

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Second Delegated Legislation Committee

AIRPORT AND GROUND OPERATIONS SUPPORT SCHEME

Monday 29 November 2021

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The Committee consisted of the following Members:

Chair: CAROLINE NOKES

† Browne, Anthony (*South Cambridgeshire*) (Con)
 † Courts, Robert (*Parliamentary Under-Secretary of State for Transport*)
 Eagle, Maria (*Garston and Halewood*) (Lab)
 † Greenwood, Lilian (*Nottingham South*) (Lab)
 Hillier, Dame Meg (*Hackney South and Shoreditch*) (Lab/Co-op)
 † Jones, Andrew (*Harrogate and Knaresborough*) (Con)
 Jones, Darren (*Bristol North West*) (Lab)
 † Jupp, Simon (*East Devon*) (Con)
 † Kane, Mike (*Wythenshawe and Sale East*) (Lab)

Keeley, Barbara (*Worsley and Eccles South*) (Lab)
 † Lewer, Andrew (*Northampton South*) (Con)
 † Mangnall, Anthony (*Toines*) (Con)
 † Merriman, Huw (*Bexhill and Battle*) (Con)
 Osamor, Kate (*Edmonton*) (Lab/Co-op)
 † Richards, Nicola (*West Bromwich East*) (Con)
 † Smith, Henry (*Crawley*) (Con)
 † Solloway, Amanda (*Lord Commissioner of Her Majesty's Treasury*)

Dominic Stockbridge, Dawn Amey, *Committee Clerks*

† **attended the Committee**

Second Delegated Legislation Committee

Monday 29 November 2021

[CAROLINE NOKES *in the Chair*]

Airport and Ground Operations Support Scheme

4.30 pm

The Chair: Before we begin, I remind Members that they are expected to wear face coverings and to maintain social distancing as far as possible, in line with current Government guidance and that of the House of Commons Commission. Please also give each other and staff plenty of room when seated and when entering and leaving. Please can Members send their speaking notes to hansardnotes@parliament.uk.

The Parliamentary Under-Secretary of State for Transport (Robert Courts): I beg to move,

That the Committee has considered the motion in the name of Grant Shapps relating to airport and ground operations support scheme winter 2021-22 renewal that this House authorises the Secretary of State to undertake to pay, and to pay by way of financial assistance under section 8 of the Industrial Development Act 1982, sums exceeding £30 million with an estimated total sum of £44 million, to be made available, through the extended airport and ground operations support scheme announced in the Budget, to eligible commercial airports and ground operators to compensate for the continuing damage caused by covid-19 to the aviation sector, on the basis of business rates liabilities or covid-19 losses, whichever is lower, from October 2 March 2022, subject to certain conditions and a cap of £4 million per eligible company.

It is a great pleasure to serve under your chairmanship this afternoon, Ms Nokes. I would like to update Members on the evolving situation regarding the omicron variant. As right hon. and hon. Members will have seen, the Government have taken steps to ensure the safety of the country. As of Sunday morning, 10 countries are on the red list. Scientists at the UK Health Security Agency are monitoring the development of this new variant closely, and laboratory testing is underway to assess its transmissibility, severity and vaccine susceptibility. The results of those investigations will determine any further public health actions, which may be necessary to limit the impact of the new strain.

Travel guidance has been updated, and the Foreign, Commonwealth and Development Office continues to offer tailored consular assistance to British nationals in-country in need of support overseas. The managed quarantine service is running for new arrivals from countries on the red list. We continue to work closely with the devolved Administrations in order to have a uniform approach, although they are, of course, responsible for administering and implementing their own regulations.

Notwithstanding the emergence of the omicron variant, it is important to note how far we have come since May, when the Committee was last together to consider the matter that concerns us today: seeking Parliament's consent to use powers in section 8 of the Industrial Development Act 1982. I began my speech in May by remarking that the Committee was considering this

matter at what is one of the most challenging—if not the most challenging—periods faced by this industry and our country. We still find ourselves in those difficult, strange and testing times, particularly in the context of the aviation sector, which I have the honour to serve as Minister.

We have seen enormously positive change since we met in May, with restrictions now significantly relaxed and the transatlantic corridor finally reopened after an unprecedented 18-month closure. The industry is emerging from a situation in which it has been heavily impacted. Despite these positive developments, the sector enters a winter season that even in pre-pandemic times would have come with challenges. With consistently lower passenger numbers year-on-year, the winter represents the most challenging period for what is a highly seasonal sector in any event. Airports and ground handlers have long relied on strong summers to offset weaker winters. Due to the pandemic, where airports and ground handlers have largely seen two consecutive loss-making summers, with demand at less than 50% of 2019 levels, there simply has not been that fruitful period to provide liquidity to tired airports and ground handlers through the testing winter months.

As I have mentioned, there is a continued watchful eye on the emergence of new variants and how they will impact the recovery we have seen thus far. In this challenging time, when the financial foundations that underpin the sector and its recovery continue to face challenges, the Government recognise the need for protection—both in the short term, to ensure the continuity of the operation for essential services, passengers and freight; and in the longer term, to ensure the endurance of the sector and the preservation of aviation capacity and connectivity, which is so important to the our shared objectives of building back better and levelling up the country. This is particularly important as we consider the impact of the Union connectivity review, which was recently published by Sir Peter Hendy.

As I have mentioned, it is right that we continue to support the aviation sector at this highly challenging time. It is one of the sectors that have been hardest hit by covid-19. We want to provide a funding and liquidity bridge to take the sector through the winter, and unlock the stability and prosperity that summer 2022 offers. That is the reasoning behind the Chancellor's announcement of the renewal of the airport and ground operations support scheme in the autumn Budget. The renewed scheme will, subject to the House's approval, be a continuation of crucial support to the sector. Eligible commercial airports and ground handlers will be able to access a grant up to the equivalent of their business rates liabilities or covid-19 losses—whichever is the lower—from October 2021 to March 2022, up to a per-claimant cap of £4 million, subject to certain conditions.

The extension of the six-month airport and ground handlers support scheme, or AGOSS, which I initially announced a year ago in November 2020, represents a vital tool to support the sector through the challenges of the winter before the summer peak of 2022, which offers the prospect of the sector finally regaining stability and pre-pandemic prosperity.

To continue to provide that fundamental financial relief, the Government intend to use the powers laid out in the motion, under section 8 of the Industrial Development Act 1982. That Act requires Parliament

to provide its consent to use those powers where a project will exceed £30 million. We estimate that the total sum of relief provided under the scheme will be around £44 million.

As I have said in my brief remarks, it is clearly crucial that we continue to guarantee the future of our essential aviation infrastructure to support our sector's recovery. I therefore ask that the Committee supports the motion.

4.37 pm

Mike Kane (Wythenshawe and Sale East) (Lab): It is a pleasure to serve under your chairmanship, Ms Nokes. On behalf of the Labour party, may I commend you on your extraordinary personal bravery recently? It will help women across the nation to come forward in future.

The Minister is right that it has been a bad weekend for the industry, through nobody's fault. The omicron variant has led to new PCR tests and new uncertainty in the aviation sector, and it will be quite a blow for the industry during the winter, just as we thought we were beginning to make progress. As the hon. Member for Crawley knows, I visited his constituency on Thursday—I am very grateful to him for allowing me to do so—to visit Gatwick airport. Those at Gatwick were hopeful that things were beginning to come back to normal, despite the slots issue that the airport faces. Passenger numbers and the capacity of flights were increasing. The one thing the airport wanted was for there to be no further uncertainty, but unfortunately we now have uncertainty again.

The Secretary of State for Health and Social Care is still in the main Chamber announcing measures on wearing face masks in shops and on public transport. We really should not have taken those measures away. I am sure that we would all agree that the health of the British people should not be a culture war, and that keeping people safe is the first priority of the Government and of Her Majesty's official Opposition. I say to the Minister that we have not had a credit card's thickness of difference between us in our public health messages over the last year or so. I hope that we can continue that co-operation.

We all know that the covid-19 crisis has already had a devastating impact on the whole aviation industry, which contributes £22 billion and 267,000 direct jobs, with a further 1.5 million people employed in the supply chain. The UK is home to the largest aviation sector in Europe and the third largest on the planet. My own constituency is home to Manchester airport, a key gateway to the north. The economic benefits and jobs it brings to the north-west of England are vital to the region and to my constituents, and that will be mirrored by every airport across this great nation.

A number of airlines and airport operators announced further plans to make a significant percentage of their workforce redundant, and that situation will not be helped by the sad news this week. The expectation is that, with a second missed summer season and without further Government support, there is potential for a number of major companies in the industry to cease operating.

With the fast-evolving changes in the nature of the coronavirus pandemic, we cannot predict a return to business as usual for the sector. For that reason, I and

my colleagues in the Opposition have continually called for a sectoral deal, only for those calls to fall on deaf ears. I know the Minister agrees that aviation must remain a critical part of the UK economy. More than a year ago, the Chancellor promised an aviation sectoral deal. That has still not materialised, and what is laid down in this SI is not it—£4 million will not touch the sides of the help needed for some of our airports and ground handlers in this country.

I have previously stated on the record my belief, akin to a latter-day Richard Cobden MP, that if we restrict somebody's trade and their way to make a living, we must compensate them meaningfully. I do not want to give a lecture on the corn laws, but that truth is as relevant today as it was 200 years ago. We should not forget that the Government's stated ambition to level up our regions will be dealt a significant blow if such an important sector is allowed to go without any meaningful support. We can see the problems currently occurring at Cardiff airport for that reason.

When we consistently called for a sectoral deal, it was to support the whole aviation industry. A deal would have secured jobs and protected the supply chain while the industry learned to stand again on its own two feet. We would also have continued to press for higher environmental standards; it is vital that the aviation sector becomes more environmentally sustainable. But to protect against short-term unemployment and stimulate that change, the Government must take action now to ensure that long-term needs are met.

I cannot see how increasing air passenger duty for some passengers and removing it for others will help the charge to decarbonise aviation, but that is one of the crumbs that the industry is supposed to be grateful for. Even as we transition to a green economy, protecting jobs now so that they can be reskilled for the future economy is critical. It is far easier to transition our aviation sector to greener aviation from a position of strength than a position of weakness. Yet again, this—

The Chair: Order. I remind the shadow Minister to stick to the airport and ground operations support scheme, please.

Mike Kane: I will do, Ms Nokes. What we are saying is that this package is not good enough. It will lead to a weaker industry—no longer the third strongest on the planet—and it will stop us transitioning, because it is too little, too late.

4.44 pm

Henry Smith (Crawley) (Con): It is a pleasure to serve under your chairmanship again, Ms Nokes, and always a pleasure to follow the hon. Member for Wythenshawe and Sale East. He is always welcome at Gatwick, as long as he does not travel a little further south and knock on doors in Crawley to try to win voters down there.

I rise briefly to warmly welcome this extended support for airports and ground operators. It will be a significant help for airports such as the one I represent, Gatwick, and across the country. At that point, normally, I would have sat down, but my hon. Friend the Minister mentioned the omicron variant of covid-19 and its effect on international travel, and I cannot let that pass. I think

[Henry Smith]

the Government have reacted swiftly and proportionately to that threat, until we know the full extent of it, but the imposition of PCR tests for those returning to the UK from international destinations, at least for the next three weeks, will be a huge disincentive to travel, with people perhaps reassessing plans for the Christmas holiday period.

I know the Department for Transport and the aviation Minister get that point, and that it is a broader Government issue, but I put in a plea for a cap on the cost of those tests, and hopefully an ability to review in three weeks' time—

The Chair: Order. I make the same comment to the hon. Member for Crawley.

4.45 pm

Robert Courts: I very much appreciate the points that the Committee has made today, and I will answer them briefly, if I may. The hon. Member for Wythenshawe and Sale East and I have sparred across the Chamber on many matters over the course of the past year or so. Although we do not always agree on everything, there are some things we really do agree on, and the real importance of the aviation sector to this country is certainly one of them. We also agree, of course, about it becoming a more sustainable industry, and he knows I will point to the Jet Zero Council and the other work we are doing as proof positive that that is taken seriously by the Government as well.

We will continue to consider how the industry may best be supported at what we all accept is a very challenging time. The hon. Gentleman will know that I will refer to the approximately £8 billion of support that the sector has received from the Government and, as my hon. Friend the Member for Crawley says, this is the latest instalment of that—I am grateful to my hon. Friend for saying that this support is significant.

Turning to my hon. Friend's points, he raised the question of PCR tests. I understand that that is an extra challenge for the sector, but it is simply so that we can have the genomic sequencing we need so that we have the data. In three weeks' time, that will be reviewed—but, as a responsible Government, we keep all our policy under review at all times.

More broadly, regarding the motion itself, we have a recovery and we have made great steps, as I said at the outset, but we still need to be cautious. That is the reason the Government have taken these steps, but the sector's recovery remains fragile because of previous restrictions we have had to impose, and there is a challenging winter period coming up. While demand is recovering, it is still suppressed, and that is why we offer this support to secure jobs, maintain cash flow and safeguard vital infrastructure, in order to provide the conditions for the sector to bounce back into the future. I commend the motion to the Committee.

Question put and agreed to.

4.47 pm

Committee rose.