

An aerial photograph of Gatwick Airport, showing the terminal building, tarmac with several aircraft, and surrounding infrastructure. The image is split into two vertical panels: the left panel shows the terminal and tarmac, and the right panel shows a large parking lot and other airport facilities.

# CEO REPORT FOR GATCOM

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**JULY – SEPTEMBER 2020**

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**Gatwick Airport Limited**  
**Stewart Wingate, CEO**

YOUR LONDON AIRPORT  
*Gatwick*

# Airport & Operations

As previously reported, the **impact of COVID-19** on Gatwick has had a significant negative impact on traffic and passenger numbers. This is reflected in the continued operation out of just North Terminal, which is likely to remain the case until well into 2021. With all the health measures that have been put in place across the airport it was hoped that consumer confidence would grow however consumer demand has been heavily impacted by the continuing UK quarantine restrictions and coverage of the increasing infection rates across Europe. This drop in demand has led to airlines cancelling and consolidating services in order to manage their capacities.

Monthly Passengers (m)

Month	2019	2020	2019 Quarter	2020 Quarter
Jan	2.95	2.89		
Feb	3.10	2.96		
Mar	3.62	1.65	9.67	7.50
Apr	3.85	0.01		
May	4.18	0.01		
Jun	4.52	0.03	12.55	0.05
Jul	4.74	0.28		
Aug	4.94	0.90		
Sep	4.37	0.74	14.05	1.92

We currently have 18 airlines flying to 97 airports in 45 countries/regions. There are now 46 regions on the UK governments safe list, with Gatwick having services to 19 of these. During September the below countries were added to the UK quarantine list (LGW current routes in bold):

**09Sep – Greek islands (Crete, Santorini, Zakynthos, Lesvos, Tinos, Serifos, Mykonos)**

**12Sep – Portugal, Hungary**

**19Sep – Slovenia, Guadeloupe**

**26Sep – Denmark, Curacao, Iceland, Slovakia**

Gatwick has continued to engage closely with partners across the industry and directly with Government to drive the actions needed to support the **recovery of the aviation sector**. Key issues include travel corridors; the runway slots utilisation waiver; business rates and other airport regulatory charges; and of course, support from Government to protect jobs. Our current focus is on securing a regionalised approach to travel corridors and testing for passengers to reduce the impact of quarantine restrictions and build consumer confidence to travel.

At the end of August, Gatwick published its **interim financial results**. Despite an encouraging start to the year passenger numbers at Gatwick fell by 66% in the first six months ended 30 June 2020 due to the impact of

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COVID-19. The airport remained open throughout the pandemic; however, all revenue streams were impacted and the collapse in passenger demand led to a 61.3% fall in revenue and a £321m loss. EBITDA fell 98.3%.

The recovery from the pandemic has been much slower than anticipated and the recent news that COVID-19 infection rates are starting to rise again and the implementation of stricter measures, likely to be in place for the next six months, compounds the already devastating impact the pandemic has had on our passenger and flight traffic volumes which remain significantly lower than 2019.

***Planned capital expenditure has been reduced by £157m for 2020 and £196m for 2021. Operational costs have also been reduced by over £100m through a variety of actions including consolidating traffic to one terminal allowing for infrastructure shutdowns.***

The recovery period to pre-pandemic traffic levels is forecast to be four to five years. This has led to the need for Gatwick to propose a **companywide restructure** to better align the business to passenger and air traffic forecasts whilst allowing it to remain agile should demand recover faster than expected. Through a collective consultation process with employee representatives, a plan has now been settled on regarding the company's proposals. This process has involved many constructive meetings for the umbrella consultation, covering company-wide implications, as well as specific functional constructive meetings. The representatives have probed and challenged every part of the company's proposals. This careful scrutiny means that the proposed new organisation structure and the associated 598 job role losses are now settled and will be completed by 31<sup>st</sup> October 2020.

The consultation process has also recognised that even post the restructuring, in preserving 1,867 roles, Gatwick will have more people, in most parts of the business, than it will need until passenger volumes pick up as anticipated in the Summer of 2021. Gatwick wants to preserve as many roles as it can, and the consultation will continue to explore the fairest way to achieve this.

***The Government's new scheme announced on 24<sup>th</sup> September is likely to provide welcome support and be helpful in protecting the 1,867 Gatwick Airport jobs that will be in the business after the end of October, particularly as passenger volumes remain significantly low and there will not be enough work for that number of jobs.***

Next year Gatwick will be introducing a £5 **charge for vehicles using the forecourt** to drop off passengers directly outside its terminals - as most UK airports have done for many years – and the revenue raised will help the airport continue its recovery from the economic impact of the COVID-19 crisis. Anyone who does not wish to pay the charge will be able to drop-off or pick-up passengers in the airport's long-stay car parks with two hours

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free parking and a free shuttle bus to the terminals. The charge will help Gatwick continue to meet its commitment to reduce 'Kiss and Fly' - the least sustainable type of journey to the airport as it involves two return car journeys – while also further encouraging public transport use and potentially cutting road traffic congestion and emissions at Gatwick and surrounding local areas. Currently around 15% of airport journeys are 'Kiss and Fly'. Reducing the airport's environmental impact continues to be an important focus and Gatwick plans to put a proportion of the revenue into Gatwick's existing Sustainable Transport Fund.

Gatwick is looking at solutions to allow those who regularly drop off and pick up at the South Terminal each day to access the train station to make a token annual payment contribution. We are also looking at workable solutions for Blue Badge holders.

No date has been set to introduce the new charging system but the first step includes a consultation on the implementation of a Red Route system across the airport campus to indicate that stopping to park, load or unload, board or alight from a vehicle is prohibited. Revenue raised through Red Route fines will also be used to fund sustainable transport initiatives under the guidance of the airport's Transport Steering Group, which includes external local representatives.

The **M23 Smart Motorway Project** is reaching its conclusion, as the motorway reopened to 70mph on Wednesday 17 September following two years of construction. The finished motorway is now 4 lanes in each direction, adding 30% more capacity in the key stretch between the M25 and Crawley. In its final stages the project had to contend with the impact of Covid-19 on its workforce and supply chain but was also able to make the most of reduced traffic levels during lockdown. The project team has started to demobilise its base at Godstone and will remain on the network with some overnight closures for another few months while they remove temporary technology and complete snagging and planting activities. Gatwick has worked closely with Kier and Highways England throughout planning and construction and all parties can take forward valuable lessons for future projects.

In relation to **Brexit**, after the transition period ends this January, Gatwick is confident that agreements on aviation access and safety (the Comprehensive Air Transport Agreement and a Bilateral Air Safety Agreement) will be made, retaining broadly the system of air travel passengers experience today. There is much agreement between the UK and EU on aviation, but no final agreement will be made until all facets of a future relationship are agreed to.

Because Gatwick does not undertake a large freight operation, border issues relating to goods are less of a concern than for other ports and airports across the UK. From 1<sup>st</sup> January duty free shopping will be reintroduced for passengers to the EU, which Gatwick welcomes. However, the **removal of tax free shopping** to all passengers, both EU and non-EU, will see a reduction in revenues and has the potential to dissuade travellers from coming to the UK. We continue to press the Treasury on the potential damage of such changes, particularly as the sector works to recover from the COVID-19 epidemic.

## Investment

As part of our efforts to safeguard the business through the recovery period we have undertaken a comprehensive review of our capital programme and deferred many of our projects for the foreseeable future. This includes expansion projects such as the extension of Pier 6, commercial projects such as multi-story car park 7 and resilience projects such as the new Rapid Exit Taxiway. We have seen a significantly reduced volume of air traffic movements this summer and we expect it to take several years for volumes to recover, reducing the near term need for interventions to optimise runway performance or enable expansion.

Gatwick is the first airport in the UK to treat its **security trays** with enough UV light energy to guarantee a 99.9% microbe disinfection rate – protecting passengers and staff and reducing the spread of coronaviruses, including COVID-19, and other infections on this high-touch surface area.



The new, highly effective system - provided by Smiths Detection - sees each tray pass through a covered 'UV-tunnel' fixed underneath the hand luggage screening system, as trays exit the scanners, so that every tray is treated immediately before each passenger uses it.

Gatwick and other airports have already deployed other anti-viral systems, such as coatings sprayed on to trays, however this protection dissipates over time whereas this new system treats every tray just before use – ensuring maximum protection and a reduced risk of passing on infection.

Other **health measures** in place at Gatwick include the frequent, enhanced deep cleaning of common-use surfaces throughout the airport, installation of approx. 500 Perspex screens, social distancing procedures at check in, security and gate rooms, well-spaced seating in departure halls and in restaurants, bars and shops and regularly signposted hand washing facilities and around 200 sanitising stations.

***The Gatwick Station Project has so far eliminated 30.3 tonnes of wood waste and removed fence posts have been donated to West Sussex Council Park Department to be re-used in nearby Buchan Country Park saving 1.1 tonnes of CO2 emissions.***

The **Gatwick Station Project** has continued construction throughout the Covid-19 period, making significant progress despite the ongoing challenges. A video of the progress so far can be seen [here](#). Platform 7 will be now returned into service on the 1<sup>st</sup> November, directing arriving Platform 7 passengers straight into Gatwick's Passenger Terminal Interchange at lower level via new stairs and ramps. The refurbishment to the existing station entrance is due to commence in December with full engagement with Station and Airport operational teams. Most of the main project works are still due to complete at the end of 2022.

## Sustainability

The verification of **Gatwick's S106 Annual Monitoring Report for 2019** was formally completed at the end of July. The full AMR including the verification report is available on our [website](#). The annual verification covers a

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selection of ten S106 obligations and commitment actions. The 2019 verification was undertaken by independent consultants from Ricardo Energy & Environment and covered five obligations on Air Quality, Climate Change reporting, Noise, Surface Access and Development, and five additional commitments on Air Quality, Noise, Surface Access, Water and Waste management. All ten items were rated by the verifier as “On Track”.

This year, notwithstanding the severe impact of Covid19 on the airport, we have maintained core sustainability programmes including noise management and abatement monitoring and reporting, air quality monitoring, our energy, water, waste and biodiversity management systems, and S106 funding for Gatwick Airport Community Trust, Gatwick Greenspace Partnership and local air quality monitoring.

Gatwick is participating in the **UK Sustainable Aviation coalition’s engagement with Government** to spur development of UK sustainable aviation fuels industry. As part of this, technical work co-funded by Gatwick shows that the UK could be home to up to 14 sustainable aviation fuel (SAF) production facilities in areas across the country, making it a world leader in clean aviation technology. The research shows that these facilities would be based in seven clusters in the North East, North West and South coast of England, South Wales and Eastern Scotland, places with the right feedstocks and infrastructure to turn household, agricultural and industrial waste and renewable electricity into jet fuel.

To get this nascent industry off the ground, **Sustainable Aviation** is calling on the Government to support commercialisation of sustainable aviation fuels, with £429m in Government-backed loan guarantees for the initial first-of-its-kind SAF production facilities, £50m in grants and development support for new SAF technologies, and £21m to establish a UK clearing house to enable SAF testing and approval.

## Airspace & Noise

**FASI-S airspace change programme** remained paused July - September. It is not possible to be specific about the duration of the pause, but Gatwick continued to engage with the Airspace Change Organising Group (ACOG) to build a revised FASI-S plan and with the aim of securing government support to help advance the programme.

As part of its **Post Implementation Review (PIR) of the Route 4 2012 airspace change** the CAA required Gatwick to remove, by October 2020, the temporary Route 4 satellite-based departure routes - RNAV1 Standard Instrument Departures (SIDs) - that were introduced on 26 May 2016. In accordance with the requirements set out in CAP 1912, Gatwick has developed a plan with our air traffic service providers, NATS and ANSL, for the safe withdrawal of the temporary Route 4 RNAV1 SIDs taking into account the complexities of reverting from a modern to legacy route structure (a reversion never previously undertaken in the UK).

Once these RNAV1 SIDs are removed airlines will continue to fly Route 4 departures with the track over the ground guided by a satellite-based coded overlay of the currently published conventional SIDs. Because coded overlays fall outside of the regulatory process it is not possible to predict the variations in aircraft track that may result.

The change is due for implementation in February 2021. Nuances in the adjustment of the complementary conventional SIDs and the need for NATS and Eurocontrol systems adaption and testing drive the timeline. In

their letter, dated 3 September, the CAA has acknowledged and accepted the additional constraints, the approach and changed timeline.

**Route 4 2018 (ACP-2018-86):** Following the CAA’s stage 2 Develop and Assess Gateway assessment of the Route 4 2018 airspace change Gatwick has considered the questions raised by the CAA and decided to pause the change until after the changes to the Route 4 SIDs, required by CAP 1912, have been implemented and sufficient flight data collected to build a robust data set against which it will be possible to re-assess the proposed design options. We estimate that this will delay progress by a minimum of 6 months with the new stage 2 *Develop and Assess Gateway* planned for Q3 2021.

Following a pause of all **Noise Management Board (NMB)** activities due to the impact of Covid-19, the NMB has re-commenced stakeholder meetings virtually. Chair surgery sessions in August provided local community and industry stakeholders participating in the NMB the opportunity for bi-lateral meetings with the Chairs of the NMB Community Forum (NCF) and Executive Board (NEX).

The second meeting of the NCF took place, virtually, on 23 September. Eight Community Noise Groups and four Councils were represented. Members received an update from Gatwick Airport on the impact that Covid-19 is having on the airport’s operation, employees, noise and airspace, and a presentation from the Noise Delivery Group (NDG) Chair on its impact on the industry more broadly. Discussions then ensued around the NMB Workplan. As a wide range of views were not heard in the meeting, the NCF Chair has since written to NCF members inviting them to submit their requests and ideas for the workplan. The NCF Chair intends to summarise and represent the views received at the meeting of the NEX, scheduled to take place on 21 October.

## Noise & Track Keeping Performance Data

Parameter		Quarterly Performance	
		Q3 2020	Q2 2020
Track keeping performance (% on track)	▲	98.42%	97.93%
Core Night CDO (% achievement)	▼	91.96%	100.00% *
Day/Shoulder CDO (% achievement)	▲	92.47%	72.63% **
24 Hour CDO (% achievement)	▲	92.43%	72.69% **
1000ft Infringements (No.)	-	0	0
1000ft Infringements (No. below 900ft)	-	0	0
Departure Noise Infringements (Day)	-	0	0
Departure Noise Infringements (Night/Shoulder)	-	0	0
West/East Runway Split (%)	-	73/27	55/45

\*The 100% core night CDO performance was due to a single night jet movement from EZY which completed a ‘textbook’ CDO on descent.

\*\* The significant variations in CDO performance during Q2 were due to pilots and air traffic controllers operating in the radically different traffic environment that resulted from the impacts of the COVID-19 pandemic at that

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time. The Q3 performance is significantly improved as pilots and air traffic controllers have adapted to the unfamiliar traffic environment.

## Community

In September we began our new online community engagement events “**Gatwick keeping in touch with the community**”. A forum where local community representatives can share feedback and raise questions on behalf of local residents. Over the last 6 months the global pandemic has impacted heavily on the local communities surrounding Gatwick. This will be different for everyone but may include impacts on jobs, travel and health and wellbeing. As people begin to travel again and Gatwick continues to re-build operations, we would like to keep in touch with local community representatives, to help us understand local issues and share updates on Gatwick’s business and operations going forward. These fortnightly events have received positive feedback.

We have been pleased to donate **110 Lenovo laptops** to three local charities with a view to benefitting the community immediately closest to the airport:

- 50 laptops have been donated to the **Level Up Laptop Appeal** (Horley Town Council in conjunction with YMCA East Surrey) which gives computer equipment to Horley schools for onward distribution to the families that need them most, thereby facilitating learning for children outside the traditional school environment.
- 30 laptops have gone to **Rivers Learning Project Community**, a small Crawley-based women’s charity and former recipient of a Gatwick Foundation Fund grant. The equipment will enable employability training, computer classes and community drop-in usage for job search/applications. The charity is also setting up a community café one day a week.
- 30 laptops have been provided to **Audio Active** a charity which works with vulnerable young people through the power of music. The charity is embedding itself in the Crawley community and are dedicated to supporting some of the most vulnerable young people in the area who lack opportunities, are vulnerable to involvement in criminal activity and have low confidence and self-esteem.

Whilst traditional charitable support has been somewhat inhibited given the pandemic we have been able to support our charity partners in the following ways:

- SASH (Surrey and Sussex Healthcare Trust Charity), Air Ambulance Kent Surrey & Sussex and St Catherine’s Hospice (our out-going charity partner) all took advantage of the opportunity we extended to them to repurpose some of Gatwick’s **digital advertising**. Nine digital screens across prominent locations in Crawley and Mid-Sussex were used for their own charity messaging which included awareness raising and promoting a Text Donate.
- The donated currency from the **charity globes** across the airport was collected and processed following the lifting of lockdown which realised £10,212.40. This sum was divided equally between our three charity partners and saw SASH receive a donation of £3,404.13.
- We have been selling **face masks** to the public through the vending machines around the terminals, at £3 for 4 masks with a view to donating all profits to SASH and Air Ambulance Kent Surrey & Sussex. We sold

around 800 in July and were averaging about 250 sales per week during August.

- We responded to a request from Sussex and Surrey Healthcare Trust (SASH charity) for donation of **carrier bags** to help front line staff dealing with COVID to bag their uniforms that needed to be taken home to be washed, thereby protecting themselves and others from the spread of the virus. In addition to Gatwick providing bags, we collaborated with World Duty Free who also donated a considerable number of clear plastic bags.



Harrods kindly donated **chocolates and other confectionary** from their retail stores which were approaching their best before dates to support front line NHS staff and Air Ambulance crews. In conjunction with DHL these “thank you” parcels were delivered to our two charity partners.

Whilst many of the events and activities that we would have been involved in or delivered in 2020 have sadly been cancelled or postponed, we continue to work with South and South East in Bloom. As the Nation moved towards fewer restrictions with a return to community gardening, it was sadly too late to marshal the judges and organise visits to the 2020 entrants which resulted in desktop assessment this year.

We are pleased to resume our collaboration with South Downs National Park on their Miles without Stiles programme and will look to further increase the number of accessible walking routes.

## Local Economy

The impact of COVID-19 on the local economy has been far reaching. We have been actively engaging with local authorities, business groups and economic partnerships locally to help support collaborative efforts to plan for and **drive economic recovery**. Our focus has been on understanding the issues; sharing information; and supporting action wherever we can.

This work has included engagement with the following stakeholder groups:

- Crawley Local Economic Recovery Task Force and Executive Board and the Invest Crawley Partnership
- West Sussex County Council draft Economic Reset plan
- Surrey County Council Economic impact research and recovery planning with University of Surrey
- Coast to Capital LEP
- Gatwick Diamond Initiative

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- We have participated in events with Gatwick Diamond Business; Sussex Chamber of Commerce and the FSB, sharing updates on Gatwick and understanding key issues for local businesses
  - We are also continuing to work with local partners representing the hard-hit visitor economy across Sussex Surrey and Kent together through the Gateway Gatwick partnership.

We are currently working with the DWP and Employ Crawley to facilitate a dedicated Employment Hub at Gatwick to support airport workers facing redundancy.

We are also working with Costain, the principal contractors on the Gatwick Station Project, to run a supply chain event for local businesses, currently aiming for a virtual event in November to share information on the work packages that will be available as the project progresses. This would be followed by another (hopefully face to face) event next Spring. We are working in partnership with the FSB and other local business groups to promote the event.

