

Debate Pack

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Westminster Hall Debate: The Future of Regional Airports

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Background

A Westminster Hall Debate on Wednesday 7 July has been scheduled for 7 July on the topic of the ‘Future of Regional Airports’, sponsored by Steve Double MP. The Library has prepared the following material about current issues facing regional airports, including their usage, economic contribution, support granted during the Covid-19 pandemic, and future issues facing regional airports including potential changes to Air Passenger Duty (ADP), climate goals, and expansion plans.

Defining Regional Airports

The term ‘regional airport’ is not a statutory or legislative one, although it is very widely used in writings about UK airports. The Transport Sub-committee of the Environment, Transport and Regional Affairs Select Committee conducted an inquiry into regional air services in 1997. This paper adopts their definition of regional airports being any UK airport other than London airports (Heathrow, Gatwick, Stansted, London Luton, Southend and London City), and the airports on the Channel Islands and the Isle of Man.¹

Use of regional airports

The Civil Aviation Authority publishes data on 42 regional airports.² During 2019 (the latest year unaffected by Covid-19) there were 1.05 million air passenger transport movements (landings and take-offs) collectively by regional airports. This was 48% of all air passenger transport movements across all UK reporting airports (London area and regional).

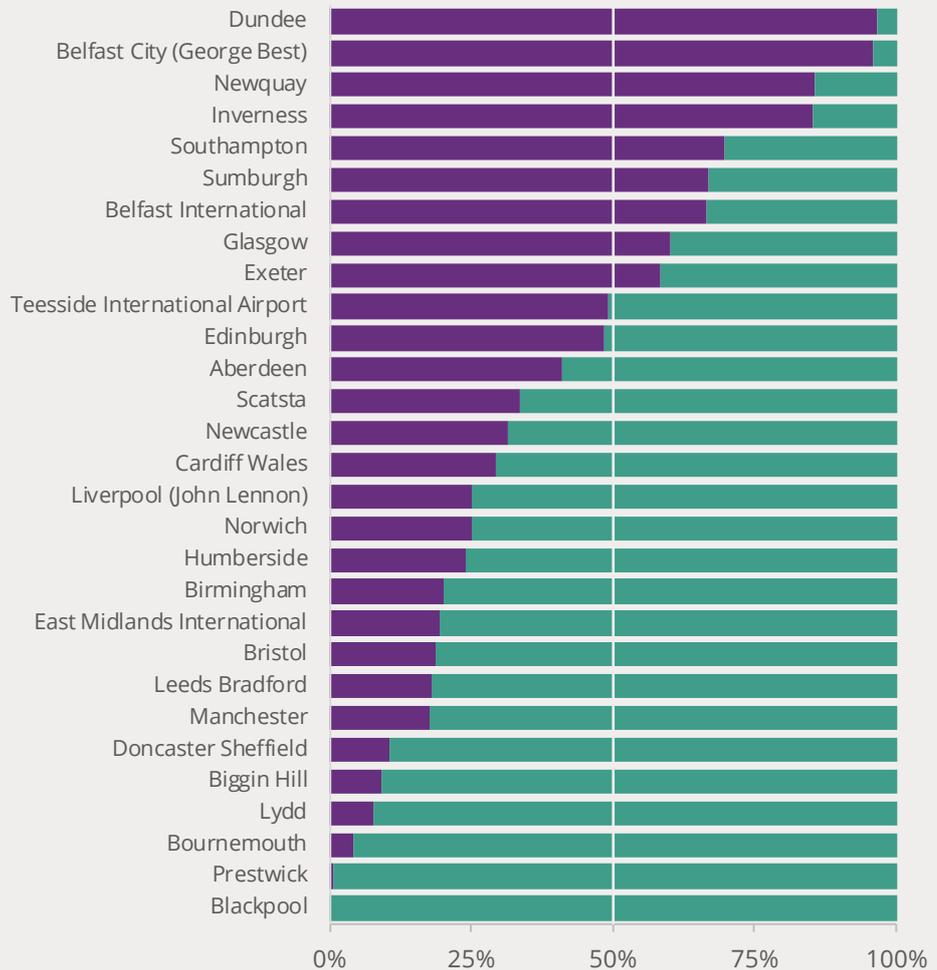
Nine regional airports had domestic air passenger transport movements as their primary type. Domestic air passenger transport was almost the exclusive kind for Dundee and Belfast City airports. Most regional airport air passenger transport movements were primarily international. Some airports, such as Blackpool were exclusively international (although in the case of Blackpool this was all chartered movements).

¹ ETRA Select Committee, [Regional Air Services](#) (eighth report of session 1997-98), HC 589, 28 July 1998

² In total there are 52 airports included in CAA publications. The ten which are omitted here are the six London airports (Heathrow, Stansted, Luton, Gatwick, London City and Southend), and four non-UK reporting airports (Alderney, Guernsey, Isle of Man, Jersey).

Air passenger transport movements

The proportion of air passenger transport movements that were either **domestic** or **international** flights among regional airports in 2019

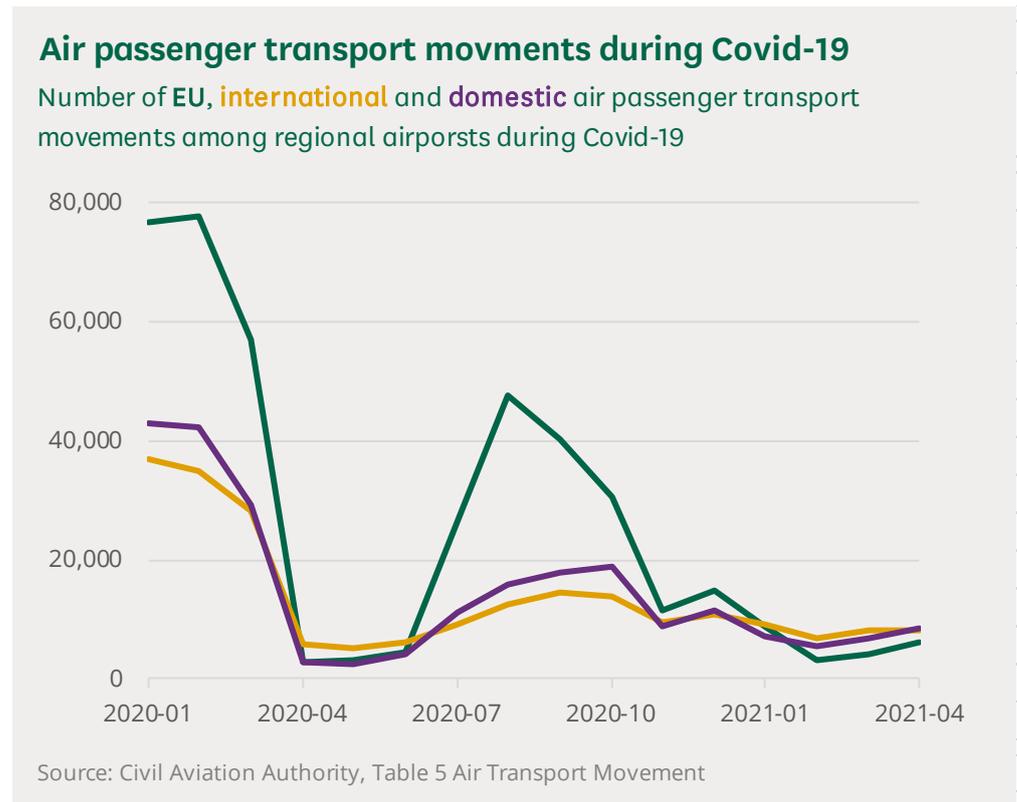


Includes scheduled and chartered flights

Source: Civil Aviation Authority, Table 5 Air Transport Movement

As at the end of May 2021 there were a total of 22,900 air passenger transport movements among regional airports: 26% were from and to EU countries, 36% from and to other international destinations and 38% were domestic. Compared with February 2020 (the last month prior to restrictions in travel) the overall number of air passenger transport movements dropped 85%.

Air passenger movements from and to the EU declined the most (92%), followed by domestic flights (80%) and other international flights (76%). There was a small recovery in the summer of 2020 as restrictions eased, although this had fallen back during the winter.



Economic impact of regional airports

There are no official figures for the overall economic contribution of regional airports. The impact of individual airports will vary significantly depending on for example the size of the airport, the number of flights and routes.

Some airports have commissioned studies to estimate their economic impact. These studies often include the economic output and jobs employed directly at the airport as well as indirect and induced contributions through the supply chain.³ They sometimes also include wider impacts as a result of the airport due to increased transport connectivity (catalytic impacts).

For example:

- [Glasgow airport reported](#) that the airport contributes £1.44 billion in Gross Value Added (GVA) economic output annually and supports “more than 30,000 jobs” across Scotland (based on 2017 figures).⁴

³ Indirect contributions are jobs or output created in the supply chain (that is, in organisations that supply goods or services to the airport). Induced jobs are wider economic impacts for example when employees of the airport or supply chain spend their earnings.

⁴ Glasgow Airport, [Glasgow Airport contributes £1.44 billion to Scottish Economy and supports over 30,000 jobs](#), 30 January 2019.

- [Cardiff airport reported](#) in 2019 that it supported 2,400 aviation-related jobs and contributes over £246 million in direct economic benefit to the region.⁵
- [Southampton airport reported](#) that the economic contribution of the airport was estimated as £161 million in 2015. Of this, the direct contribution of the airport site was over £64 million with “almost 950 individuals” employed at the site.⁶
- [Newquay airport reported](#) that it contributes “almost £50 million” in terms of direct GVA output and that “over 700 skilled jobs are directly dependent on the operational Airport” in 2015.⁷ This does not include the Aerohub Enterprise Zone connected to the airport which would have a wider economic impact.
- Bristol airport reported that the airport supports 15,000 jobs and generated £1.3 billion in GVA output in the South West region and South Wales (based on 2015 figures).⁸

Government support for airports during Covid-19 Pandemic

Support for Aviation Sector

The Government says it has spent £7 billion pounds in support for the aviation industry throughout the pandemic⁹. This has come in the form of economy-wide measures, primarily the Covid Job Retention Scheme (or ‘furlough’ scheme) and Covid Corporate Finance Facility (CCFF), and sector specific support such as the Airport and Ground Operators Support Scheme.

At a hearing of the Transport Select Committee on 3 February 2021¹⁰, the Transport Secretary said that the aviation sector has received approximately £7.2 billion in financial support:

- aviation workers have received £1-2 billion on furlough;
- aviation companies have received approximately £3 billion from the CCFF (Covid Corporate Financing Facility) scheme; and

⁵ Cardiff Airport, [CEO statement - CV19 and the aviation industry](#), 19 August 2020.

⁶ [The Economic Impact of Southampton Airport \(PDF\)](#), Steer Davies Gleave for Southampton Airport, October 2017.

⁷ Newquay Airport, [Master Plan 2015-2030 \(PDF\)](#), 25 August 2015.

⁸ Bristol Airport, [Master Plan: Economic Impact Report \(PDF\)](#) prepared by York Aviation, January 2017.

⁹ DfT, [Report of the Global Travel Taskforce](#) April 2021

¹⁰ See Q19 [Transport Committee Oral evidence: Responsibilities of the Secretary of State for Transport, HC 1169 3 February 2021](#)

- airlines have received £3.4 billion from UK Export Finance.

The following table shows businesses with loans currently outstanding under the CCFF as at 30 June 2020, including several airlines:

Businesses with outstanding commercial paper held by the CCFF		Nominal Value
As at 30 June 2021		(£ million)
Business		
1	Ryanair DAC	600
2	easyJet PLC	300
3	FirstGroup plc	300
4	London & Quadrant Housing Trust	300
5	Notting Hill Genesis	300
6	Petrofac Limited	300
7	SSP Financing Ltd	300
8	Stagecoach Group PLC	300
9	Wizz Air	300
10	Gatwick Airport Limited	275
11	Jet2 Plc	200
12	Football Association Limited	175
13	Thames Valley Housing Association	175
14	OPTIVO	150
15	Flight Centre UK Limited	115
16	Peabody Trust	100
17	London School of Economics & Political Science	80
18	University of Leicester	60
19	Aster Treasury PLC	50
20	AnSCO Arena Limited	45
21	Roehampton University	5

Source: Bank of England, [Results and usage data](#), accessed 1 July 2021.

Other governments have provided much larger sums of financial support for their aviation industries and, in some cases, have taken equity stakes in their national carriers. Germany's flagship airline, Lufthansa, has [received](#) just under €7 billion in support, while France's branch of the Air France-KLM group has received a €7 billion bailout plan, with a further €3 billion in support under discussion. Comparatively, Ryanair has received a £600m loan from the UK CCFF and IAG-British Airways has received a £300m loan from the CCFF at pre-crisis commercial interest rates. A further loan of £2 billion was

granted to IAG by the UK Government at the end of 2020.¹¹ Some of the financial support provided by European governments has environmental conditions attached, such as commitments to reduce carbon emissions by airlines, or ending domestic flights where there are viable train options. The UK government has not stipulated such conditions to its financial support, despite calls to do so from MPs and campaign groups.¹²

Support for Airports

In addition to the larger schemes outlined above, the government gave business rates relief, capped at £8million per airport, which was taken up by 22 of 25 eligible airports.¹³ However, Heathrow Airport complained that this was a small amount compared to their annual business rate bill of around £120million.¹⁴

In January 2021, the Airport and Ground Operators Support Scheme was launched to specifically help airports and ground handling operator which have fixed costs to cover (especially contracted services such as security and runway maintenance) but a drastically reduced income due to travel restrictions.¹⁵ On 25 May, the Aviation Minister, Robert Courts announced that around £87 million had been spent through the scheme, as detailed in Table 1 below. In January 2021, the Airport and Ground Operators Support Scheme was launched to specifically help airports and ground handling operator which have fixed costs to cover (especially contracted services such as security and runway maintenance) but a drastically reduced income due to travel restrictions.¹⁶

Airport and ground operations support scheme	
Commercial airports	£ 65.08 million
Ground Handling Operators	£21.85 million
Total	£86.93 million

Source: UIN HCWS54 [Airport and Ground Operations Support Scheme - Financial Assistance to the Aviation Industry](#), 25 May 2021

In non-financial support, the government has also extended the waiver of the ‘80:20’ rule until the summer season. This rule usually requires 80% of flights to be made from/to UK airports for airlines to maintain their slots.¹⁷

¹¹ Transport and Environment [European Bailout Tracker](#) April 2021

¹² [HC Deb 1 February 2021 c772](#); Greenpeace [Airline bailouts will not fly](#) 25 June 2020

¹³ See Q20 [Transport Committee Oral evidence: Responsibilities of the Secretary of State for Transport, HC 1169 3 February 2021](#)

¹⁴ Heathrow Airport [Business rates relief response](#) November 2020

¹⁵ DfT [Government’s multimillion-pound support scheme for airports opens today](#) January 2021

¹⁶ Ibid.

¹⁷ See [Airport Slots](#) Commons Library Briefing Paper CBP-9062, 27 November 2020

Future Issues for Regional Airports

Protecting connectivity

In January 2020 the Government announced a Regional Air Connectivity Review, led by the DfT, the aim of which was to ensure that “all nations and regions of the UK have the domestic transport connections local communities rely on – including regional services from local airports”, as part of the Prime Minister’s levelling up commitment.¹⁸ However, due to the collapse of Flybe and the onset of the Covid-19 pandemic, this work on Regional Air Connectivity has been redirected to support recovery from the pandemic and will ultimately feed into the Aviation Recovery Plan (ARP). When asked about progress on the ARP, the Government has pointed to the work of the Global Travel Taskforce¹⁹ in preparing for the re-opening of international travel, and indicated that a wider strategic framework for aviation is being developed and will be published later in 2021.²⁰

The government also started work on a Union Connectivity Review in the latter part of 2020, led by Sir Peter Hendy CBE. This review consulted on how transport might be used to improve connectivity between the countries of the UK as part of the ‘levelling up’ agenda’, including by rail, bridge and ferry links, and domestic aviation. In its Interim Report of March 2021, one of the key concerns raised was the need for:

Better air links to England to and from Northern Ireland and Northern Scotland, including but not exclusively to and from London Heathrow, for worldwide connections for passengers and freight; including the appropriate rate of Air Passenger Duty for journeys not realistic by rail.²¹

The Interim report also noted the collapse of the key domestic airline Flybe in early 2020, and that while some routes were quickly adopted by rival airlines, a significant number of unprofitable routes that the airline operated have not yet been filled, and that this will be an area of focus for the review going forward. A final report of the Union Connectivity Review is expected in Summer 2021.

The Interim report also noted that many stakeholders were interested in the greater use of Public Service Obligation (PSO) routes.²² A PSO is a form of ‘State Aid’, and allows for socially and economically necessary air services to be subsidised by national or local authorities, to protect ‘lifeline’ routes to peripheral or development regions. There are already PSO routes used in

¹⁸ DfT [Regional Air Connectivity Review: aviation minister visits Liverpool John Lennon Airport to launch UK tour of regional airports](#) 20 January 2020

¹⁹ DfT [Global Travel Taskforce](#) February 2021

²⁰ PQ 167324 [\[Aviation: Coronavirus\]](#) 17 March 2021

²¹ DfT [Union Connectivity Review Interim Report – March 2021](#)

²² Ibid.

many outlying areas of the UK such as northern Scotland. Cornwall Council is currently seeking a carrier to fly a PSO route between Cornwall Airport Newquay and London.²³ PSO routes were put in place under EU regulations. Post-Brexit, these regulations have been retained²⁴, and PSOs are specifically mentioned as an allowed subsidy in article 3.5 of the EU-UK Trade and Co-operation Agreement.²⁵ In the Transport Committee's June 2020 Report into the impact of the coronavirus pandemic on the aviation sector, many airports said that some form of government incentives were necessary to encourage airlines to invest in regional routes which often have tight margins.²⁶

Air Passenger Duty

The UK Treasury has consulted on reducing Air Passenger Duty (APD), partly as a measure to help stimulate a recovery in the aviation industry, particularly for domestic flights. Responses closed on 15 June 2021.

Reduction of APD has been something that airlines, airports and industry bodies have consistently campaigned for over many years.²⁷ UK Airport Industry Body the Airport Operators Association (AOA) argues that APD is higher in the UK than many 'rival' countries, and hence puts UK airports at a competitive disadvantage, potentially losing hub long-haul routes to other countries.²⁸ Environmental groups have long argued that making flights cheaper by cutting APD sends mixed messages on climate change and the need to transition to lower carbon transport.²⁹ In terms of fiscal contributions, the Aviation Environment Federation (AEF) have argued that as aviation is an "industry which pays no fuel duty or VAT on tickets, APD is already too low to ensure that airlines make a fair contribution to public finances."³⁰

In response to a parliamentary question on 1 July, Treasury Minister Kemi Badenoch MP outlined the Government's initial view that reducing APD could help support regional and Union connectivity:

The Government recently consulted on aviation tax reform. As part of the consultation, the Government outlined its initial view that the effective rate of Air Passenger Duty (APD) on domestic flights should be reduced in order to support Union and regional connectivity and that the number of

²³ BBC News [Newquay to London air contract not awarded](#) 13 April 2021

²⁴ HL Deb [26 January 2021 c167GC](#)

²⁵ [EU-UK Trade and Co-operation Agreement](#) December 2020

²⁶ Transport Committee [The impact of the coronavirus pandemic on the aviation sector Second Report of Session 2019–21](#) 10 June 2020

²⁷ [Air passenger duty and regional airports](#) Commons Library Briefing Paper CBP-7333, 14 December, 2018

²⁸ AOA [Campaigning for a fairer aviation tax](#) [accessed 2 July 2021]

²⁹ Friends of the Earth Manchester [Government considering cut to air passenger duty – Friends of the Earth reaction](#) 14 January 2020

³⁰ AEF [Cutting Tax on Domestic Routes which have reasonable lower carbon alternatives sends the wrong message on climate](#) 16 June 2021

international distance bands should be increased in order to align APD more closely with our environmental objectives.

The consultation sought evidence on the potential impacts of these proposals, including on regional air routes, and closed on 15 June. The Government is currently reviewing responses and will update in due course.³¹

In its consultation document, the government acknowledges that a reduction in APD would likely stimulate more domestic flights and hence increase aviation carbon emissions. The consultation invited views on how to mitigate this.³²

Regional Airport Expansion and climate goals

UK Aviation Emissions

In 2018, international and domestic (including military) UK aviation accounted for 7% (8% in 2019) of the UK's total greenhouse gas emissions,³³ an increase from 5% in 2005. Around 93% of UK aviation emissions are from international flights.³⁴ Historically, international aviation emissions (along with those from shipping) have not been counted in the UK's carbon budgets since the 2008 Climate Change Act was passed. In April 2021 the Government announced that international aviation would, for the first time, along with shipping, be included in the UK's sixth Carbon Budget in line with CCC advice.³⁵

In the medium to long term, international aviation emissions are to be mitigated primarily through carbon offsetting and carbon trading delivered through the International Civil Aviation Organisation (ICAO)'s CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation), and the UK's Emissions Trading System (ETS).³⁶

In the longer term the UK Government, along with other international stakeholders, is hoping to catalyse technological breakthroughs in zero-emissions flight, which might be delivered through electric or hydrogen solutions, sustainable aviation fuels (SAFs), or other measures. In the UK such work is being steered by the Jet Zero Council, a partnership between Government and industry launched by the DfT in September 2020.³⁷

³¹ [PQ 23090 \[Air Passenger Duty: Regional Airports\]](#) 1 July 2021

³² HM Treasury [Aviation tax reform: consultation](#) March 2021

³³ BEIS [Final UK greenhouse gas emissions national statistics: 1990 to 2018](#) 2020.

³⁴ Climate Change Committee [The Sixth Carbon Budget: Aviation](#) December 2019

³⁵ BEIS, Prime Minister's Office [UK enshrines new target in law to slash emissions by 78% by 2035](#) 20 April 2021

³⁶ DfT [Implementing the Carbon Offsetting and Reduction Scheme for International Aviation \(CORSIA\): UK government response](#) 28 April 2021

³⁷ DfT [Prepare for lift-off: Jet Zero Council to deliver carbon-free flight](#) 25 September 2020

Regional airport expansion

The Government has said that it supports airports throughout the UK making best use of existing runways, as long as environmental issues are addressed:

Airport expansion is a core part of boosting our global connectivity and levelling up across the UK. The Government takes seriously its commitments on the environment and the expansion of any airport must always be within the UK's environmental obligations.³⁸

Expansion of airports has been a source of debate for many years. In the case of Heathrow, Bristol and London Stansted airports, expansion plans have been rejected due to concerns that expansion would be incompatible with carbon reduction goals. Currently, Bristol, Southampton and Leeds-Bradford airports are the subject of, as yet unresolved expansion applications, with carbon reductions being a common point of conflict.

In its Sixth Carbon Budget, the Climate Change Committee (CCC) has said that in order to meet the Government's target of achieving net zero emissions by 2050, and in the absence of a true 'zero-carbon plane', passenger demand must be managed, and growth limited. In the CCC's 'balanced pathway' scenario, demand growth between 2018 and 2050 is limited to 25%.³⁹ This is significantly lower than Government projections for up to a 49% increase in demand over the same period⁴⁰, and lower again than the UK aviation industry's claim that a 70% growth in passenger numbers by 2050 is compatible with a net zero target.⁴¹ The CCC Balanced Pathway scenario assumes no net increase in UK airport capacity.⁴²

The CCC has advised government that "Zero-carbon aviation is highly unlikely to be feasible by 2050", and that:

the Government should assess its airport capacity strategy in this context. Specifically, investments will need to be demonstrated to make economic sense in a net-zero world and the transition towards it.⁴³

However, planning officers at several local authorities considering airport expansion have said that despite CCC advice, the Government's Net Zero ambitions and its commitments under the Paris Climate Agreement, carbon emissions should not be a key consideration affecting councillors' decision whether to permit or refuse airport expansion. This is because local planning laws and the national planning policy framework (NPPF) do not legally require local authorities to consider carbon emissions in planning decisions.

³⁸ DfT, [Decarbonising Transport: Setting the Challenge](#), para 2.49, 26 March 2020

³⁹ Climate Change Committee [The Sixth Carbon Budget: Aviation](#) December 2019

⁴⁰ DfT, [UK Aviation Forecasts 2017](#), October 2017

⁴¹ Sustainable Aviation [Decarbonisation Road-Map](#) 4 February 2020

⁴² Climate Change Committee [The Sixth Carbon Budget: Aviation](#) December 2019

⁴³ CCC [Net-zero and the approach to international aviation and shipping emissions: Letter to Secretary of State for Transport](#) 24 September 2019

In the case of Leeds-Bradford Airport's expansion proposal, planning officers said that:

Whilst the carbon emissions from flights do constitute a material consideration... national policy very much points to this being matter to be primarily considered at a national level (to be remedied through international agreements and protocols).⁴⁴

In the cases of Southampton, Leeds-Bradford and Bristol, planning officers recommended the council approve the expansion applications. Southampton Airport's expansion application was subsequently approved in April 2021, but the decision is now subject to a potential Judicial Review.⁴⁵ Leeds-Bradford airport expansion was approved by Leeds City Council in February 2021, but is currently being considered for a 'call-in' request to the Communities secretary, Robert Jenrick.⁴⁶ Bristol Airport expansion was rejected by North Somerset Council in 2020, but that decision is subject to an appeal by the airport through the Planning Inspectorate. The Government has indicated that its Strategic Framework for Aviation, and its Decarbonising Transport white paper are to be published in 2021. These policy documents may address the issue of airport expansion specifically. In the meantime, some campaign groups are calling for a moratorium on expansion until the Government has set out a national strategy for airport capacity.⁴⁷

Many UK regional airports have declared themselves to either be 'carbon neutral' or actively working towards carbon neutrality. This is usually done by reducing airport energy use, switching to lower-carbon energy sources, using lower carbon ground-based transport options, and/or the purchasing of carbon offset credits from other sectors (e.g. tree-planting abroad). Many regional airports, including Manchester, Newquay East Midlands, Southampton and Bristol have joined an independent international industry programme called Airport Carbon Accreditation.⁴⁸ However, airport carbon neutrality for does not account for carbon generated during the main part of flights, although some airports do include take-off and landing in their carbon footprint calculations. Airports' ground-based activity is estimated to only account for 2% of the aviation sector's total carbon emissions.⁴⁹

⁴⁴ Leeds City Council [Report of the Chief Planning Officer - Leeds Bradford Airport](#) February 2021

⁴⁵ Daily Echo [Thousands raised for legal challenge against Southampton Airport runway extension](#) 21 June 2021

⁴⁶ The Guardian [Plans for expansion of Leeds Bradford airport put on hold](#) 6 April 2021

⁴⁷ HACAN [HACAN call for moratorium on airport expansion](#) May 10, 2021; AEF [Open Letter: Call on Government to Introduce Immediate Moratorium on UK Airport Expansions](#) 13 May 2021

⁴⁸ [Airport Carbon Accreditation](#)

⁴⁹ Ibid.

2

Parliamentary Material

PQs

Air Passenger Duty: Regional Airports

01 Jul 2021

Asked by: Gregory Campbell | Party: Democratic Unionist Party

To ask the Chancellor of the Exchequer, if he will make an assessment of the potential effect of the rate of air passenger duty on regional airports.

Answering member: Kemi Badenoch | Treasury

The Government recently consulted on aviation tax reform. As part of the consultation, the Government outlined its initial view that the effective rate of Air Passenger Duty (APD) on domestic flights should be reduced in order to support Union and regional connectivity and that the number of international distance bands should be increased in order to align APD more closely with our environmental objectives.

The consultation sought evidence on the potential impacts of these proposals, including on regional air routes, and closed on 15 June. The Government is currently reviewing responses and will update in due course.

[Duty Free Allowances: Regional Airports](#)

Asked by: Navendu Mishra | Party: Labour Party

13 Apr 2021

To ask the Chancellor of the Exchequer, what assessment he has made of the effect of the introduction of duty-free arrival stores on (a) employment at Manchester Airport and other regional airports and (b) the economy local to those airports.

Answering member: Kemi Badenoch | Department: Treasury

Following a consultation, the Government announced on 11 September 2020 that duty-free sales would be extended to EU-bound passengers for the first time in over 20 years from 1 January 2021.

This is a significant boost to all airports and international rail terminals in England, Scotland and Wales, including Manchester, and smaller regional airports and rail hubs, which have not been able to offer duty-free to the EU before.

Duty-free on arrival did not form part of the Government's consultation on the potential approach to duty- and tax-free goods arising from the UK's new relationship with the EU, which took place in the Spring of 2020. The

Government nonetheless acknowledged in the summary of responses to the consultation that some stakeholders had requested the introduction of duty-free on arrival. This also set out that duty-free on arrival was not a scheme that the Government previously offered and was therefore not considering implementing the scheme at that time.

Duty-free on arrival conflicts with international principles of taxation which suggest that goods should be taxed in the country where they are consumed. The introduction of such a scheme could also undermine the UK high street and public health objectives. As with all policy areas, the Government will keep its position under review.

Regional Airports: Coronavirus

Asked by: Gavin Newlands | Party: Scottish National Party

3 March 2021

To ask the Secretary of State for Transport, what recent assessment he has made of the economic effect of the covid-19 outbreak on (a) regional airports and (b) the Government's levelling up agenda.

Answering member: Robert Courts | Department for Transport

The Government recognises the challenges faced by the aviation sector at this time. The Government is committed to maintaining critical connectivity and through policies like Public Service Obligations the Department for Transport subsidises routes into London.

We have also taken action to support airports through the Airport and Ground Operations Support Scheme (AGOSS). This opened for applications on 29 January to provide support for eligible commercial airports and ground handlers in England. It will provide support up to the equivalent of their business rates liabilities or COVID-19 losses – whichever is lower – in the 2020/21 financial year, subject to certain conditions and a cap per claimant of £8m.

The Government is keen to find ways to work closely with the industry to ease restrictions on international travel gradually and sustainably. The Secretary of State for Transport will lead a successor to the Global Travel Taskforce to develop a framework that can facilitate greater travel when the time is right, while still managing the risk from imported cases and variants.

Written Statements

- [Airport and Ground Operations Support Scheme - Financial Assistance to the Aviation Industry](#)

25 May 2021

I am tabling this statement for the benefit of hon. Members to bring to their attention spend under the Industrial Development Act 1982 (“the Act”).

On 24 November the Government announced the introduction of the Airport and Ground Operators Support Scheme (the Scheme) with the intention of supporting airports and ground handlers who have experienced the impact of COVID-19 on their business whilst maintaining high levels of fixed costs during the 2020/21 financial year. The aim was to open the Scheme in January and ensure grant payments were made to eligible businesses by the end of the financial year. Grant payments would be made using powers in sections 7 and 8 of the Act.

Section 8(8) of the Act states that financial assistance for any one project shall not exceed £30m, except so far as such excess has been authorised by a resolution of the House of Commons. The need to act and ensure that support was provided promptly meant that the Government were previously unable to seek such authorisation from the House of Commons.

Section 8(9) of the Act provides that the Secretary of State shall lay a statement concerning the financial assistance before each House of Parliament if they are satisfied that the payment or undertaking to pay financial assistance in excess of £30m was urgently needed and it would have been impracticable to obtain the approval of the Commons House of Parliament by way of a resolution.

The need to provide urgent support to airports and ground handlers who play a vital role in the infrastructure of the country made it impracticable to seek authorisation by way of a resolution, for payments under the scheme in excess of £30m and I am therefore tabling this statement. The details of the spend on the Scheme, which opened for applications at the end of January, are set out below:

Total of Scheme Grants	Commercial Airports	Ground Handling Operators
£86,925,171.00	£65,075,462.00	£21,849,709

The Government remains committed to supporting the sector and has recently announced that the Scheme will be renewed for the first six months of the financial year 2021/22. Consent for the use of powers in sections 7 and 8 of the Act for the renewed Scheme will be sought separately.

3

Press/Blog Articles

[Freeports: Can the Aviation Sector take Advantage of the Freeport Scheme?](#)

HFW

June 2021

[Northern Ireland airports welcome new £4.5m air connectivity scheme](#)

Belfast Telegraph

24 June 2021

[Turbulence ahead: how Covid and climate concerns have hit council-owned airports](#)

Local Government Chronicle

15 June 2021

[Climate campaigners call for halt to regional UK airports expansion](#)

The Guardian

8 April 2021

[Newquay to London air contract not awarded](#)

BBC News

13 April 2021

[ACI Europe expresses concern over future of regional air connectivity](#)

International Airport Review

4 March 2021

[Scottish aviation sector worth £4 billion a year, report reveals](#)

The National

12 October 2020

[Time running out to save airports at heart of regional economies](#)

Unite the Union

29 May 2020

4 Further Reading

UK Parliament

[*One-off session on the future of Air Passenger Duty*](#), House of Commons Welsh Affairs Select Committee, 24 June 2021

[*The impact of the coronavirus pandemic on the aviation sector: Interim report: Government Response to the House of Commons Transport Committee's Fifth Report of Session 2019–21*](#), May 2021

[*Support for the Aviation, Tourism and Travel Industries*](#) House of Commons Library Debate Pack, CDP-2021-0082 23 June 2021

[Parliamentary material on regional airports 2020 – 2021](#) – references to debates/PQs/parliamentary publications etc.

EU/International organisations

[*Reshaping the Aviation Sector in the Wake of Covid-19 Roundtable*](#), international Transport Forum/OECD, May 2021

[*The future of regional airports: Challenges and opportunities*](#) European Parliamentary Research Service, 26 Feb 2021

Other

[*Turbulence expected: the climate cost of airport expansion*](#), New Economics Foundation, May 2021

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