opportunity to return to 2019 passenger levels with an environmental impact that is lower than it was in 2019.

This is achievable – but only if government and industry work hand-in-hand to make it a reality. We stand ready to discuss with the UK and devolved governments how we can make our vision a reality..

**Karen Dee**  
**Chief Executive**

# 10 things we learnt from Steer’s analysis of COVID-19’s impact on aviation

Aviation was one of the worst-hit sectors in the UK but also globally as a result of the pandemic. Commissioned by the AOA, Steer modelled three possible recovery scenarios:



## Scenario 1 Successful Vaccine

Vaccines are rolled out largely successfully worldwide through 2021.

## Scenario 2 Divided World

Vaccines are rolled out largely successfully in developed countries through 2021, but there are issues in many parts of the world.

## Scenario 3 Enduring Virus

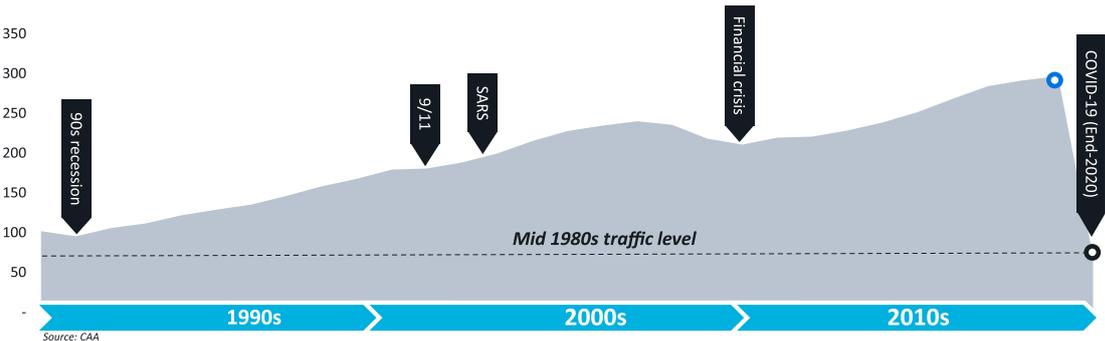
Vaccines are rolled out through 2021 but their effectiveness is limited worldwide.

From that we take a number of key conclusions away:

# 1 Back to the Future

**Traffic down to 1980s levels:** at the height of lockdown, passenger numbers plummeted by 95%-100% at most airports. Over Q1-Q3 of 2020, traffic was down on average by 72%

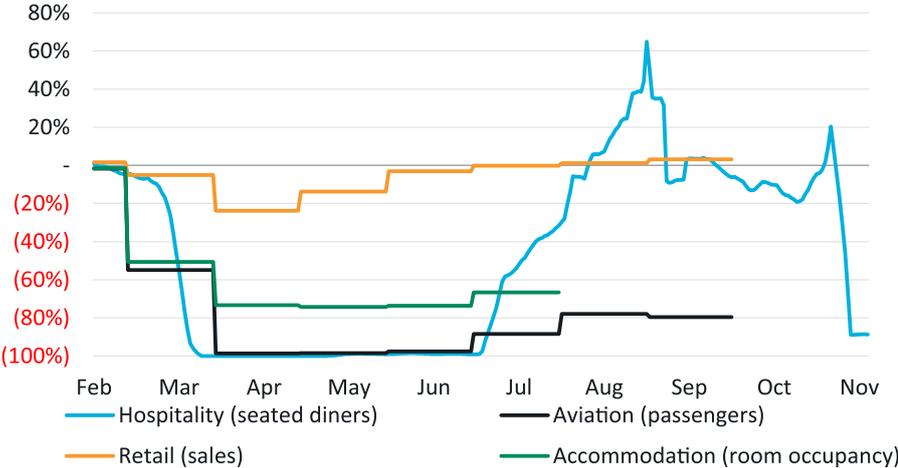
UK PASSENGER TRAFFIC: 1990 - 2020 (MILLION)



# 2 Summer storm

**Quarantine introduced as UK lockdown eased:** even though UK lockdown restrictions eased, the introduction of quarantine for arrivals from an ever-changing list of countries, meant aviation continued to suffer while domestic sectors saw some recovery.

UK ECONOMIC SECTORS ACTIVITY INDEX (FEB 2020=100): FEB-NOV 2020

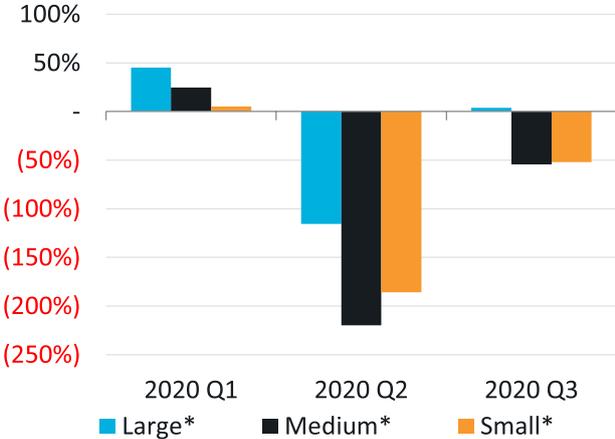


Source: Office for National Statistics, Open Table, UK CAA, Visit Britain

# 3 Keeping the UK's lights on

**Airports remained open to support critical services:** all but a couple airports stayed open to support vital local and regional services, such as air ambulances, medical flights for remote (island) communities, HM Coastguard, the National Police Air Service as well as maintenance flights for offshore oil, gas and wind operations. They were also crucial to get freight into the UK, including vital supplies of PPE, and support organisations like Royal Mail in their efforts to meet growing demand on their services. This came at a cost, however.

UK AIRPORTS EBITDA MARGIN %: 2020 Q1-Q3



Source: AOA  
\*Large: >15m 2019 UK Pax., Medium: 2.5m-15m 2019 UK Pax., Small:<2.5m 2019 UK Pax.

“  
Until there is a clear and coordinated plan to recovery then we are going to really struggle. We are existing at the mercy of our lenders and their goodwill will increasingly evaporate if there is no plan to recovery.”

” Airport Finance Director

## Keeping regional gateways open

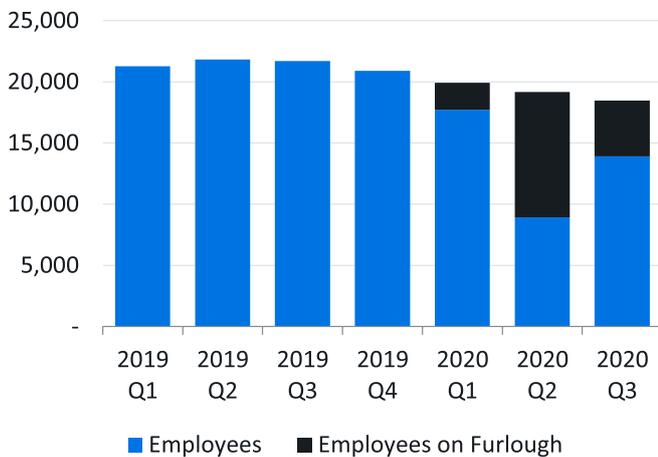


Regional & City Airports, owner of Bournemouth, Coventry, Exeter and Norwich Airports, has lost more than 90% of its passengers through the pandemic to date. Nevertheless, the group has been determined to ensure that its airports remain open despite the increased costs of doing so to support critical services and important airport-based businesses. For example, Exeter Airport is the gateway to and from the south west for the Royal Mail, whose nightly operations have continued unbroken to ensure that mail continues to flow. Norwich Airport is the primary gateway to the southern North Sea gas fields and has supported the continued operations of offshore helicopter companies to ensure the vital business of transporting key workers continued. Bournemouth Airport has played its part in tackling the pandemic, remaining open to support critical air cargo import operations for the NHS. All of the group’s airports have continued to support the UK military, aviation maintenance operations, air ambulance and police flying and flight training.

# 4 Difficult decisions

**Airports cutting back to safeguard their businesses:** airport revenues fell by close to 80% in the second and third quarters of 2020, compared to 2019 and airports took drastic steps. They significantly reduced capital investment programmes and laid off thousands of staff. With the renewed lockdown, this could worsen over 2021.

UK AIRPORT EMPLOYEES: 2019-2020



Source: AOA



## Supporting airport staff into new employment

Due to the COVID-19 downturn, Birmingham Airport sadly had to make many roles redundant, including a number of security and customer service positions. To support those employees at risk, the airport provided on-line training courses, such as how to prepare for a competency-based interview and how to write a great CV. They also proactively helped affected employees to find work elsewhere, with the knowledge, training, experience and skillsets developed at the airport being much-sought after by other employers.

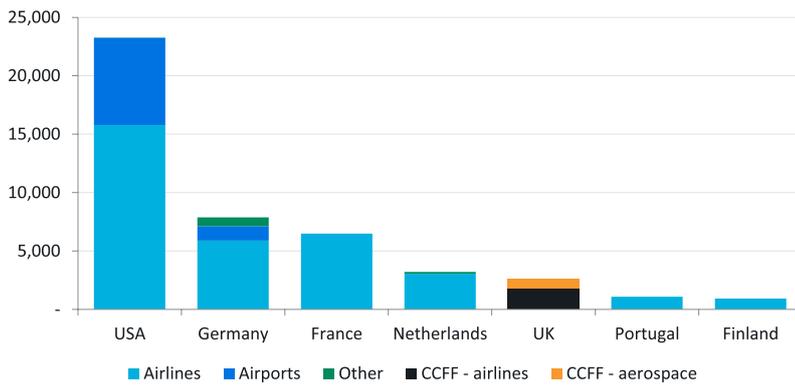
For example, one of the UK’s Inland Border Facilities is at Birmingham Airport and they required security roles. More than 70 airport security personnel have been seconded to the Contractor, while maintaining their airport security competencies and working a number of training hours. This will allow them to return to airport security operations when air traffic returns. Additionally, 44 members of the customer experience team have been reemployed into local hospitals as ‘patient ambassadors’. Furthermore, through the airport’s connections with the NHS, several previous airport employees have been recruited to support the Midlands’ vaccine roll-out.



# 5 Crisis, what crisis?

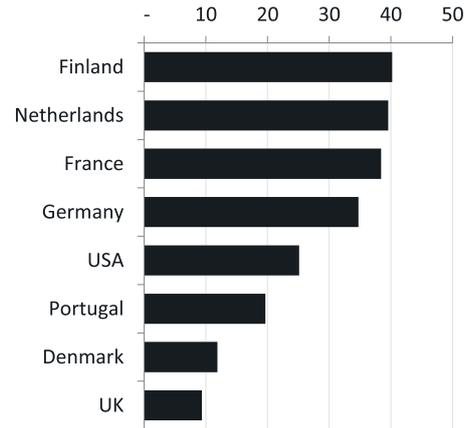
**UK and devolved governments provide limited support only:** while economy-wide government support, such as the Job Retention Scheme, was vital, little aviation-specific support was given. Scotland and Northern Ireland provided airport business rate relief early on, until finally the UK Government announced partial rate relief. This compares poorly to how the UK’s competitors stepped in to support their aviation sectors.

**AVIATION-SPECIFIC COVID FINANCIAL SUPPORT FOR SELECTED COUNTRIES (£ MILLION)**



Source: EU State Aid declarations, Bank of England, US Treasury (as of October 2020)

**AVIATION-SPECIFIC FINANCIAL SUPPORT PER PASSENGER (£)**

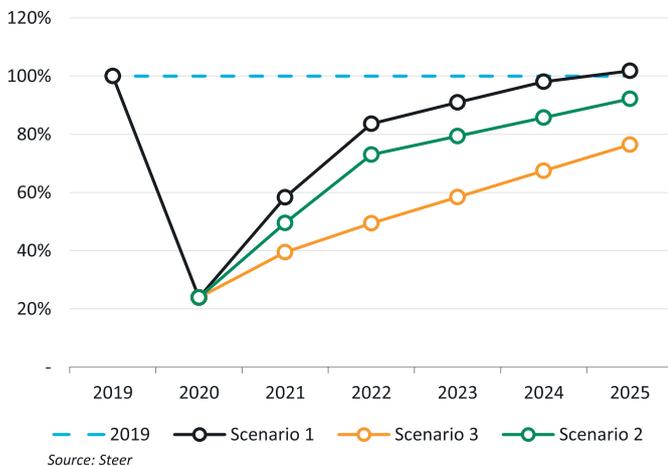


Source: EU State Aid declarations, Eurostat, Bank of England, US Treasury (as of October 2020, 2019 pax.)

# 6 A long and winding road

**The success of global vaccine roll-out will set the pace of recovery:** travel restrictions will determine how well the aviation sector can recover. Even if the global vaccine roll-out goes well, it could be 2025 before airports see 2019 levels of passengers again. The renewed lockdown and additional travel restrictions are not yet included here and would produce a significantly more pessimistic outlook for 2021 and medium-term recovery.

**STEER TRAFFIC SCENARIOS: 2021-2025 (% OF 2019 PASSENGERS)**



Source: Steer

## Keeping the UK’s oil & gas flowing

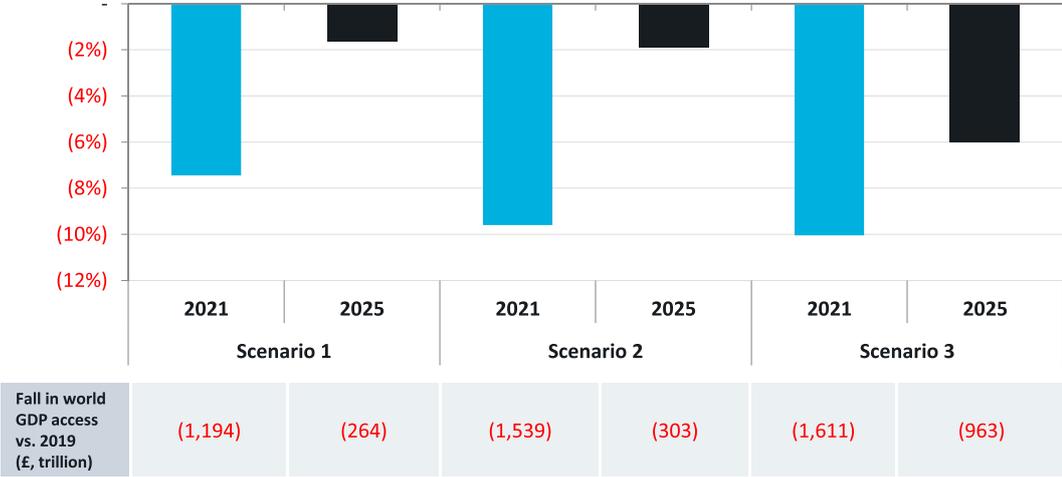
As the gateway to Europe’s energy capital and as Europe’s busiest commercial heliport, Aberdeen International Airport is the north-east of Scotland’s major transport hub and a key driver of the region’s economy. As with all UK airports, the Coronavirus pandemic has had a dramatic impact on Aberdeen, however, in remaining open it has supported critical lifeline services to remote communities in the Highlands and Islands and ensured the country’s oil & gas industry has been able to operate. The airport has also supported the national response to the pandemic by hosting a COVID-19 testing centre.

**Aberdeen International Airport**

# 7 A smaller world

**Aviation connectivity will be hit for years to come:** the UK will see significant route losses in the short-term and recovery of connectivity is likely to centre around high-yield, short-haul routes to popular travel destinations. While airports will welcome all passengers, from a UK economic perspective the quality of the connectivity would be lower. This puts ambitions for a globally trading Britain under pressure.<sup>1</sup>

**UK AIR CONNECTIVITY INDEX: % REDUCTION VS. 2019**



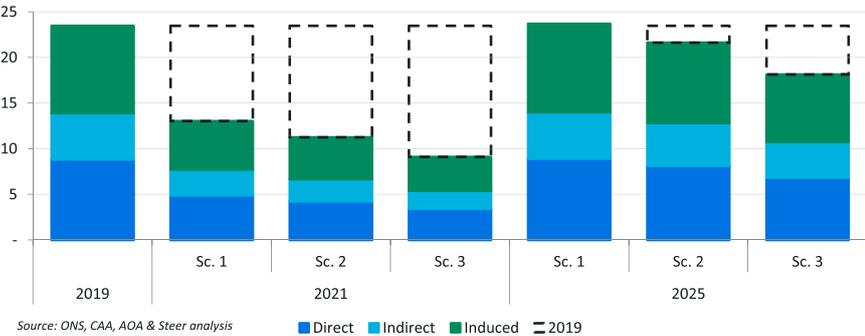
Source: IMF, OAG, Steer analysis

<sup>1</sup> This is based on the World Bank’s Air Connectivity Index (ACI), which measures the economic potential arising from air connectivity through the proportion of world GDP directly accessible from the UK, based on the availability, frequency, and travel time of scheduled flights.

# 8 As aviation goes, so goes the economy

**Aviation is a growth engine for open economies like the UK’s:** opening up international trade opportunities and bringing investment to the UK. A slow recovery of connectivity generally and business-focused destinations in particular will have a significant employment and economic impact.

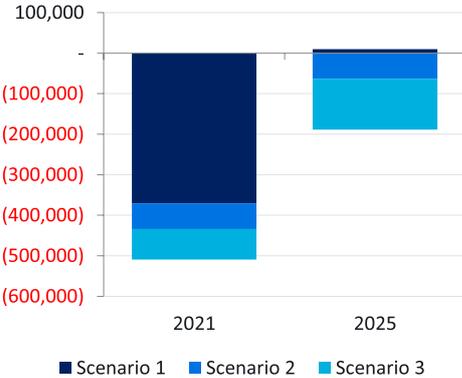
**GVA IMPACT, SCENARIOS 1,2 & 3: 2019, 2021 & 2025 (£ BILLION, 2016 PRICES)**



Source: ONS, CAA, AOA & Steer analysis

Legend: Direct (Blue), Indirect (Light Blue), Induced (Green), 2019 (Dashed Box)

**EMPLOYMENT IMPACT RANGE: 2021 & 2025 VS. 2019**

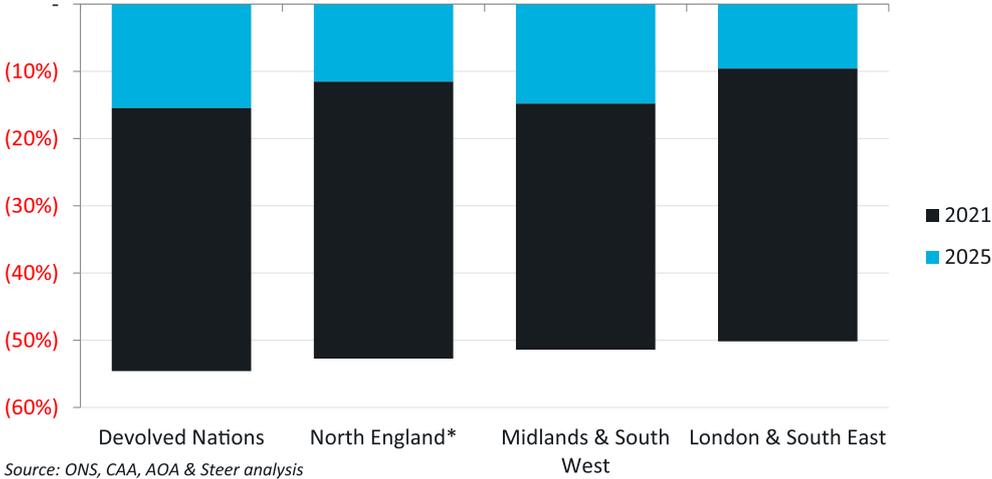


Legend: Scenario 1 (Dark Blue), Scenario 2 (Medium Blue), Scenario 3 (Light Blue)

# 9 A tale of two countries

**Levelling-up dealt a blow as nations and regions recover more slowly:** English regions outside London and the South East along with the devolved nations have seen a disproportionate reduction in capacity (especially on long-haul routes) during 2020. The recovery will be slower, which could undermine the UK Government’s levelling-up agenda.

UK REGIONS SCENARIO 2 GVA IMPACT: 2021 & 2025 (VS. 2019)

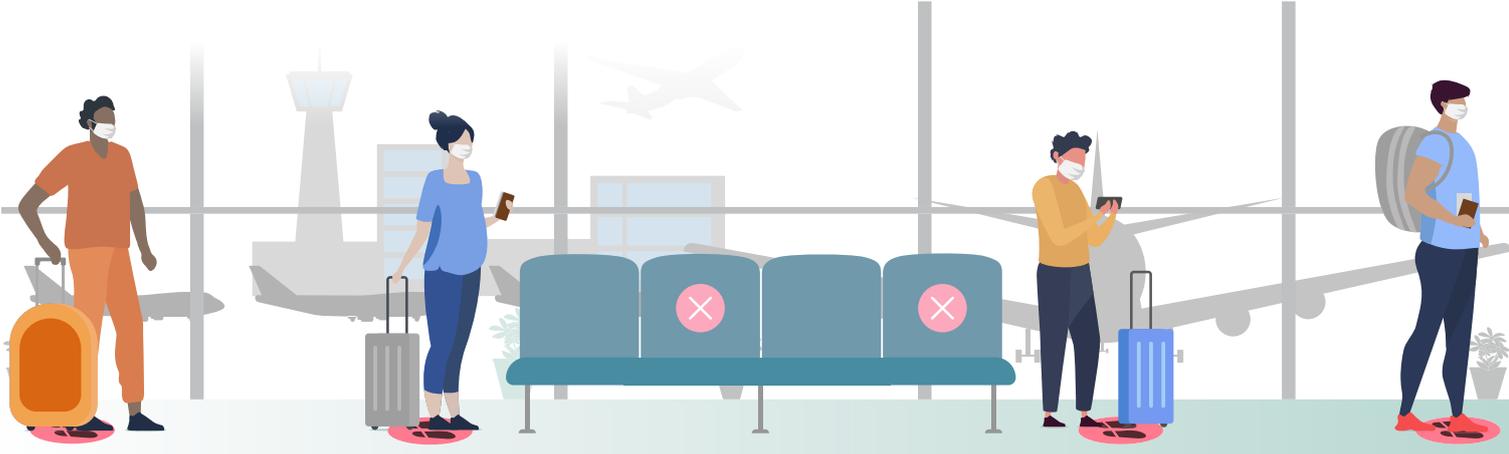


## Lifeline services to the Channel Islands

Despite a 90% decrease in passengers following the collapse of Flybe and the devastating impact of COVID-19, Southampton Airport continues to support a number of crucial operations, including lifeline services to and from the Channel Islands. These routes play a critical role for passengers travelling for hospital appointments and treatment in Southampton.

Routes to Glasgow and Aberdeen also played an important role for key workers, including our armed forces and those working in the oil and gas sector.

To support the national effort, Southampton Airport’s facilities and infrastructure - and those of the wider AGS group which includes Aberdeen and Glasgow airports - were made available to the UK Government resulting in a COVID-19 testing centre being set up in the airport’s carpark and which continues to operate.



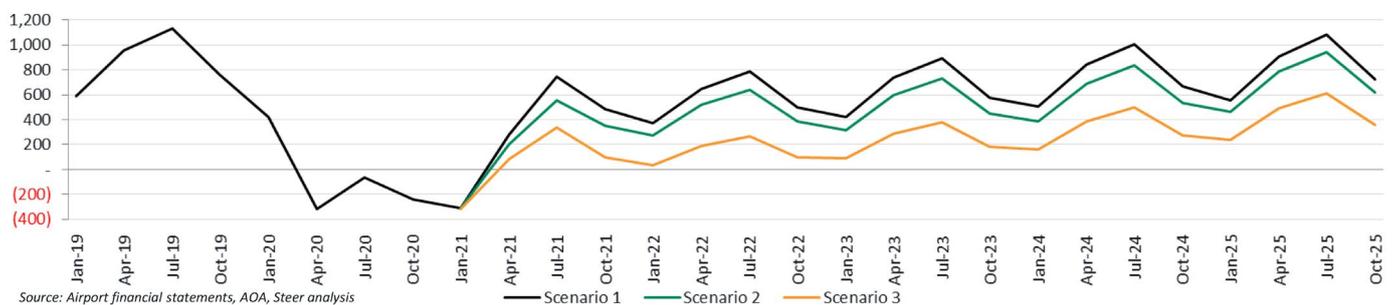


# 10 No spades in the ground

**Lower passenger yields will result in postponed investment:** per passenger yields will be lower than pre-COVID levels, meaning means that revenue would not recover to 2019 levels, even if passenger numbers do. This is due to two factors:

- On the aeronautical revenue side, airports will need to offer incentives and charges discounts to airlines in order to compete successfully and attract back traffic. These incentives and discounts are expected to be greater at smaller airports.
- On the non-aeronautical side, yields will initially be suppressed due to ongoing social distancing requirements in airport shops, bars and restaurants and, in the longer term, due to the ongoing depressed economic conditions and an expected lower passenger appetite to spend in airports.<sup>2</sup>

## PROJECTED UK AIRPORTS AGGREGATED EBITDA: 2019-2025 (£ MILLION)



This analysis does not take into account the renewed lockdown and travel restrictions of late December 2020 and January 2021. These developments produce a significantly more pessimistic outlook for 2021 and more adverse starting position for medium-term recovery.

<sup>2</sup> It is important to note that the impact of the withdrawal of VAT-free shopping for UK departing passengers has not been taken into account. While the UK has withdrawn this long-standing benefit, passengers departing from the EU to the UK will be able to take advantage of VAT-free shopping in EU airports. This is expected to create a competitive advantage for EU airports and an incentive for travellers to spend in EU airports and refrain from spending in UK airports.

# A Recovery Plan to let UK airports take off again

The ten things we learnt from the Steer analysis show the difficult situation UK airports and everyone who relies on aviation finds themselves in in the coming years. It also hampers the proactive agendas of the governments of all four UK nations, such as the UK Government's levelling-up agenda and the ambition for a globally trading Britain as well as the Scottish Government's ambition for transport to play its role in securing inclusive growth.

It is therefore vital for the UK and devolved governments' own ambitions that aviation recovery is actively encouraged and supported. That is why the AOA is calling for an Aviation Recovery Plan for the whole of the UK. The table below summarises what the AOA believes should be in such an Aviation Recovery Plan, with detail on the measures further on in this report.

All these measures represent a significant ask from the industry to Government. As an industry that is vital to the UK's future prosperity, given our role in connecting the UK to global trading and investment opportunities that bring growth to regions across the UK, it is the AOA's view that the asks outlined above represent an investment in the UK's future. We are committed to playing our part in implementing the initiatives.

Issue	Government action	Airport action	Benefits
<b>Supporting airports through aviation shutdown</b>			
<b>Cost relief</b>	- Business rates: extend full relief in 2020/21, retain relief in 2021/22 - Alleviation from regulatory and policing charges in 2020/21 and retain in 2021/22		Help airports survive continuing low revenue period and safeguard airport operations for recovery
<b>Operational costs</b>	Government to cover airport operational costs during closure of domestic/international passenger movements (i.e. at least Q1 2021) on an open-book basis		Enable airports to remain open to facilitate freight, essential and emergency travel; avoid long-term economic damage to sector
<b>Restarting aviation</b>			
<b>A pathway to no quarantine</b>	A testing framework that sets out how and when testing will reduce and finally eliminate quarantine for international travel	Put in place the necessary screening and information provision for passengers	Boosting consumer confidence in travel, enabling the restart of aviation while protecting public health
<b>Gradual withdrawal of business support</b>	Continue business supports measures such as business rate relief and the Job Retention Scheme for the aviation industry	Ability to re-assure staff and maintain support from existing lenders	- Manage cost while rebuilding commercial activity and business finances from losses - Retain valuable skills and experience in the industry, enabling more rapid ramping up of restart and recovery
<b>Boosting the aviation recovery</b>			
<b>Air Passenger Duty</b>	- 12-month APD holiday - Remove double-charging of domestic APD - Discounted APD for flights using sustainable aviation fuels	Use APD to compete for routes and promote UK as a destination to airlines	- Boost the re-establishment of aviation connectivity - Bolster UK region-to-region aviation connectivity - Encourage use of sustainable aviation fuels to lower emissions

<b>Airport shopping</b>	- Reverse abolition of airside VAT exemption - Introduction of arrivals duty-free		Allow airport industry to restore profitability more quickly and avoid competitive loss to foreign airports
<b>Regional connectivity</b>	- Public Service Obligation routes for important routes that are not returning - Aviation Restart Fund, e.g. funding for airport charges on certain routes	Work with local, regional and national stakeholders to re-establish routes as soon as possible	Returns regional connectivity more quickly compared to a market-only approach

### Ensuring UK airports remain competitive and world-leading

<b>Future capacity and investor confidence</b>	Reassert commitment to 'making best use of existing runways' and the safeguarding of land around airports	Continue to work with government, the Planning Inspectorate and local authorities as required	Clarity around providing for future growth beyond the short to medium term and increase investor confidence
<b>A seamless border</b>	Fund research for trialling and implementation of current and future seamless journey technology to facilitate a world-leading border experience	Work with Border Force and Government to trial and implement successful measures	Making the UK an attractive place to travel to visit and do business
<b>Next-gen security</b>	Funding support for further roll-out of next generation security equipment	Implement and deliver next generation security screening	- Making the UK an attractive place to travel to visit and do business - Preventing lost capital investment funds from leading to a sub-optimal experience for passengers
<b>Skills</b>	Allow Apprenticeship Levy funds to be spend on general skills training	Airports to utilise funds to support re-recruitment in airport communities (as well as with existing staff)	Re-skilling workforce through the recovery

### Ensuring a sustainable aviation recovery

<b>Airspace modernisation</b>	Fund first stages of the Airspace Modernisation Strategy	Consult on and implement airspace modernisation	More efficient use of UK airspace, lower carbon emissions, overall reduction in noise impacts for communities
<b>Green airport infrastructure</b>	A 'Green Airports' Fund to fund sustainable power and heat generation, electric vehicle charging infrastructure, low-emissions airside vehicle uptake and sustainable aviation fuel infrastructure, etc.	Leverage funds to carry out projects to reduce airport carbon footprint	Replace lost capital investment funds to ensure recovery years are not "lost years" for sustainability
<b>Surface access infrastructure</b>	Funds to improve access to airports, incl. green transport options	Airports identify schemes that would assist local economic growth	Expand catchment area to boost growth and reduce carbon footprint of travel to airports

### Future resilience

<b>Future pandemic management</b>	Framework for future pandemic management to be in place if/when COVID-19 is managed to point health restrictions no longer required	Airports to retain and further develop contingency plans for health measures, screening and airport testing	Creating business certainty and improving connectivity resilience in the face of public health crises
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# Seeing through the long winter

2020 left UK airports in a dire position as the New Year arrived. The rapid third wave of the COVID-19 epidemic has made the situation worse. Even if current UK lockdown measures were able to be lifted tomorrow, international restrictions on arrivals from the UK remain a major barrier to an operational recovery. The AOA and our members call on the UK and devolved governments to:

**Alleviate costs:** to help airports survive continuing low revenue period and enable investment in recovery:

- Extend full business rate relief to all UK airports and airport-related businesses for the fiscal year 2020/21 and continue this relief in 2021/22. This should include phased withdrawal of support beyond 2021/22, in step with airports' return to profitability.
- Alleviate regulatory costs for airports:
  - Civil Aviation Authority charges
  - Air traffic management charges
  - Airport policing costs

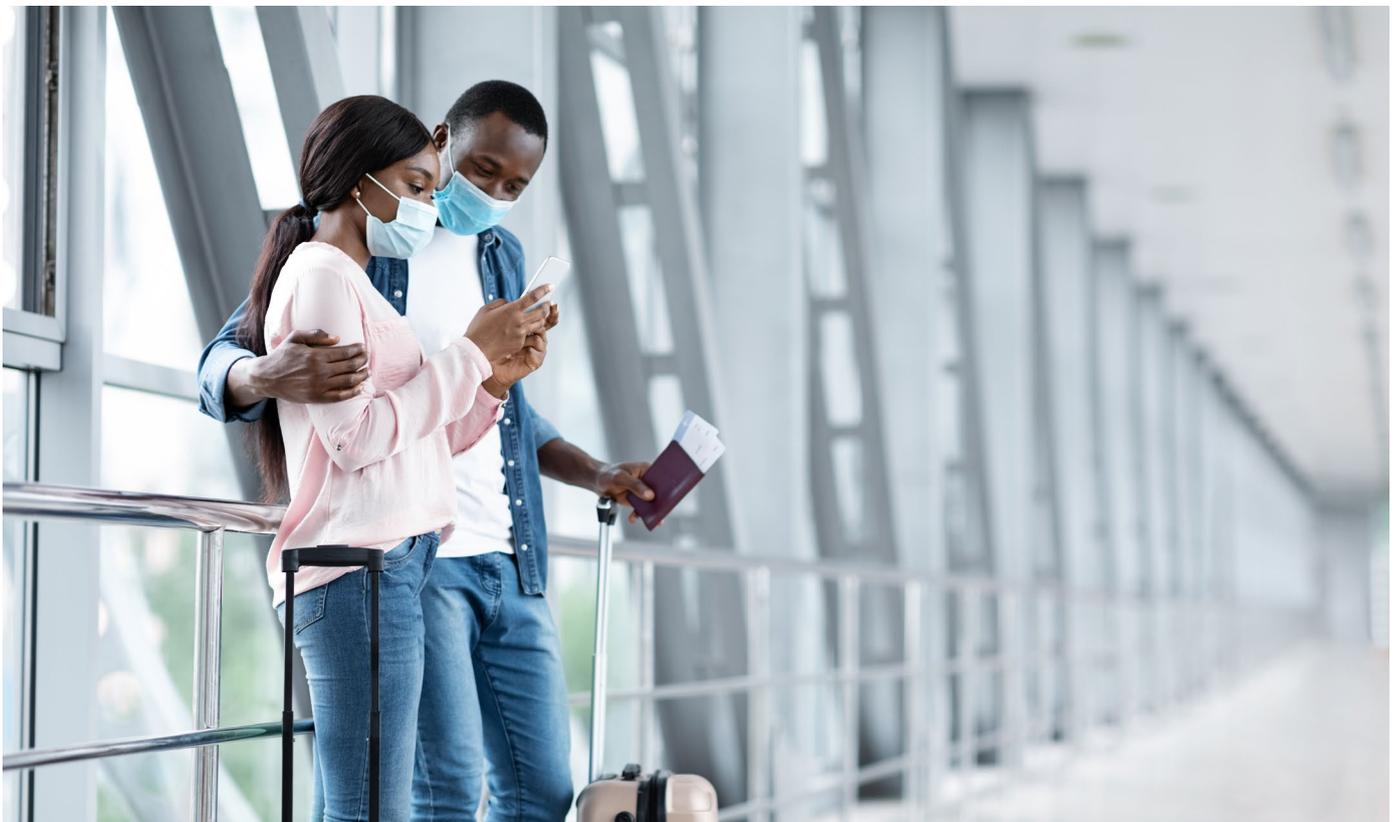
**Operational support:** financial measures to support airports' operational costs so they can remain open for critical services, such as medical, police and military flights.



**The state of airports finances must be absolutely perilous. I can't believe most airports can survive 2021 at this rate and with no clear plan to recovery. The problem with many airports financings is that they are structured financings and therefore complicated. Government support has been a patchwork of solutions which suits some airports (and their financing structures) but not others.**



Airport Finance Director



# Enabling the sustained restart of aviation

These measures are needed to enable aviation to take the first steps on the road to a sustained restart while protecting public health, but also provide the capacity necessary to scale up the recovery as and when circumstances allow.

- **A comprehensive testing framework that eliminates the need for quarantine:** aviation will not fully recover until the public is confident that their travel will not have to change or be cancelled due to a change in COVID-19 and that they will not spend a significant proportion of their business or leisure trip in quarantine. This is only possible if public health authorities are confident aviation poses no risk to the spread of COVID-19. The AOA welcomed the Global Travel Taskforce's recognition of the role testing can and should play in reducing and finally eliminating quarantine. It is now time for all four nations in the UK to come together and set out a road-map towards implementing the Taskforce's recommendations.
- **Continue business supports measures such as the Job Retention Scheme beyond March** for aviation industry: continued support will be required to enable aviation capacity to survive beyond the initial restart and recovery. This is particularly important to guard against the slower recoveries due to vaccine roll-out challenges in source or destination markets.



# Boosting the aviation connectivity recovery

Once restrictions on international travel have been lifted in the UK and in a sufficient number of the UK's key destinations and source markets and there is confidence that restrictions will not be again reintroduced, the Government should take steps to facilitate the recovery of UK aviation connectivity.

- A twelve-month APD holiday:** APD is the single biggest lever the Government can pull to encourage airlines to restart routes. With airports expected to engage in discounting their own charges to airlines and fiercely competing with airports in other countries for routes, having Europe's highest rate of APD is a significant disadvantage. Reducing this will increase the UK's competitive position in Europe and globally, which will speed up the restoration of economic activity and connectivity quickly.
  - This measure should include the **permanent abolition of double-charging of domestic APD**, made possible by the UK's exit from the EU. Double domestic APD has played a significant role in the loss of region-to-region aviation connectivity and the collapse of airlines like Flybe.
  - To encourage the use of sustainable aviation fuels, **a discounted APD could apply to flights using a minimum sustainable aviation fuels threshold.**
- Improve airport shopping opportunities:** with airports expected to have lower aeronautical income due to discounting for airlines, airports will have to seek revenue from other sources to sustaining their financial viability. The Government should reintroduce airside VAT-free shopping and introduce arrivals duty-free stores to encourage all passengers to spend in the UK, rather than choosing to spend in airports abroad.
- Supporting the return of regional connectivity:** Regional routes, other than perhaps routes to the UK's most popular holiday destinations, risk returning later due to expected lower demand. Where these routes do not return, the impact on regional business and employment opportunities can be significant. To encourage the return of these routes, the UK and devolved governments could consider:
  - **Public Service Obligations:** a number of PSOs successfully connect regions in England, Scotland and Northern Ireland to London and the Scottish Central Belt. Following Brexit, there is more flexibility for the UK and devolved governments to use PSOs to bring back routes that have disappeared due to COVID-19. These could be open and/or funded PSOs based on criteria, such as connecting important development areas, areas with no suitable transport alternative, or other local and regional priorities.
  - **Aviation Restart Fund:** this would be more flexible than PSOs and help re-establish international connectivity also. It could be modelled on a similar initiative in the Republic of Ireland, where the Irish Government covers airport charges for a period of time for airlines re-starting or maintaining routes from regional airports.

## A blow to UK airport competitiveness

The UK is the only developed country not to have VAT-free airside shopping, which increases the cost of airside shopping for UK passengers traveling abroad and undermine UK airport competitiveness, particularly compared to EU airports.

An independent economic assessment for the UK Travel Retail Forum shows the loss of the VAT airside concession will cost the UK economy £2.1 billion in GDP and will put 19,400 jobs at risk. This negates the benefits of the extension of duty-free sales on alcohol and tobacco for EU-bound travellers.

A full duty- and tax-free system would have the reverse impact of the current policy, generating an extra £1.1 billion in Gross Value Add (GVA) and supporting more than 10,000 new jobs, most of them outside London.



# Ensuring UK airports remain world-leading and internationally competitive

In addition to the measures outlined above, government should also take steps to allow UK airports to remain world-leading and provide a globally competitive passenger experience. These should be a combination of measures to sustain and boost investor confidence in UK airport infrastructure as well as government-led steps to improve the passenger experience in the airport, including stepping in temporarily to provide funding where airports would normally have invested themselves but now have limited to no capital investment resources.

- **A commitment to supporting best use of existing capacity:** several UK airports have planning applications to increase capacity, e.g. through lifting caps on passengers or investment in runway infrastructure, which have suffered setbacks. This is partly due to a lack of clarity in UK government policy on how its support for best use of existing capacity fits with the UK's commitment to 'net zero' by 2050. This could undermine investor confidence in UK aviation infrastructure. The UK Government should re-state its commitment and set out how this is compatible with net zero, recognising work by the aviation industry and the Jet Zero Council to achieve that climate ambition.
- **A seamless journey through the UK border:** the UK Government's recent 2050 UK Border Strategy was a welcome recognition of the need to improve the UK border. Having once led the digitisation of the border, the UK risks falling behind. Previous efforts to improve the border were generally responses to growing pressure on the border, and while welcome, have not always been part of a coherent strategy. There is an opportunity to put in place the building blocks for a seamless UK border in the coming years, both for freight and passengers. This could include funding for the development and trialling of existing and future seamless journey technology that will make the UK border more secure but also reduce waiting times for passengers and freight.
- **Next generation security:** the next generation of cabin luggage screening is on our doorstep and will markedly improve the passenger experience. In normal times, the aviation industry funds new equipment, but it is expected that capital investment will be at a low level in the coming years. The COVID-19 pandemic's impact should not see passengers deprived of an improved security experience. The Government should, in these exceptional circumstances, provide funding for the implementation of next generation security equipment.
- **Training the next generation of airport staff:** while many jobs have already been lost at UK airports, aviation remains an exciting future opportunity for high-skilled jobs. Airport staff and those working for airport-related businesses work in a highly regulated industry, performing roles that are crucial to the safety and security of millions of travellers. The UK Government should allow airports in England to spend the Apprenticeship Levy on general skills training to support airports (re-)recruiting staff as the recovery gains pace.

## Freight's critical role



In normal times, airports handling significant freight volumes play a critical role in bringing essential, time-sensitive products into the UK. However, with the reduction in 'belly hold cargo' which travels in the hold of passenger aircraft, 'pure cargo' facilities have demonstrated more clearly than ever the crucial role they play in the UK economy.

East Midlands and London Stansted airports are home to the two largest dedicated air freight facilities in the UK and, alongside their logistics partners, shifted quickly to facilitate the life-saving medical and PPE equipment needed to respond to the pandemic.

These changes meant increasing the number of flights, rapidly retraining teams on the ground to work in COVID safe environments, and round the clock shifts to keep goods moving. Without these changes, it would not have been possible to move vital equipment to front-line care providers.

# Measures to support a sustainable aviation recovery

The UK aviation industry is a global leader in sustainable aviation. Through the Sustainable Aviation coalition, UK aviation has committed to net zero by 2050 – a world first for a national aviation industry. Now should be an opportunity to recover sustainably, returning to 2019 passenger levels but not 2019 carbon emissions and noise impacts. Sustainable Aviation has set out the industry-wide asks from government, such as the development of a UK sustainable aviation fuels industry, and the AOA supports these. The AOA believes there are further opportunities to build back sustainably in and around airports. Most of these would normally be (part-)funded by airports and the wider aviation industry. However, the COVID-19 pandemic will result in lower levels of capital investment. This should not lead to a hiatus in the industry's steps to reduce its environmental impact – these cannot be lost years. That is why the UK and devolved governments should step in and bridge the funding gap. Measures should include:

- **Airspace modernisation:** UK airspace was designed in the 1960s and advances in aircraft technology since then have not been matched with corresponding modernisation of airspace management. Industry is working through the Airspace Change Organising Group (ACOG) to agree a masterplan for modernisation, a process that started pre-pandemic. It is vital that this work continues but with limited airport capital investment resources, the UK Government should fund the first stages of airspace modernisation until industry has recovered and can resume its own investment.
- **A Green Airports Fund:** airports have, in the past decade, invested significantly in green infrastructure. To ensure this progress continues, the Government should create a fund for sustainability initiatives. These could include, but should not be limited to, more sustainable power and heat generation, electric vehicle charging infrastructure airside and landside, on-stand pre-conditioned air and power infrastructure for aircraft, scrappage and conversion grants to grow low emission or zero emission airside vehicle fleets and the necessary changes to airports fuel infrastructure to be ready for the uptake of sustainable aviation fuels.
- **Investment in airport surface access:** surface access to UK airports needs investment to cope with increased demand but also to offer consumers green travel options to the airport. Some schemes have been implemented over the years, but many airports have found projects have stalled due to complex planning and funding decision-making processes. COVID-19 should be an opportunity to build back better. Airports have generally contributed funds in line with the benefit accrued to the airport. Expected lower capital investment should not result in delaying important improvements. The government should provide a fund for improvement schemes that widen airport catchment areas, improve journey times and reduce the climate impact of travel.

## Future-proofing our skies

Airspace is a crucial part of the UK's transport infrastructure and needs to be improved to keep people and goods moving efficiently and reliably. In time, people's appetite to fly will return and once again our airspace will be full.

Airspace modernisation will deliver several benefits. These include improving the resilience of the network, both internationally and domestically, preventing rising delays and resulting in less congestion. It will also play a central role in decarbonising UK aviation: ahead of longer-term efforts to develop more fuel-efficient engines and use cleaner fuels, airspace changes made over the next few years will mean less airborne holding and fewer miles flown per aircraft.

COVID has put these benefits at risk and it will be vital that the programme remobilises, as the industry recovers from the crisis.



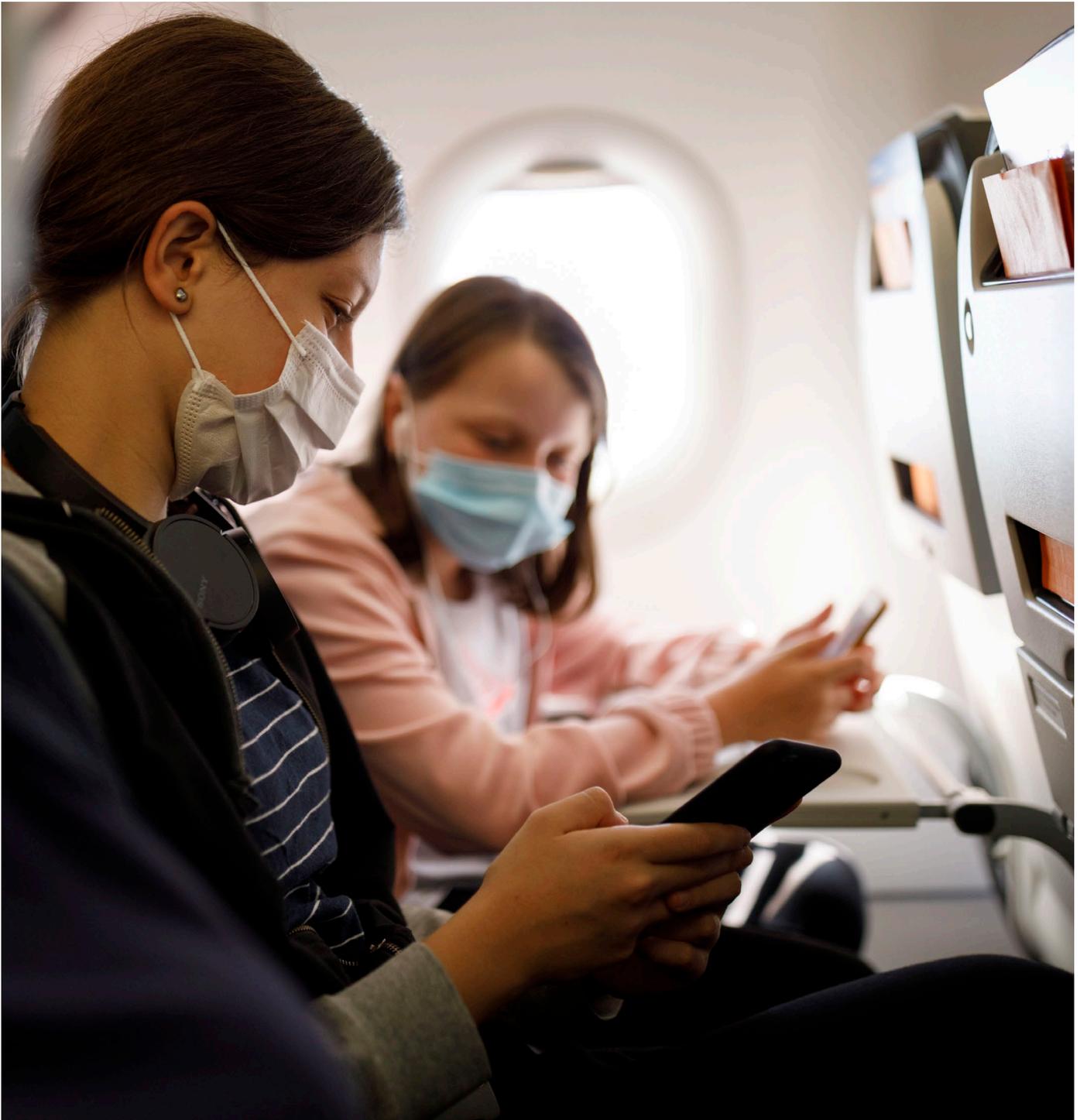
## Better airport access

The 2016 AOA report on surface access outlines how improved and more efficient access to airports enables aviation to deliver more for the local and wider economy by widening catchment areas and reducing travel times. By enabling more passengers to travel to an airport more quickly, airports can attract airlines, in turn offering more destinations and at higher frequencies. For example, a 5% improvement in average journey times to/from airports could deliver a 2.7% increase in passenger numbers, generating an additional £1.9 billion in GDP and 32,000 jobs.



# Measures to support future resilience

- **A framework for future pandemic management:** the COVID-19 pandemic has shown the impact a new disease can have on the UK and the world. While there remain uncertainties around how COVID-19 will be managed in future, now should be an opportunity to set out a framework for future pandemic management to be in place if and when COVID-19 is managed to the point health restrictions are no longer required. This will ensure the aviation industry is more resilient in future and can continue to play its vital role in connecting the UK to the world.





#### ABOUT THE AOA

The Airport Operators Association (AOA) is the trade association that represents UK airports. Its mission is to see UK airports grow sustainably. The AOA represents the views of UK airports to Government, Parliament and regulators to secure policy outcomes that help deliver its mission. It represents more than 50 UK airports in the UK.

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