

Performance

Total aviation movements	May 2020	June 2020	July 2020	Total
2020	662	791	2,429	3,882
2019	3,860	3,985	4,222	12,067
Commercial mvt 2020	359	341	635	1,335
Commercial mvt 2019	2,028	2,372	2,582	6,982
Passengers 2020	238	38	20,819	21,095
Passengers 2019	204,416	216,291	235,260	655,967

Overview

From a scheduled passenger point of view, the early summer of 2020 was extraordinarily poor. June was only prevented from recording zero passengers by a charter at the end of the month. Whilst July improved slightly, it was still over 91% down on the previous year.

Not only did the extremely low passenger numbers lead to a huge impact on the airport, they also damaged the financial performance for our airline partners. The average number of passengers per movement was just 16, compared with 94 the previous year, a fact made more remarkable by the significant increase in gauge over the two summers. In 2019, a large proportion of movements were made by aircraft providing between 34 and 72 seats; in May to July 2020, the smallest scheduled passenger aircraft was the A319 with 156 seats. In essence, the “load factor” (the proportion of seats on an aircraft sold) was so low as to be financially punitive for the airlines. This was partly a response to the lockdown but also, as the summer evolved, to the quarantine arrangements introduced by the UK Government.

It led, initially, to major reductions in capacity as easyJet and Ryanair grounded their entire fleets from late March and did not resume flying at all until June and then only at around 30% of normal capacity. Capacity was subsequently added but only incrementally and, with the number of destinations practically available limited by quarantine and travel advisories, easyJet announced plans to consult on closing bases across Europe, including at London Southend. In mid-August, easyJet confirmed that the London Southend base would close from 31st August, along with other UK bases at Stansted and Newcastle.

Our cargo operation continued, supporting the movement of goods to and from an increased range of destinations in Italy and Spain, with, from June, a slightly reduced element of night time operations, although this remains, as always, subject to change to support customer needs and operational circumstances.

Despite the invaluable support to the airport provided by the logistics operation, revenues fell precipitously, in part because of low passenger numbers and also because of the challenges presented to Terminal concession operators, who did not operate all of their outlets, reducing commercial income. Although, as July demonstrates, an element of demand has returned it is far below the 2019 level. Given the continuing uncertainty around quarantine, the resurgence of Covid-19 in the UK and other countries and the availability of an effective vaccine, the consensus view is that overall demand will remain suppressed until 2023 or 2024. The Government furlough scheme helped us to maintain full employment until the later part of the summer but given the weak demand outlook for at least Winter 2020, and almost certainly beyond, as well as the easyJet base closure has meant that we are consulting on redundancies. We have continued to implement cost-cutting measures, for example extending management pay reductions and reducing expenditure in all possible areas but we are left with no choice other than to reduce our workforce. This in no way reflects on the superb quality of our people; far from it. It is simply unavoidable in an environment where revenues are hugely reduced and a large element of our costs are fixed.

Airline Business

We continue to engage with our airline partners (including easyJet) on future developments. Whilst the short to medium term is very challenging, with Wideroe for example having to deal with the addition of the UK to Norway's "red list", and a wide acceptance that Covid-19 is likely to have an impact on, in particular, business travel (most particularly longhaul business), Southend's proven ability to serve the London market, its focus on shorthaul and its emphasis on leisure flying encourage us to believe that the future remains positive if demanding in the forthcoming months.

Operations

We have established an airport environment and a passenger experience to mitigate some of the risks associated with traveling in a Covid-19 context. We permit entry to the terminal to passengers only and require the use of face masks at all times. We have installed bioshields at key contact points such as check in and immigration and hand sanitising stations every 20 paces. Social distancing information and assistance is in use through the terminal and we have invested in new security technology to allow liquids and laptops to be left in bags at central search, reducing the need for interaction with staff. The consequence has been very positive feedback from passengers and airlines alike. A key challenge for the airport is to increase passenger confidence about travel to offset some of the difficulties introduced by quarantine and travel advisories and that remains our focus.

Planning related items

Future Projects

The application for consent to build a new hotel remains with the planning authorities.

The next generation Computed Topography x-ray (CTiX) screening equipment for central search is now in place and in use. Whilst, inevitably, there are learnings from the trial, both

staff and passengers have responded very well. The trial will continue through the rest of the summer.

For obvious reasons, our longer-term development plans have been placed on hold, although optioneering exercises continue.

Employment and Training

Although some roles are inevitably at risk, given the impact of traffic reductions, several people have been redeployed across the business, reducing the overall impact. We have also taken the opportunity of downtime to drive training in areas such as security compliance and to ensure continued investment of time in to our safety management systems. This ensures that we are well positioned to respond to a resumption in demand when that happens.

Community Relations

Noise

Due to the constraints of remote working during the COVID19 pandemic, on the 20 March, the ACC approved a short-term solution for recording and processing noise complaints. This process for managing complaints has continued through May, June and July 2020.

Approved short term changes

1. To stop responding to complainants by letter
2. To send automated responses to complaints
3. Only respond when an aircraft is found to have operated outside of the existing agreements

The airport has now signed a contract with Envirosuite (B&K) for the Webtrak online complaints system. We are expecting the new system to be available by the end of October 2020. As previously discussed with the ACC, this is a similar complaints system to that used by Gatwick Airport: <https://webtrak.emsbk.com/lgw2>

The total number of noise complaints for the Q2 period May, June and July 2020 was 4,055. This excludes 189 complaints for which no aircraft could be found to be operating at the time of the complaint.

The number of night time complaints about ASL (cargo) flights reduced from 1,358 in May to 702 in July, as ASL operated their summer schedule, with the last departure around 00:30 and the first arrival around 06:30. As permitted in the S106 agreement, there were a small number of other night time operations by the HM Coastguard and the based private charter airline, Jota Aviation.

As passenger operations resumed on 1st July, complaints have been received about the first wave of departures after 06:30. The time and direction of all night flights and passenger departures up to 7am continue to be posted on an anti-airport Facebook forum.

Complaints		NOT SEN	Total	Night	Day	Total complainants	Total by top 20	% by top 20
May-19	1,584	-55	1,529	1,438	91	154	802	51%
Jun-19	1,326	-65	1,261	1,012	249	142	719	54%
Jul-19	1,334	-69	1,265	797	468	126	908	68%
Total Q2	4,244	-189	4,055	3,247	808		2429	57%

Some complainants are submitting complaints purporting to be from different individuals all resident at the same address but using the same email address.

In the Q2 period 865 complaints (21%) were received from just 3 addresses.

80% of all complaints are about aircraft operations during the night -time period. Of these, almost all (94%) relate to the scheduled logistics operations. 73% of all the night time complaints relate to departures or arrivals over Leigh on Sea.

	Night	Biz jets	PAX	Jota	Hospital charter	Govt/ military/ Coastguard	ASL	ASL Depart to SW	ASL Arrive from SW	Total ASL over Leigh on Sea
May-19	1,438	9	0	4	2	65	1,358	484	484	968
Jun-19	1,012				0	47	965	644	143	787
Jul-19	797		13	34	0	48	702	534	6	540
Total Q2	3,247	9	13	38	2	160	3,025	1,662	633	2,295

All complaints for the quarter period were investigated and the aircraft in question were found to have been operating within our agreed controls.

The table showing the airport operational performance against the agreed planning controls (May, June & July 2020) is attached; there were no NPR breaches for the quarter.

Environment

Stobart Group has published its Environmental, Social and Governance framework in July, to which a number of local stakeholders contributed. That framework deals with, among many other things, carbon and climate change and sets targets for improvements, in which the airport is engaged. We have, for example, joined Airports Council International, as a mechanism to enable Airport Carbon Accreditation. That process will progress over the forthcoming years but will see the airport specify actions to both reduce and mitigate the carbon impact already mapped, working with airline and other partners.

Glyn Jones
Chief Executive Officer