


Airport resilience in the face of COVID-19

A discussion paper series



Airport resilience in the face of COVID-19

Contents

Recommendations	3
Sustaining and developing Britain’s airports after COVID-19	3
Pandemic response	4
Testing.....	4
Funding.....	5
Ensuring aviation remains the safest way to travel	7

Contributors

- Lewis Girdwood, Chief Financial Officer, Esken
- Glyn Jones, Chief Executive Officer, London Southend Airport
- Willie McGillivray, Chief Operating Officer, London Southend Airport
- Clive Condie, Non-Executive Director, Esken and former Chairman of London Luton Airport
- Luke Hayhoe, Aviation Business Development Director, London Southend Airport
- Alison Griffin, Chief Executive, Southend-on-Sea Borough Council
- Kate Willard OBE, Thames Estuary Envoy and Chair
- Matthew Butters, Aviation Director, Pascall+Watson
- Andy Jefferson, Aviation Consultant, A&G Jefferson Limited
- Ian Lewis, Executive Director at Opportunity South Essex
- Nigel Addison Smith, Director, PA Consulting
- Claire Mulloy, PA Consulting

Recommendations

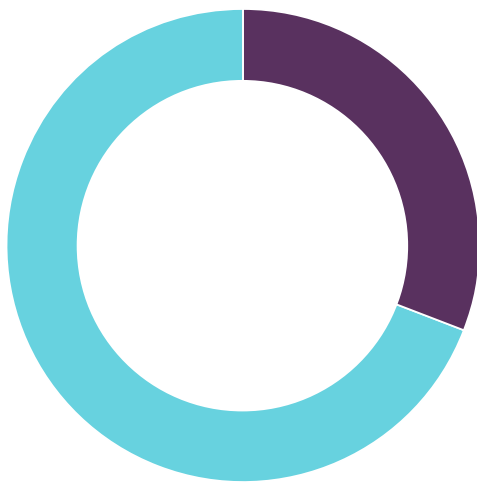
- **Government funding for COVID-19 testing and maintaining medical centres in airports**
- **Extension of business rates relief for airports through 2021-2022**
- **Temporary suspension of Airline Passenger Duty (APD)**
- **Expansion of Public Service Obligations (PSOs) for domestic routes**
- **Government and Industry to lead on agreeing and implementing global air travel standards**

Sustaining and developing Britain’s airports after COVID-19

The COVID-19 pandemic has changed the aviation sector beyond measure. The sector has had to contend with wildly differing government responses and fast-changing regulations. Those working in the sector have been at the backbone of the global response, transporting critical supplies and maintaining necessary travel linkages.

Aviation will be as vital to the recovery from the pandemic as it has been to the response, if not more so. London Southend Airport’s Chief Operating Officer Willie McGillivray says “Flight habits won’t change and there’s a lot of pent-up demand. People want to fly.”

On average, regional airports support 8,700 jobs



Employed onsite	31%
Indirectly supported	69%

Source: AOA 2014

But challenges remain. Even as the vaccine roll-out raises hopes that the worst impacts of the pandemic have passed, depressed demand, continued restrictions, and public health concerns will present impediments to aviation’s recovery for the foreseeable future. Ensuring the continued viability of Britain’s airports will be paramount to handling the economic recovery, enabling the UK’s residents to return to the skies and welcome visitors once more. As London Southend Airport CEO, Glyn Jones, notes, “the underlying strategic issue has to be about supporting sustainable growth in the long-term. Right now, there is an inevitable temptation to develop strategy based on the current pandemic context, but it would be a mistake to allow the last year to entirely dictate and define the sector’s future.”

Pandemic response

Much has changed for the country's airports over the course of the pandemic. Britain remained open to international travellers for weeks longer than many of our European neighbours, even after the country entered its first 'lockdown' on 16 March that resulted in a precipitous decline in domestic travel. As the Spring of 2020 dragged on, and it became clear that the virus would remain with us for some time, hundreds of airline routes were cancelled. Regulations for responsible travel have continued to change, and further adjustments are expected. On 8 January 2021, the Department for Transport announced it would require a negative COVID-19 test result issued in the previous 72 hours before boarding for travellers to the UK – the policy came into effect 15 January. On 27 January, the government announced a mandatory 10-day quarantine in government-provided accommodation for all inbound travellers from 33 'red list' countries.



To be fair to the UK Government, the pandemic has been completely unprecedented and there's no guidebook on how to support aviation through these times. But many governments around the world are providing better support for their aviation industries.

Willie McGillivray

CHIEF OPERATING OFFICER, LONDON SOUTHEND AIRPORT

To ensure the UK's airports can sustain these continued challenges and prosper in the future, it is first necessary to examine how the sector has been impacted by the pandemic so far and to review how the government and other stakeholders have responded.

Testing

Testing for COVID-19 and limiting the travels of those who have tested positive, is essential to keeping the virus contained. While significant uncertainty reigned in the early days of the pandemic, it is now well understood that asymptomatic carriers of the disease are still highly infectious. However, testing at airports only began to be rolled out in October 2020, when Heathrow Airport contracted providers to perform rapid LAMP tests. Testing facilities at smaller airports have since come online.

As vaccination programmes are being rolled out, considerations regarding requiring proof of vaccination before travel are also underway. We expect numerous countries to require proof of vaccination in addition to negative test results once travel demand increases. London Southend Airport CEO, Glyn Jones, argues that such efforts are going to be at the core of getting the sector going again, stating that "consumer confidence is key, therefore international coordination on questions like vaccine passports or testing regimes is critical to help prospective travellers feel assured to book travel now."

Airports will require an unprecedented level of medical facilities and support for travel to increase. Implementing the changes required should begin as soon as possible to ensure the chaotic roll-out of travel restrictions and testing requirements witnessed over the last year is not repeated.

Funding

The government's economic response to the COVID-19 pandemic, although extraordinary, was ultimately dwarfed, by the impact of the restrictions imposed on the aviation industry. Furlough programmes have provided an economic lifeline with the towns and localities that house the country's airports, arguably among the most dependent on such support, with thousands of residents' jobs in limbo. Even as domestic vaccination levels rise, residents and businesses will be at the whim of developments in other markets which is likely to mean many popular travel destinations continue to limit inbound travel. Even as the furlough scheme was extended again to run through the end of September 2021, uncertainty means many jobs and businesses are still precarious.



The Government has provided short-term support to the wider economy through initiatives like the furlough scheme but there has been nothing that directly supports the needs of airports.

Andy Jefferson

AVIATION CONSULTANT, A&G JEFFERSON LIMITED



The government has stepped in to support the sector, albeit in a limited fashion. However, the government has not expanded public service obligation support for regional air access to London and other cross-country routes. Such measures will be necessary to ensure the economic viability of numerous routes across the country as travel demand picks up in line with vaccination rates.



We're an island. In order to do business with other countries we need to travel which makes flying vital. We take this for granted in the UK. Aviation is a really important plank in the structure of society and the economy.

Matthew Butters

AVIATION DIRECTOR, PASCALL+WATSON

The government has begun to recognise the challenge the sector faces. In November 2020, Chancellor Rishi Sunak announced a £100m relief package for 2021 to help manage fixed costs. However, while the government has said that it has set support at the airports' business rate liabilities for the fiscal year 2020/2021, capped at £8m per airport, in reality such support has been subject to numerous additional hurdles and many smaller airports have been left behind. While the support is overdue, it will address just some of the pain wrought on airports over the last year, and most airports have received far smaller sums. There is room for improvement, however, and Britain risks being disadvantaged without clearer support.

Further afield, Germany and France have both moved to provide state support for airports through to at least 2024. Both have also prioritised supporting regional airlines. Governments further abroad, from the Middle East to South East Asia, have also pledged financial support for their airlines. The fierce competition witnessed amongst airlines, particularly amongst hubs for layovers, is likely to resume when the pandemic does begin to subside.

The aviation sector and the country's airports will require continued assistance throughout 2021 and beyond. Future measures must consider not just the impact of ongoing restrictions, but also how to ensure the sector has the confidence and liquidity to see operations return to pre-pandemic levels.



The Government has been slow to bring about joined up collaboration in aviation if you compare it to other modes of transport where Government intervention has created industry-wide collaboration.

Nigel Addison Smith

DIRECTOR, PA CONSULTING

Ensuring aviation remains the safest way to travel

An all-hands-on-deck effort is required to ensure passenger safety as travel resumes once vaccination rates increase and the pandemic subsides. International air travel will remain subject not just to UK controls and regulations but to those instituted by other countries as well. Governments should look to the aviation sector for leadership on how to institute a standard of best practices given their multi-jurisdictional experience.

It is imperative a comprehensive approach be set and implemented imminently. As Thames Estuary Envoy Kate Willard OBE notes, despite the pandemic, "There is reason to be optimistic about the future of aviation. People love to travel and that's not going to change." Yet without a coherent standard for enacting and lifting restrictions, disruption will continue even in recovery.



Government should view flying as the safest way to travel. Air filtration systems in airplanes are effective at reducing the spread of disease and airports have been leading the introduction of safety measures.

Luke Hayhoe

AVIATION BUSINESS DEVELOPMENT DIRECTOR AT LONDON SOUTHEND AIRPORT



Concerns about new COVID-19 strains resulted in the rapid closure of UK travel routes by foreign authorities at the end of 2020. While many have since resumed, these developments highlight the need for standard testing requirements. The government’s implementation of a mandate for inbound international travellers to present a negative COVID-19 test taken no more than 72 hours before departure in January 2021 is welcome, though further efforts to codify how such restrictions are lifted is necessary. Additionally, it is paramount that such testing be widely available and that costs to passengers be kept affordable. Failure to do so risks de-democratising air travel, leaving it only available to the wealthy.

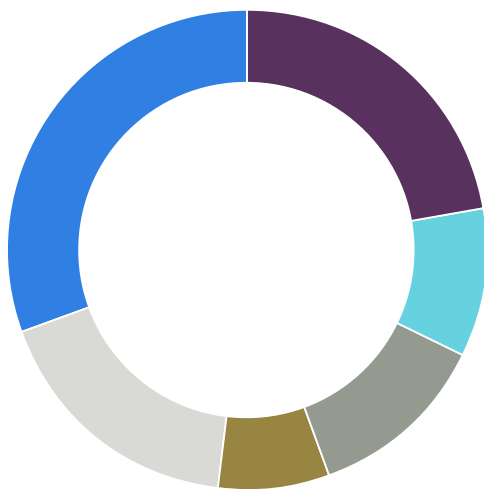


In the US, the government has part funded tests making them \$20. Reducing test costs to less than £20 a head will make travelling more accessible and more people will choose to fly.

Willie McGillivray

CHIEF OPERATING OFFICER, LONDON SOUTHEND AIRPORT

PCR tests account for 30% of the cost of a weekend trip to Barcelona



	£
Accommodation (budget)	88
Transportation	40
Food	48
Entertainment	30
Return flights (London – Barcelona)	70
PCR test	120

Developing testing facilities at domestic airports will also enable the government to respond better to any future regional outbreaks, by ensuring the infrastructure is in place for in-situ testing of travellers when such outbreaks occur. Such facilities would also allow international passengers to be tested on departure from the UK. Consideration must also be given to government funding for maintaining facilities at airports that go beyond just testing centres, including the potential to hold passengers who test positive in an isolated environment as they await secure transportation to a quarantine facility. Such measures have proven highly successful at limiting the import of the COVID-19 virus in New Zealand and South Korea. Facilities with trained staff will likely prove necessary, even as vaccine distribution escalates domestically and internationally, in order to verify vaccination records from abroad.

Ensuring the vitality of the UK’s aviation sector further, continued support for airlines and airports will prove necessary if travel numbers are to return to their pre-pandemic levels in the coming years. While the sector is grateful for the government financial support that has helped ensure the sector’s viability thus far, it has not gone far enough. Much more is required to guarantee aviation’s vitality over the coming years.

Travellers will face barriers to their desired destinations in the form of travel restrictions, testing requirements, and cost. The economic impacts of the pandemic have only begun to be felt. While furlough and other Treasury endeavours have proven invaluable to keeping the economy afloat this past year, many have seen their sources of income decline. Business and leisure travel will be necessary for the economy to recover its full potential. Due to economic uncertainty and the increased barriers to and cost of travel, the government should consider efforts to keep the cost of travel to a minimum for the remainder of the pandemic and during the initial recovery.

One area of consideration should be the partial suspension of Air Passenger Duty (APD). The APD is levelled on travellers, charging between £13 and £80 per passenger for economy class travellers on short and long-haul flights, respectively. Airlines UK commissioned York Aviation to study the impacts of a 12-month suspension of APD in July which found that such a move will save 8,000 jobs and prevent the loss of hundreds of routes. The study found that suspending the duty would increase passenger demand by 12% over a 12-month period. Such a move was endorsed by House of Common's Transport Committee's report on the impact of COVID-19 from June 2020, which proposed a six-month suspension of APD in addition to the 12-months business rates relief programme that was ultimately announced last November. However, the APD suspension proposal has not yet been acted on. Suspending the APD would help London remain competitive as a hub as international travel picks up - particularly for business travel, where the APD duty for flights beyond Europe and the Mediterranean basin is presently due to rise from £176 to £180 on 1 April 2021. Suspending the APD would also significantly reduce the cost of short-haul travel in Europe, where the £13 cost currently makes up 19% of a £70 fare.



We would welcome greater clarity from the government on the possibility of an APD holiday for airports with up to 3 million passengers. Discussion over bespoke packages for individual airports, which have a strong role to play in regional connectivity, the Union or levelling up, a key tenet of the government's agenda, would also be welcomed.

Glyn Jones

CHIEF EXECUTIVE OFFICER, LONDON SOUTHEND AIRPORT

Preserving connectivity must also be a priority for the entire country. Shoring up regional airports and routes will help regional economies recover more quickly, supporting the Prime Minister's levelling up agenda. We would call on the government to consider extending and expanding support measures already authorised to support airlinks between London and Dundee and London and Derry. Such an effort could come in the form of an expansion of the Public Service Obligation (PSO) scheme. The PSO scheme was first set up under European Union regulations and while it is currently focused on protecting linkages with London, expanding the programme would be a tangible 'Brexit dividend' for supporting the aviation sector and broader economic growth.

¹ The impact of the coronavirus pandemic on the aviation sector, UK House of Commons Transport Committee, 10 June. <https://committees.parliament.uk/publications/1452/documents/13275/default/>

