

Minister for Transport and the Islands
Glasgow Prestwick Airport meeting: Thursday 9th June

History

The Scottish Government bought Glasgow Prestwick Airport (GPA) in November 2013 from Infratil to prevent its closure following an unsuccessful attempt to sell it to the private sector.

Investment in the business is in the form of loan funding and we require it to generate a long term return for taxpayers. All loan funding is being made in full compliance with the market economy investor principle and EU State aid rules. We expect all loan funding will be repaid, plus interest, over time.

The airport operates on a wholly commercial basis and at arm's length from the Scottish Government.

Audit Scotland published a report in February 2014 looking at the SG's purchase of GPA. The key message from the report was that the purchase process was reasonable, given the tight timescale of six weeks, that good governance arrangements are in place to monitor GPA's on-going business and financial performance, including clear risk management and effective reporting on its business and financial performance.

In budgetary terms, the Scottish Government announced that, a total of £25 million of loan funding would be made available to GPA – though Ministers have made it clear throughout this process that additional loan funding, beyond the £25 million initially set out, may be required for GPA. By the end of the last financial year (31st March 2016) we had invested £20.8 million in loan support in GPA - £4.5 million invested in 2013-14, £6.3 million invested in 2014-15, and £10.0 million invested in 2015-16. The budget for 2016-17 approves loan support of £9.3 million for GPA. Accordingly total loan funding of £30.1 million is potentially available to 31st March 2017.

It would be inappropriate for Ministers to speculate on how much Glasgow Prestwick Airport may or may not need to borrow in future years, given any confirmed facility would need to be based on a robust business case and subject to the availability of the necessary budgetary provision.

Why is the airport an asset

The airport generates approximately £61M per annum in economic activity. It is also has significant available land.

Future opportunities

Staffing

Following an open competition, Andrew Miller was appointed by Keith Brown as non-executive Chair in 2014, followed by four non-executive Directors, appointed by Mr Brown in June 2015. Ron Smith was recently announced as the new, permanent,

Chief Executive Officer, replacing Richard Jenner who was the temporary CEO. Mr Smith started his new role with Prestwick on 30 May 2016. This completes the transition to a new Senior Management Team since the SG took ownership of the airport. These appointments are essential for restoring confidence with employees, customers and stakeholders in the turnaround of the airport. No senior members of the former Infratil team remain in the business.

Over the years GPA has reduced its workforce by approx. 200 staff between 2008 and 2015/16 to better reflect the resourcing required to run the airport. The GPA Board recommended in 2015/16 that a small number of settlement agreements were required as part of their reshaping exercise to stabilise the business, and those agreements have now been implemented. In quarter one of 2016 there were approximately 327 people employed by GPA.

Rebranding

The airport has recently undertaken a rebranding exercise to present a modern image of the airport that will be consistently used across all parts of the business. Feedback received was that the former brand did not work well for all their target audiences – that the airport required something more corporate, professional and something that will complement customers' brands.

This is now in the process of being implemented across the organisation. The company who developed the new brand were chosen through the Scottish Government procurement portfolio.

Route Development

The latest year on year passenger numbers show that between June 2015 and May 2016 there were 632,195 passengers. Over the same period in the year before (June 2014 to May 2015) there were 782,498 passengers. [REDACTED]

To put passenger numbers into context, a comparison with the other main Scottish airports is contained in the table below. In 2015 Inverness overtook GPA in terms of passenger numbers. Although the figures for GPA in April 2016 are higher than that of Inverness, in January 2016 GPA saw 19,804 compared to 41,878 through Inverness. This shows that GPA is more seasonal than Inverness.

Airport	Total 2015 Passengers	April 2016 passengers
Edinburgh	11,130,584	1,008,616
Glasgow	8,709,531	721,796
Aberdeen	3,469,328	254,205
Inverness	678,683	61,835
Prestwick	610,574	67,840

The general trend with regard to passenger numbers at the airport has been one of decline with Ryanair and Wizz both moving services to Glasgow Airport. Ryanair is the only scheduled passenger airline remaining at GPA, operating around 19 flights per week in the winter and 62 per week in summer. The airport are working hard to secure new routes and attend a range of events where they can engage directly with airlines. The SG work with all Scottish airports, including GPA, to secure important

direct routes to Scotland, and GPA has to compete on its own merits with other airports.

[REDACTED]

[REDACTED]

[REDACTED] We will offer advice and guidance where appropriate.

Air Passenger Duty (APD)

The airport has cited APD as an issue for attracting new flights, and indeed even referencing this as [REDACTED]

The airport sees a cut in APD as an opportunity to enable future passenger growth and believe this can contribute to the turnaround of the airport. They have their own views about APD being abolished for airports with under 3 million passengers (which would mean all airports owned by the Scottish Government). A cut in APD would provide a real opportunity for GPA to increase its passenger numbers.

Freight

Prestwick is a well renowned airport for its freight operation. The airport can accommodate often heavy, awkward and oversized loads. This is an area that there is opportunity for the airport to develop in. Indeed, the airport has experienced growth in freight volumes from [REDACTED] over the past 3 years. However, when it comes to cargo, GPA is competing against other airports in the UK and Ireland.

GPA's reputation and its proximity to the North Sea are advantageous in future development. Mike Stewart, recently-appointed Business Development Director, has considerable experience in freight to help the airport develop in this sector. Again, the airport are actively pursuing a number of opportunities in this area.

Spaceport

GPA's bid to become the UK Spaceport receives much of the media attention around the airport. The UK Government had previously indicated that there would be a bidding process for one site in the UK to become UK Spaceport, with an anchor tenant located at the successful airfield.

Six locations in Scotland made the UK Shortlist of eight potential sites for a UK Spaceport. The six sites were: Prestwick, Campbeltown, Stornoway, Kinloss, RAF Leuchars and RAF Lossiemouth. Kinloss and Lossiemouth were ruled out by the UK Government for operational defence reasons while Leuchars could be a potential temporary facility.

Spaceport work is ongoing in respect of the two Scottish sites – Prestwick and Campbeltown - where the owners/operators have put in place the structures and resources to develop bids. In respect of Prestwick, this work is well advanced. Should a potential operator commit to developing proposals for Stornoway, Scottish Government agencies and HIAL will, of course, engage with them but HIAL as the operator of Stornoway will not pursue a bid. Recently Western Isles councillors backed plans to build the UK's first spaceport at Stornoway, this was after HIAL had confirmed they would not pursue a bid.

We have always stated we are keen to see the establishment of a spaceport in Scotland and the Scottish Government and its agencies will provide advice and support to any Scottish airfield which wishes to pursue the Spaceport opportunity.

Following the Queen's Speech, the UK Government announced plans for a legislative framework to enable a broad range of commercial spaceflight operations in the UK. Their aim is to design a legislative framework that enables the UK to capitalise on both current and future spaceflight technologies as they mature to commercial viability.

To avoid restricting the development of the UK market, the UK Government will create the regulatory conditions for any suitable location that wishes to become a spaceport, to take the opportunity to develop and attract commercial space business. This approach will enable spaceflight hubs across the UK, potentially covering a range of spaceflight activities.

This is a departure from the previous bidding process to host the UK spaceport towards a licensing framework that will allow space operations from a number of sites in the UK, with each spaceport and spacecraft instead being licensed. The next stage will be for the legislative framework to be developed by the UK Government, and for potential spaceports and spaceflight operators to develop their viable business model if they wish to pursue an application to be licensed.

[REDACTED]

The difficulty at the moment is that key infrastructure requirements are still vague and until the DFT and CAA issue detailed guidance on what minimum standards would be required, it is difficult for any airport to establish whether the commercial benefits of pursuing a licence and the business that could unlock would achieve a reasonable return on the investment, including potentially significant infrastructure costs.

The move towards a licensing regime is potentially positive for Prestwick's ambitions.

[REDACTED]

On the downside, however, the UK Government's new proposals suggest that they will provide less practical support to any location that wishes to pursue this. While the UK Government has always been clear that they will not provide any direct funding for the spaceport, they originally planned to provide an anchor tenant for the site. They proposed to negotiate with a spaceplane operator who would then locate at the chosen spaceport site thus providing a guaranteed income for an initial period. There is no reference to this arrangement in the latest correspondence from the UK Government and it is hard to see how this would work under their new proposals. This potentially introduces increased financial risk for anybody who wants to become a spaceport.

Our main focus remains on ensuring the spaceport is based in Scotland. We would encourage the UK Government to ensure all interested parties are given a clear understanding of the infrastructure requirements involved, so they can make progress in developing viable business models.

Maintenance, Repair and Overhaul (MRO) facilities

Ryanair have a MRO facility at the airport that can cater for up to 5 aircraft. Ryanair has consistently stated its commitment to GPA, and that their MRO facilities underline this. The first Ryanair 2 bay hangar was opened in 2004 followed by the 3 bay hangar in 2006. Prestwick Aircraft Maintenance (PAM) operate the site over a 24/7 operation and this is used for C checks on Ryanair aircraft. A high proportion of the jobs are well paid/highly skilled.

The airport also has a hanger suitable for a Boeing 747 sized aircraft which it is currently trying to lease. A new tenant may be on site soon.

It should, however, be recognised that for such a facility, the [REDACTED]

Fixed Base Operations

The airport decided to bring FBO services (handling private and military aircraft) in-house in January 2015 for commercial reasons, and the Board is satisfied with the performance of that part of the business.

Others

Prestwick has good surface transport links with easy access to Glasgow and Edinburgh by road and rail.

Prestwick has an excellent reputation for its weather record with the airport being used for diversions when fog and snow affects the UK. The airport itself is very rarely closed and they have diversion agreements with many airlines (although it is for the captain to determine where to divert to and airlines will generally go to somewhere where that airline has a presence or ground handling contracts, for example, [REDACTED])

The business has attracted business from Bristow Helicopters, which has constructed a new hanger for its search and rescue operations.

The airport is capable of handling the world's largest aircraft; including the A380, B747, C5 Galaxy and Antonov 225.

The Trump organisation also base a helicopter at the airport and Trump's aircraft are handled by Prestwick FBO when he is in Scotland.

There are a number of other revenue streams for the airport including [REDACTED]

Future challenges

Competitive market

With Glasgow and Edinburgh Airports now under separate ownership (GIP (Global Infrastructure Partners) bought Edinburgh in 2012 and AGS Airports Limited bought Glasgow in 2014) competition is fierce with the airports actively pursuing future opportunities and competing for the same airlines. This increased competition makes it difficult for GPA to compete on the basis of it being a secondary airport and [REDACTED] Glasgow and Edinburgh airports have both been vocal in their opposition to SG ownership of GPA.

Airline Strategies

Ryanair opened a base in Glasgow Airport in October 2014 which resulted in a number of flights moving from GPA to Glasgow. This came about due to Ryanair's change in strategy in a move to serve more primary airports and targeting the business purpose traveller. [REDACTED]

[REDACTED] This reflects how quickly the market can change.

There is a general trend across the Low Cost Carriers to now focus on a primary airports strategy. That trend is continuing, for example with Ryanair announcing last week that it was closing its base at Oslo Torp to focus on operation from the principal airport in Oslo.

Cargo trends

Unfortunately an area that presents an opportunity also reflects a challenge at the same time. Recent years have seen a drop on the volumes of wide body freight activity at Prestwick. Previously, a lot of the freight was driven by [REDACTED] High value goods were transported quickly when a fast delivery was essential. Now with the decline of such manufacturing industries and the downturn in the oil and gas industry, the airport has seen a knock on effect on the cargo volumes.

Currently the schedule freighters are predominantly aircraft engines and equipment for the oil and gas industry.

Also, increased belly hold capacity at other Scottish Airports has taken some of the freight away that would previously have transited through GPA (for example, the Emirates double daily service from Glasgow to Dubai takes cargo that would otherwise have been put in dedicated freighter aircraft).

Looking at GPAs freight performance against Glasgow and Edinburgh airports in 2014 and 2015 gives an indication of how much freight goes through these airports.

Airport	2014 freight (tonnes)	2015 freight (tonnes)
Edinburgh	19,369	19,200 (approx.)
Glasgow	15,411	15,759 (approx.)
Prestwick	12,540	11,324 (approx.)

The latest figures show that 11,623 tonnes of freight passed through GPA between June 2015 to May 2016. This compares to 11,678 tonnes for the same period the year before. Comparing the month of May 2016 to May 2015 shows an increase of 100 tonnes this year.

Returning to profitability

We have always said there is no quick fix and will require a sustained effort over a number of years. It is for GPA's senior management team to consider all potential business opportunities and will maximise the use of the assets of the airport. This includes freight, maintenance, repair and overhaul, fixed base operations, property and the UK Spaceport work.

Perception of success

GPA is a non-typical airport where success is not predicated on passenger traffic or any one business area alone. The public perception is that passenger numbers equals success but this simplistic view is not the case for GPA. [REDACTED]

[REDACTED]

[REDACTED]

Other

Prestwick has long been one of two UK airports designated to accept rogue aircraft including hi-jack. [REDACTED]

Long term

Strategic Review

GPA are undergoing a Strategic Review to identify, value, and develop further upside opportunities from the various revenue streams along with further cost initiatives. Momentum in realising these opportunities develops as the new members of the Management Team begin their work.

Direction

The airport can have a positive future alongside Glasgow and Edinburgh. GPA can be returned to profitability but it will take long-term investment. It also remains the intention of the SG to return GPA to the private sector, when the time the right.

Glasgow Prestwick Airport



Recent history



- Purchased by Scottish Government in November 2013
- Investing in the airport on a commercial basis
- Audit Scotland Report on purchase process
- Investment levels
- Management structure

Why it's an asset



- Economic benefits for wider Ayrshire area
- Available land
- Diverse range of revenue streams

Future opportunities



- Route Development
- Air Passenger Duty (APD)
- Freight
- Spaceport
- Maintenance, Repair and Overhaul (MRO) facilities
- Fixed Base Operations (FBO)
- Others

Future challenges

- Very competitive market
- GPA does not fit with main airlines' strategies
- More peaky than other airports – 19 flights pw winter
- Cargo trends declining
- Spaceport commercial issues
- Perception of success

Long term



- 2 year review overdue
- Direction under new leadership team
- Marketing to private sector

Questions?

INFRASTRUCTURE AND CAPITAL INVESTMENT COMMITTEE – 17 JUNE 2015

GLASGOW PRESTWICK AIRPORT

Previous Updates to Parliament

- The last update to the Infrastructure and Capital Investment Committee was provided by the former DFM on 12 November 2014. Evidence in response to the Audit Scotland report on the purchase process was given to the Public Audit Committee by officials on 25 March 2015.

TOP LINE: The Scottish Government bought Glasgow Prestwick Airport (GPA) to prevent its closure and safeguard around 1,400 jobs. We are investing in the business and require it to generate a long term return for taxpayers.

KEY POINTS:

- Prestwick continues to operate on a wholly commercial basis and at arm's length from the Scottish Government.
- The Prestwick's management team will consider all potential business opportunities and will maximise the use of the assets of the airport. This includes the development of proposals for locating the UK Spaceport at Prestwick.
- Prestwick's management team, under the Chairmanship of Andrew Miller is working to develop all aspects of the business, in line with the Strategic Vision document published in October last year. A new Corporate Plan is being developed for publication later this year.
- The focus of the Board and the Management Team is on making steady improvements across all of the airport's business activities. We have been clear from day one that there is no quick fix and it will require a sustained effort over a number of years. We can return Prestwick to profit, although this will take a long-term investment.
- GPA is a non-typical airport where success is not predicated on passenger traffic or any one business area alone. There are opportunities to capitalise on its other assets and relates business such as freight, maintenance, repair and overhaul, fixed base operations and property.
- Prestwick can have a positive future alongside Glasgow and Edinburgh airports and we will continue to work to encourage new routes to all our airports. Our work with Edinburgh has helped secure new routes to Chicago, Philadelphia, Doha and Abu Dhabi and we also helped secure Glasgow to the Isle of Man and Halifax Nova Scotia services. We are working hard to secure other important direct routes to Scotland and Prestwick has to compete on its own merits with other airports.

- Scottish Enterprise has estimated that around 3,200 local jobs are directly or indirectly based in and around GPA. This figure represents local employment at the GPA, including; direct jobs at GPA, on-site MRO and the wider Aerospace Cluster. This figure excludes jobs related to tourism, HMS Gannet, freight, and other tenants.
- Economic impact modelling, completed in 2012 by York Aviation consultancy, estimated that around 1,400 net jobs rely on GPA, in Ayrshire. This figure includes direct jobs at GPA, other tenants, on-site Maintenance, Repair and Operations (MRO), HMS Gannet, freight and tourism but excludes the aerospace cluster. This figure increases to around 1,800 net jobs in the Scottish context.

Key facts and developments since last appearance before ICI Committee

Passengers statistics

- Moving annual total passenger numbers for 2015 is 782,498 compared to 1,058,334 in 2014. (-26.1%)
- Reduction is due to Ryanair's decision to start services from Glasgow Airport in November 2014.
- Passenger performance for April and May 2015 has performed ahead of budget driven by load factors being significantly ahead of last year. Load factors averaged 93% in May compared to an average of 89% on the same routes last year. Forward loads also look particularly strong.

Cargo statistics

- Moving annual total cargo tonnage for 2015 is 11,678 tonnes compared to 11,291 in 2014 (increase of 3.4%).
- Cargo tonnages have been impacted by Air France's decision to withdraw their Boeing 747-400 aircraft from the fleet leaving them with only 2 x Boeing 777 aircraft. It had been expected that this would [REDACTED]
- Although tonnages are also down on [REDACTED] it is pleasing to see a significant improvement in their operation with [REDACTED] services operating in the month of May compared to the scheduled [REDACTED]

Key Financial Information

- The Scottish Government has announced that a total of £25 million of loan funding is available to GPA. All loan funding will require to be repaid, and we require to make a return on that investment for the taxpayer.
- £4.5 million loaned in the financial year 2013-14.
- Up to £10 million provision in 2014/15, with a total of £6.3m loaned. [REDACTED]
- We have included provision for £10 million of loan funding in 2015/16 of which [REDACTED] has been loaned so far.
- (The next statutory accounts will be published in July and will show a £5m loss. **For information only and not public**)

Board Structure

- **Andrew Miller** was appointed Chairman of TS Prestwick HoldCo Ltd and Prestwick Aviation Holdings Ltd in November 2014
- In June 2015, four Non-Executive Directors were appointed to Prestwick Aviation Holdings Ltd completing the appointments to the Board. New Board members are:
 - **Gordon Arthur** who has considerable experience of building the brand and reputation of companies through his marketing, communications and engagement work. He was the Chief Communications Officer for the Glasgow 2014 Commonwealth Games and, prior to that, he had established his own consultancy business and been Director of Group Corporate Affairs at Standard Life, where he made a significant contribution to the turnaround of the business in the lead-up to its £5bn flotation in 2006.
 - **Ken Dalton** was Chief Executive of Global Building Engineering for AECOM Technology Corporation, a \$7 billion global, professional and technical services company. From 2001-2010, Ken was CEO of AECOM Europe with 4,500 employees in architecture, engineering, transport, water, and management services.
 - **Bob Goldfield** started his career as an aircraft engineer. He then moved on to other military aviation operational roles before joining the civil aviation industry.
 - He has held positions as Airport Director and Managing Director at three airports in the UK and Ireland. He also held the post of 'Airport Manager, Operations and Technical Administration' at Hong Kong International Airport.

- His last full-time post was Chief Executive of the Port of Dover, Europe's busiest ferry port.
 - **Jayne Maclellan** is a chartered surveyor and holds the position as Group Director of Property and Environment with FirstGroup PLC.
 - She is responsible for the Group's extensive property portfolio including the sale, purchase management and construction of transport facilities across the UK and North America.
 - She was also involved with the re-development of Bristol Airport before the Group divested its interest. Jayne was a founder member of the CBI Scotland's Planning Group and chaired the Infrastructure and Environment Group.
- The Chief Executive of South Ayrshire Council also attends the TS Prestwick Holdco Board to maintain a link between the development of the business and the support role played by the Council in assisting that work, and developing the wider aerospace cluster.

Fixed Base Operations (Business jet services, military handling etc)

- Prestwick decided to bring FBO services in house in 2014, ending leases held by [REDACTED]
- There has been a significant improvement in both aircraft movements and revenues since Prestwick Aviation Services was incorporated in January 2015 and [REDACTED] vacated Prestwick.
- For example, April benefitted significantly from Prestwick playing a major role in Europe's largest military exercise. Joint Warrior, which is held twice a year, Around [REDACTED] aircraft were involved in this exercise. Excellent feedback was received in respect of the role Prestwick played and it is anticipated that Prestwick will be heavily involved in future exercises.
- As a result, revenues from this area of business were up [REDACTED] on the prior year. Similar gains were experienced in February and March.

Nuance shop refit

- The store opened on time and on budget on 1 June 2015. Initial sales have been very strong with excellent feedback from passengers and staff.
- The new store is a key step in improving Prestwick's passenger experience and commercial proposition.

- The new store has an increased footprint and much enhanced product range across all the major areas with increased focus on local Ayrshire and Scottish products.

Search and Rescue Hanger

- Construction of a new hanger for Bristow's Search and Rescue Operations is progressing well with the steelwork now in place with the cladding and apron works well underway ahead of a September completion.
- Relationships are developing with the operational staff to be located at the base and operational plans are being prepared jointly.

Trump Organization

- Main focus with Trump is on development works at the hotel and golf course alongside preparations for the Womans Open in July 2015.
- Primary announcement this year is the basing of the Trump helicopter at Prestwick to ferry guests between the Trump properties at Turnberry, Doonbeg and Aberdeen.
- Prestwick do not expect to see significant increases in associated corporate jet traffic until the hotel and course improvements are completed in Spring 2016 when Trump will re-launch the resort with particular focus in the US.

Spaceport

- Prestwick is one of 5 locations shortlisted by the UK Government as a potential site for UK Spaceport.
- Prestwick has in place a team charged with developing its bid and its preparatory work is well advanced. Prestwick is working in conjunction with a range of local partners including South Ayrshire Council, Ayrshire College and a range of aerospace businesses to help develop a very strong bid.
- Prestwick is also carrying out significant work to build support among the international space community and with academia.
- We await further detailed from the Westminster Government on the technical and other criteria which will be set.
- We are confident that Prestwick will be able to submit a very strong bid. Like any other aspect of the business, securing Spaceport will need to be done on a commercial basis so that there is a return on its investment.

Audit Scotland Report (published 24 February 2015)

Audit Scotland examined the process to purchase the airport in February 2015. Key points are:

- **Audit Scotland concluded that** the Scottish Government's purchase process was reasonable, given the tight timescale of six weeks, that good governance arrangements are in place to monitor GPA's on-going business and financial performance, including clear risk management and effective reporting on its business and financial performance.
- Audit Scotland have said that they will continue to monitor developments and will follow up this work at a later date to provide further information on the airport's performance in subsequent years.
- The report also concludes that the Scottish Government and GPA should ensure that there is a clear vision and strategy for the Airport, which takes into account the airport's future development potential. GPA's management team published their Strategic Vision on 31 October 2014, [REDACTED]
[REDACTED] GPA is focusing on developing the business in line with this plan
- Transport Scotland's Accountable Officer, David Middleton, appeared at the Public Audit Committee on 25 March 2015 to answer questions on Audit Scotland's report.

Investment – Key Facts arising from Audit Scotland report

- **In budgetary terms**, the Scottish Government has announced that, to date, a total of **£25m of loan funding is available to GPA**. This figure includes, £4.5m invested in 2013/14, £10m provision in 2014/15 (with £6.3m invested), and £10m provision in 2015/16.
- The **Audit Scotland report** includes an **estimate** of the total (**cumulative**) loan funding requirement **GPA might need to 2021/22, at £39.6 million**, [REDACTED]
- This built on the earlier work prepared to inform the decision to acquire the airport, in which the total (**cumulative**) loan funding requirement was estimated at £21.3 million, peaking in 2022/23. The increase from £21.3m to £39.6m derives from an estimated additional £11.6 million to cover [REDACTED]

The loan funding to Glasgow Prestwick Airport has not doubled, as was suggested by some following the Audit Scotland report:

- The figures published by the Scottish Government represent confirmed loan facilities made available to Glasgow Prestwick Airport during the previous financial year and the budgetary provision for the current year and the year ahead. No budget has been set by the Scottish Government beyond 2015/16.
- In contrast, the Audit Scotland figures do not reflect the actual and budgetary provision for loan funding, but are a projection of potential loan facilities that may be required in the period to 2021/22 and is, of course, subject to revision as and when commercial activities become realised.
- It would therefore have been inappropriate for ministers to speculate on how much Glasgow Prestwick Airport may or may not need to borrow in future years, given any

confirmed facility would need to be based on a robust business case and subject to the availability of the necessary budgetary provision.

- Ministers have made it clear throughout this process that additional loan funding, beyond the £25m already set out, may be required for Glasgow Prestwick Airport. Ministers have committed to updating Parliament as and when this is confirmed. All loan funding provided to Glasgow Prestwick Airport will be made in full compliance with the market economy investor principle and EU state aid rules.
- We that expect all loan funding will be repaid, plus interest.

Audit Scotland report - passenger forecasts

- The Audit Scotland report refers to the passenger forecasts in the [REDACTED] Business plan as "optimistic".
- However, when Audit Scotland recalculated the financial return using less optimistic predictions, **the model still showed a positive return being achieved.**
- Ryanair has consistently stated its commitment to GPA, as underlined by its maintenance, operation and repair facility located there.
- At the Public Audit Committee on 25 March 2015 a member compared the GPA passenger forecasts with the UK Department for Transport's (DfT) passenger forecasts of between 1% and 3% a year. The DfT forecast was made in January 2013 and is for demand for air travel for the UK as a whole not for specific airports. Within the overall UK forecast it would be expected that there will be significant variation between different airports.