

# Strategic Plan 2017 – 2022



# Here to get you to...

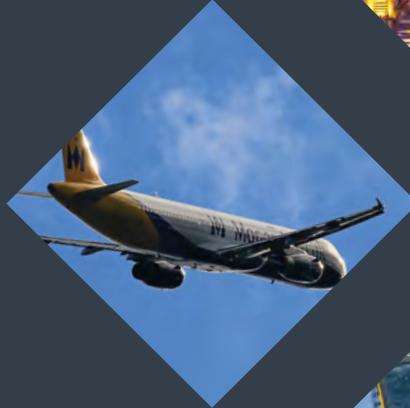
**new markets**



**cities & sun**



**greater heights**



**Glasgow**



**Ayrshire**



**new customers**





**a more sustainable Scotland**



**your business goals**



**your destination safely**



**new experiences**



**new job opportunities**



**places out of this world**



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## Chair's foreword

On the day I arrived at Glasgow Prestwick Airport in November 2014 to take the chair, passenger numbers fell overnight from 1.1 million to 624,000. It was a stark fact that I wouldn't call a red carpet welcome.

Glasgow Prestwick Airport was already facing a number of challenges and this made that challenge even greater. However, I have never doubted that this would be a challenge that the business would be able to overcome.

Since joining the board, I've been focussed on bringing together a team with the knowledge, expertise and experience to harness the goodwill of our stakeholders and drive the business forward to become a profitable and sustainable airport for the long term.

I'm glad to say that under the guidance of our new Board, we were able to minimise the damage of this reduction in passenger numbers and when taking in to consideration accounting factors like impairments, we have made a reduction in operating losses.

It should be noted that under the direction of the Board, the Executive Team has achieved budget for the last two years. I believe that the airport has turned a corner and that we are now moving in the right direction.

The Board has made it a priority to reset the strategic horizon and focus the business on achieving these goals. The airport has suffered through a number of changes in ownership in the past and, as such, it was difficult to make long term plans.

The Scottish Government acquisition of the airport and the strength of the new Board present an opportunity to make long term plans and strategic investments that will support the airport's ability to bring in new business and create wealth for the region.

Locally, the airport and its plans to become the UK and Europe's first spaceport could benefit from investment from the ongoing bid by South, North and East Ayrshire Councils for an Ayrshire Growth Deal. Nationally, the Scottish Government is looking to reduce Air Passenger Duty.

On a UK and European level, we are still awaiting clarity on how Brexit will impact upon the aviation industry – including open skies, border controls, travel behaviour and the economy. Each airline has a differentiated exposure to the post Brexit environment and the Board has identified key risks and opportunities as we move towards the European exit date.

In our market place we are noticing a decline in dedicated cargo movements with the move towards belly hold cargo and combi aircrafts. On the passenger front, charter airlines are looking beyond the short haul market that has become fiercely competitive with the rise of low cost carriers. Technology is changing the way that consumers interact with airport retail and concessions. Also the security of the airport drives ever increasing costs to ensure safety and compliance for our customers. These are only a few examples to give a flavour of what Glasgow Prestwick Airport will be facing over the coming years.



We are fortunate to be able to navigate these changes with the stability that Scottish Government loan funding gives us. This loan funding is set in the context that the Scottish Government would like to see the airport return to private ownership as soon as practicable and it has been made clear that this should be done in a way that ensures that any new owners share the same long term vision to have an operational airport in Ayrshire for generations to come.

A handwritten signature in white ink, appearing to read 'A Miller'. The signature is fluid and cursive, written over a dark background.

**Andrew Miller, Chairman**

# Chief Executive Officer's foreword

Often when someone enters a new post, they are judged on what they do in their first 100 days. In my first 100 days at Glasgow Prestwick Airport, I clearly saw that we urgently needed to focus on winning new business, whilst improving our current services to our existing customers. This led me to making a significant investment in the Business Development function.

Not surprisingly, our plan to turn the airport around has a major focus on increasing revenue. This theme is very much reflected in this document, where you will notice that the biggest section is all about bringing in business.

Whilst all the teams here are adept at operating lean, we have seen a lack of investment into infrastructure and assets over the years so there isn't much room for making savings – if anything, we need to make more strategic investments to enable us to realise our vision in the highly competitive marketplace that we operate in.

Glasgow Prestwick Airport has the most diverse service offering of any airport in Scotland. It also has a number of unique advantages, including our abundant land bank and the ability to adapt our operations quickly as we manage many of the functions in house. We will be looking to build upon the things we do best thinking creatively about how we get even more value from our resources.

This strategy is an opportunity to give an overview of what we are working on and what we will be driving forward over the next five years. It is an opportunity for us to review where we have come from, what has changed around us and to establish a starting point – a benchmark – that we intend to build from.

We are starting at a lower point than expected. Changes to airline strategy resulted in our passenger numbers decreasing significantly and forecasts based on market conditions at the time have not materialised. However, I believe that we have levelled out and that we are starting to turn the corner. For the first time since 2007, we will see an upturn in our passenger numbers when we produce our annual accounts for financial year ending 31 March 2017.

I'm pleased to say that this upturn isn't exclusive to our passenger business – the good news carries over into our property – with an increase in our occupancy levels of 25% since March 2016 – and Fixed Base Operations – where we recently secured a US Government fuel contract resulting in additional revenue.

Whilst our plan, as I have described it, represents an exciting programme going forward, we are not simply looking to incrementally build on business. We are working on the opportunities that could become international game changers. This includes things like becoming the UK and Europe's first spaceport.

We will be reviewing and updating the strategy annually to take account of what we have achieved, what has changed around us and what new opportunities there may be for our business.



The airport has had a turbulent past. This strategy is the reset button and it is this focus and the direction that will deliver a profitable and sustainable airport for the long term.

Our employees, partners and the wider community that we play an integral part in, have been right there with us through our challenges. We are very grateful for the ongoing support that we receive and I hope that this document gives you all the confidence that we are here for the long haul.

A handwritten signature in white ink that reads "Ron Smith". The signature is stylized and fluid, with a long horizontal line extending from the end of the name.

**Ron Smith, Chief Executive Officer**

Financial  
year  
2015/16

Glasgow Prestwick  
Airport:

Handled  
624k  
passengers



Processed  
11,409  
tonnes of  
cargo



Facilitated  
23,929  
aircraft  
movements



# About us

Glasgow Prestwick has the longest commercial runway and parallel taxiway in Scotland and is the only airport in Scotland with a rail station on site.

Glasgow Prestwick Airport is proud to be the longest serving commercial airport in Scotland.

The airport has always offered a diverse range of services and continues to do so with the widest aviation offering of any airport in Scotland.

These services include passenger, charter, dedicated cargo, training flights, executive, military and general aviation. The airport has a large property portfolio on its 356 hectare site and hosts a selection of maintenance, repair and overhaul facilities as well as HM Coastguard Search and Rescue on the airfield.

Many of the services we offer are unique to Scotland and the north of England – in particular our ability to handle a range of specialist and large scale cargo.

Glasgow Prestwick Airport has the longest commercial runway north of Manchester at 2,986 metres, plus a second runway of 1,829 metres. This allows all types of aircraft to be accommodated in most environmental conditions.

Glasgow Prestwick Airport handled a single cargo load of 124 metric tonnes on to an An-225 (the biggest cargo aircraft in the world) through its bonded warehouse. This was the largest single cargo load ever to fly from a Scottish airport.

The airport is located 30 miles south west of Glasgow – Scotland's largest city and economy and within 60 minutes' drive for 2.1 million people.

The airport has excellent surface connections. It is the only airport in Scotland with its own railway station with 30% of passengers arriving at the airport by rail, and it is directly accessible from the Scottish motorway network via the M77.



There are six public car parks with 4,012 car parking spaces, with the ability to extend by a further 3,000 spaces if required. In addition to the public car parks, the airport has a further 553 car parking spaces for tenants and employees.

The passenger terminal has capacity for up to four million passengers per annum with 18 check-in desks, ten gates and 12 stands.

In addition to the main terminal, executive and military passengers can be processed at our Fixed Base Operation accommodation, which benefits from a dedicated UK Border Force Immigration Clearance facility.

The airport directly employs more than 300 people who facilitate the 24 hour a day, seven days a week, 365 days a year operation across all our service areas.

Together with companies based in and around the airport, Glasgow Prestwick supports in excess of 4,500 jobs.

In 2014, Audit Scotland reported that the airport contributes £61.1 million to the Scottish economy.

The airport is looking to build on this significant contribution by developing all of its business areas to increase employment opportunities, trade and tourism in Scotland.

It is also looking to build on links with the aerospace cluster, by fostering an aerospace hub in Ayrshire and securing a licence to become one of the UK and Europe's first spaceports.

If the airport successfully secures this licence, it could lead to the creation of 2,000 additional jobs and generate a further £320 million for the UK economy.

# Our timeline



## 1920-30s

The airfield is founded by David McIntyre and the Duke of Hamilton – members of No.602 City of Glasgow Auxiliary Air Force Squadron. Scottish Aviation Limited is launched.

The airfield's founders are the first aviators to fly over Mount Everest.

The airfield becomes an airport with the addition of passenger facilities.



## 1940-50s

World War II, the airport is used by the Royal Air Force as a military base.

Passengers travel through the airport once again from 1946. Glasgow Prestwick Airport is the only airport in Scotland offering transatlantic flights.

The military returns in the form of the United States Air Force. Elvis visits and makes the airport the only place where he steps foot in the UK.

Aircraft design and manufacturing commences – the aerospace industrial footprint at Prestwick is formed.



## 1960-70s

A new terminal building, cargo building, control tower, loop road around the airport and longer runway are launched.

The runway extension was implemented to serve the US Air Force.

The airport welcomes its first jumbo jet and the prototype for Concorde makes an appearance at the 1972 Airshow.

The airport is used as a training facility for Concorde pilots.

A National Air Traffic Control Centre opens to control Scottish airspace.

At the heart of Scotland's aerospace industry, with over 50% of the country's aerospace workforce employed at Prestwick.



## 1980-90s

British Aerospace based at the airport, manufacturers of airplanes including Jetstreams, receive the Queen's Award for Export Achievement 1985 and 1986. They also establish their own flying college at the airport.

The airport welcomes low cost airline Ryanair – which has grown to become the world's largest airline by passenger numbers.

Prestwick International Aerospace Park opens – enabling Prestwick to maintain its position as a major aircraft servicing and engineering base.



## 2000-10s

The airport hits 2.5 million passengers per annum and its cargo and military customer base continues to grow.

The airport welcomes world leaders for the 31st G8 summit.

Spirit AeroSystems (Europe) Limited is established in Prestwick. Spirit Europe is one of the largest airframe suppliers to Airbus and is a key supplier of major wing structures for Airbus and Boeing programs.



## Looking forward

The airport is purchased by the Scottish Government in 2013 who see the facility as an important infrastructure asset that helps to support in excess of 4,500 jobs in the west of Scotland.

It continues to offer aviation services to a wide range of customers.

It is the heart of Scotland's aerospace industry, with over 50% of the country's aerospace workforce employed at Prestwick, offering a diverse range of aviation services and providing vital connections to the rest of the world.

Glasgow Prestwick Airport secures a spaceport licence.

It is a profitable and privately owned commercial airport.

# Our Board



**Andrew Miller**  
Non-Executive  
Chairman

Andrew brings 40 years of experience in aviation, retail and management consultancy.

Andrew started his career at British Airways at Heathrow before moving to Price Waterhouse Coopers. Positions in retail followed, including periods as Managing Director of a Dixons Stores Group subsidiary and Regional President for the Pacific Region for the world's largest Duty Free retail operator.

Andrew returned to Aviation to work with Air New Zealand where he rose to be the Chief Operating Officer of their Global Aviation Business.

For the past 10 years, Andrew has worked as an advisor in the broader field of aviation with clients ranging from airlines, governments, tourism bodies, pension funds and investment banks.



**Gordon Arthur**  
Non-Executive  
Director

Gordon was Director of Corporate Affairs at Standard Life for seven years, where he was responsible for the communications campaigns that supported the demutualisation and subsequent flotation of the company in July 2006.

Gordon was part of the Executive Team for the hugely successful Glasgow 2014 Commonwealth Games. He was responsible for developing the strategy for the organising committee with the games partners, setting its vision, values and objectives and was responsible for all communications and marketing for the Games.

Gordon is the Owner and Director of Roundtable Consultants. He is also a Non-Executive Director on the Board of UK Athletics.



**Ken Dalton**  
Non-Executive  
Director

Prior to retirement in 2011, Ken was Chief Executive of Global Building Engineering firm AECOM Technology Corporation (NYSE: ACM), 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. The company was consistently recognised in the Sunday Times and Financial Times 'Best Companies to Work For'.

Ken is a graduate of the University of Strathclyde and is a Non-Executive Director of University of St Andrews.



**Bob Goldfield**  
Non-Executive  
Director

Bob 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. Bob holds a Master's Degree in Air Transport Management and a Doctorate in Business Administration. He is also a Fellow of the Royal Aeronautical Society.



**Jayne MacLennan**  
Non-Executive  
Director

Jayne is a Chartered Surveyor who until recently held the post as Group Director of property with First Group plc, a leading international passenger transport company.

She was also involved with the redevelopment of Bristol Airport before the Group diverted its interest. As an experienced Non-Executive Director, Jayne holds posts on the Boards of Aberdeen Harbour Board, LocatED and executive board of the Royal Air Force.

Jayne is also joint owner of MacLennan Norman a company specialising in strategic consultancy, mediation and executive coaching in the private, public and third sectors.

# Our Executive Team



**Ron Smith**  
Chief Executive  
Officer

Ron joined the airport in May 2016 following a period as General Operations Manager for CHC Helicopters Aberdeen. In his time with CHC, Ron delivered a new hangar, terminal and class leading operations centre to establish a new CHC Helicopter base at Norwich Airport.

Prior to this, Ron was the Managing Director of James Walker UK Limited, a UK based global manufacturing organisation that supplies a range of fluid and gas sealing solutions and associated knowledge-based services to a wide range of sectors including oil and gas, aerospace, power and defence markets.

Ron has a fellowship for the Chartered Institute of Marketing and is a member of the Institute of Directors.



**Derek Banks**  
Finance and  
Commercial  
Director

Derek is a Chartered Public Finance Accountant with more than 26 years' experience of working in finance at senior management level and has joined the airport from the Scottish Qualifications Authority, where he was Deputy Finance Director. Prior to this he worked in further education and for the NHS.

Throughout his career, Derek has been involved in managing significant budgets. In his previous roles he has faced considerable financial challenges and has been required to work with colleagues to develop new cost and pricing models, maximise income and develop sustainable commercial relationships.



**Jules Matteoni**  
Operations  
Director

With 21 years' experience in the aviation industry, Jules is an accomplished aviation leader.

Jules joined Glasgow Prestwick Airport more than 20 years ago. His first roles at the airport were in the in-house Fire Service.

Having delivered significant operational improvements in the fire operations, Jules areas of responsibility grew to encompass Passenger Handling, Ground Services, Motor Transport and Security.

Jules has recently taken up the post as overall Operations Director for the airport, which oversees Compliance, Engineering, Airfield Operations and Air Traffic Control all falling within his new remit.



**Sonia Rafferty**  
Human  
Resources  
Director

With more than 18 years' experience in Human Resources at a senior level across the aviation and manufacturing sectors, Sonia oversees the airport's Human Resources, Employee Development and Engagement and Safety, Health and Environment.

Sonia has led Human Resources for 16 years and in this time has successfully led our people through periods of change.

Sonia is a Member of the Chartered Institute of Personnel Development (CIPD) with a qualification from University of Strathclyde. Sonia is a qualified paralegal in employment law, has a Diploma in Neuro Linguistic Programming and a qualification in Train the Trainer.



**Mike Stewart**  
Business  
Development  
Director

Mike was Board member and Managing Director of British Airways Regional Cargo, which was bought over by Worldwide Flight Services – one of the largest airport ground handlers in the world.

Worldwide Flight Services offered Mike the role of Commercial Director. In this role he secured a number of lucrative airline contracts within the UK before embarking on a successful project to establish Worldwide Flight Services operations across South Africa.

Mike joined the airport in January 2016 following a period as an aviation consultant where he was engaged in high profile aviation related projects including securing the prestigious American Airlines contract on behalf of Airworld Global Ltd, a brand new General Sales Agent in the UK market.

# Our Services

## Passenger aviation

Glasgow Prestwick Airport currently serves in excess of 2.1 million people who live within 60 minutes' drive of the airport. The airport offers routes to a number of international destinations. The airport has facilities designed for up to 4 million passengers per annum.

## Car parking and concessions

Glasgow Prestwick Airport operates its own passenger car parking. The airport has a number of concession contracts offering passengers catering, duty free, retail, car hire and money exchange outlets on site in both landside and airside.

## Cargo

The highly skilled team in the dedicated cargo processing facility has experience of handling specialist, large scale, high volume and quick turnaround cargo jobs.

## Military and executive aviation

Business aviation, military, medical and recreational flights can all be handled quickly and discreetly on a dedicated secure apron, supported by a remote immigration clearance facility.

## Fuelling and other aviation services

Located on the Great Circle Route between North America and the Middle East, and being the first mainland airport between the USA and Europe, Glasgow Prestwick Airport is ideally located for fuel stops. The airport is able to offer in-house de-icing and a full range of apron services.

## Maintenance, repair and overhaul (MRO)

On-site there are two heavy maintenance repair and overhaul facilities. This includes a facility for Ryanair, operating across five bays within two purpose built aircraft hangars. The other facility is the European Headquarters for Chevron Aircraft Maintenance Limited.

## Training

The superb weather conditions, clear airspace, lack of congestion, length of runway and the availability of take-off and landing over sea and agricultural land ensures that Glasgow Prestwick Airport is one of the most popular and established training airports in the UK.

## Emergency responsiveness

The airport is open all year round, 24 hours a day, 7 days a week and operates at Fire Category 7.

Glasgow Prestwick Airport is one of only two tier-one airports in the United Kingdom able to take aircraft in the case of security emergencies. The airport actively organises regular training and verification exercises with partners and other key organisations to ensure the highest levels of preparedness are in place to deal with such emergencies.

As a commercial airport, all necessary emergency plans are already prepared and in place. A further advantage in any emergency situation is the airport's proximity to hospitals, including Crosshouse and Ayr Hospitals, both of which are within 20 minutes' drive.

## Search and rescue base

Bristow Helicopters Ltd operates search and rescue helicopter services from Glasgow Prestwick Airport on behalf of HM Coastguard. The Search and Rescue base operates 24 hours a day, 365 days per year using two state-of-the-art Sikorsky S-92 helicopters equipped with the latest search and rescue technology, including night vision, mission management and on-board medical capabilities.

## Commercial property and development opportunities

The airport has a range of property available for businesses including offices, specialist properties, warehousing and hangar space. The footprint of the airport is 356 hectares – with a substantial amount of this available for suitable aerospace developments.

## NASA partner

Glasgow Prestwick Airport is a current NASA partner that welcomes astronauts returning from space, via Kazakhstan. The airport provides space to NASA for hygiene facilities, health checks and rehabilitation.

## Host for industry

The existence of the airport – along with its long history in aviation – enables it to play host to a number of aviation and aerospace companies and other auxiliary services. Neighbours already include BAE Systems, Spirit Aerospace, GE Aviation, UTC Aerospace and National Air Traffic Control (NATS).

The airport is working with South Ayrshire Council and Scottish Enterprise to develop and establish an aerospace and space hub at Prestwick for global businesses operating in these sectors.



# Our external operating environment

Glasgow Prestwick Airport is - through experience - very aware of the relationship and sensitivity there is between changes in the external environment and its operations.

In the passenger side of the business alone, the airport gained from the proliferation of low cost carriers following the deregulation of the air industry in Europe and the move to online booking platforms. This gain enabled the airport to reach a peak of 2.5 million passengers in 2007.

It then suffered following the 2008 economic downturn, which had a significant impact on passenger volumes. As a consequence, low cost carriers made changes to their strategies and a number of flights moved from traditional low cost carrier hubs to city airports.

Understanding and continually monitoring the external environment will be fundamental to the airport's future success.

The Executive Team has carefully considered this external environment in development of this strategy. However, the environment does not stand still and the airport is working to be ready for and reactive to any changes to take advantage of opportunities, minimise and mitigate any threats that these changes may pose to its plans for the future.

## Political & policy context

There are touch points at Local, Scottish, UK and European Government levels.

Local Government plays a key role in development planning for the area, it is also pursuing a growth deal, in which the airport features, and it is a key consultee on areas like air space redesign and the spaceport licensing.

The airport is wholly owned by the Scottish Government and is operated at an arm's length on a commercial basis. The airport is accountable to the shareholder through its board structure.

Following the Smith Commission, the Scottish Government now has the power to make changes to Air Passenger Duty. Any changes to this tax could have a significant impact on all Scottish airports' business development discussions.

The policies that enable us to operate as an aerodrome and that will enable us to apply for a licence to operate as a spaceport come from the UK Government and European level. The UK Government is responsible for the Border Services that are essential to the airport's operations.

The impact of the recent Brexit vote on this legislation is yet to become apparent.

The UK Government recently announced its support for additional runway capacity to be developed at Heathrow. This decision has allowed the UK Government to move forward with the development of an updated Aviation Strategy for the United Kingdom.

## Economic context

The UK Brexit vote and the recent US Presidential election have resulted in major changes to the value of currency and in turn the price of goods and services.

This has the potential to impact on economic growth within the UK. However, the lower value of the pound may present increased value for international investment.

## Environmental context

Demand for air transport is continually growing. It is the responsibility of airports and the wider industry to minimise and reduce the impact that this will have on the environment in relation to noise and pollution.

There are major national and global initiatives underway to address this - including air space redesign across the United Kingdom.

## Technological context

There are opportunities to apply new technology across all areas of Glasgow Prestwick Airport's business including new security screening technology and the use of digital platforms to engage with passengers and customers.

Although long term these could deliver increasingly efficient and effective services. In the short term they will require significant investment, some of this technology may become a statutory requirement.

## Social & market context

Air travel in the United Kingdom continues to increase. The Department for Transport forecasts the South East airports could be full from as early as 2025.

There are trends developing around changes to consumer behaviours in relation to air travel in Scotland and the UK. There is a shift towards rail for passengers travelling to London and there has been a reduction in travel for sun, sea and sand breaks and an increase in city breaks.

**West of  
Scotland:**

**68,555 enterprises  
with a combined  
turnover of  
£9.43 billion  
employing  
766,400 people**

**Glasgow &  
Strathclyde:**

**Gross  
Domestic  
Product  
€57.6  
billion**

## Our vision

To be the airport recognised for going beyond traditional boundaries to offer customers opportunities, solutions and best value in serving Scotland, the UK and the world.

## Our purpose

Return the business to private ownership with a sustainable future as an airport.

# Our values



## Safety, security & sustainability at our core

We work hard to ensure that we have the right processes, procedures and resources in place to enable us to operate efficiently, effectively and in the confidence that we are protecting our people, customers, community and partners whilst minimising our impact on the environment around us.



## Passionate & people centric

We care deeply about everything we do and the people who enable us to do it – our community, partners, employees and customers. A shared passion is at the heart of our working relationships and we look to nurture, develop and harness this to increase productivity, profitability and secure our long term sustainability.



## Trustworthy & straightforward

We are honest, dependable, professional and personable. We want to make interactions with our business easy and enjoyable for our customers, people, suppliers, community and shareholder.



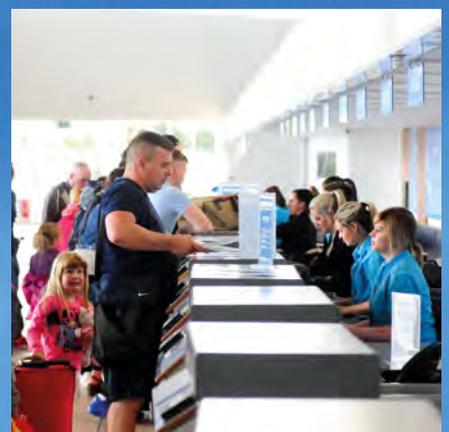
## Innovative & collaborative

A pioneering spirit led to the establishment of our airport and the aerospace industry that has developed around us. We want to build on this, to look to the future and find new ways of working as a team and with partners to make positive contributions to the economy and society as a whole. We are a business that doesn't stand still – we want to diversify and continuously improve.



## Flexible & resilient

The market we operate in is dynamic and moves rapidly and we are ready to react. We have a broad business base with a wide service offering and range of knowledge, skills and experience. Through managing and delivering many of our services in-house, we are able to adapt to deliver a service that will help customers to meet their aims and objectives.



## Guaranteeing great value

We want everyone who comes in to contact with us to feel like it was worthwhile, whether that is a passenger passing through our terminal or a colleague looking for assistance from another member of the team. We want to make sure that every penny counts, every action counts and every customer feels satisfied.

# Strategic objectives at a glance

Glasgow Prestwick Airport has six core strategic objectives that will enable us to deliver on our vision & purpose.

## **Bringing in business**

Grow all of our revenue streams to deliver a sustainable business resilient to market changes, including securing the licence to become the first spaceport in the UK and Europe.

## **Continually compliant & staying safe, secure & sustainable**

To deliver sustainable, safe, and top quality services to all of our customers, whilst continually looking for ways in which we can improve our efficiency, effectiveness and customer experience.

## **Making people a priority**

Have the right people, with the right skills, in the right roles at the right time to give our business a competitive advantage.



## **Financially fit**

Ensuring that financial services are fit to support the business to develop, grow, always offer our customers best value and ensure that we make every penny count.

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## **Building networks & relationships**

Work with partners and stakeholders to further our business objectives and to play a positive role in the communities that we are part of.

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## **Attracting investment**

Seek external investment to accelerate the pace at which we return the business to a sustainable and profitable future.

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# Bringing in business



Grow all of our revenue streams to deliver a sustainable business resilient to market changes, including securing the licence to become the first spaceport in the UK and Europe.



Glasgow Prestwick Airport has bolstered business development across its full product and service offering.

A centralised Business Development team has been created to ensure that there is a coordinated approach to promoting the airport.

This new team has dedicated resources focussing on identifying potential opportunities, building relationships and bringing in new business for each product and service area.

The team is working together to share knowledge, experience and learning and to identify where there could be potential for overlap across different business areas that could enable the airport to sell itself more effectively and be more efficient.

#### Bringing in business – key indicators

- Passenger numbers
- Cargo tonnage
- Movements
- Spend per passenger
- Car park booking numbers
- Occupancy levels
- Secure a spaceport licence
- Revenue generated

# Bringing in business

## Passenger

Glasgow Prestwick Airport is the closest airport for over half a million people and is accessible to 2.1 million people within a 60 minute drive.

It has the best surface access links of all the Scottish airports due to its excellent location directly off the M77 motorway and its railway station, which can be accessed from the terminal building.

Glasgow Prestwick Airport is the only airport with a rail connection in Scotland. This provides the opportunity for those who do not drive, or have access to a vehicle, to easily and cost effectively connect with air travel.

The west of Scotland has an attractive tourism offering with world class sailing, golf courses, food and drink, shopping, hotels and scenery.

Glasgow and the west of Scotland has a growing economy that hosts a wide range of industry – including events, life science, further education, research and aerospace.

### Building on existing business

Glasgow Prestwick Airport has a longstanding relationship with Ryanair and currently has 17 routes available to destinations across Europe.

On the launch of the winter 2016/17 schedule, Ryanair stated that they are able to increase passenger numbers by 12% at Glasgow Prestwick Airport year on year.

The airport is working closely with Ryanair to enable them to achieve this growth by increasing the frequency of routes and identifying route opportunities. This includes the possibility of offering packages for attractions in the west of Scotland to stimulate inbound travel to the Ayrshire area.



### Creating connections for the west of Scotland

In order to deliver against its purpose of long term sustainability, it is vital that the airport expands its airline customer base. As such, business development activities in relation to passengers are predominantly focussed on attracting new airlines.

Through creating completely new routes for the west of Scotland, any incoming airline could also benefit from destination marketing support from agencies like VisitScotland and Glasgow Life.

Any new route at Glasgow Prestwick Airport would also receive free rail travel for its passengers for the first six months of operation of the route. This would then move to standard half price rail travel offer for all passengers flying to or from Glasgow Prestwick Airport.

The team is gathering data including information on travel patterns and economic data to identify routes that could be viable from the west of Scotland, especially those where a direct connection does not already exist.

The new Executive Team believes that the airport has a role in providing wider connectivity through creating routes to hub airports, from which its catchment area could benefit from onward connection options.

The UK Government is in the process of establishing a new aviation strategy, which through discussions with the Department for Transport will be likely to include objectives around ensuring that there is access for all to air travel and improved access to international connections.

Glasgow Prestwick Airport will be suggesting that everyone in the UK should have the option of international connectivity via air travel within one hours drive of their home and that this should be included within the UK Government's Aviation Strategy.

### Vital connections for our local community

The airport has already stated that it is working to secure a connection to London for the local community.

Customers from Ayrshire should not need to drive past their local airport to another airport to reach London.

Civil Aviation Authority (CAA) figures show that the number of people travelling from the Ayrshire area to London could sustain a daily route.

To be a success, the airport must find the right airline partner, route and schedule to meet the needs of the local community – in particular business travellers.

### Creating a balance between inbound and outbound

Glasgow Prestwick Airport is working to identify new links that bring business people and tourists in to the west of Scotland. This will not only bring valuable inward investment but it will give the airport a more resilient passenger mix.

### Serving industry

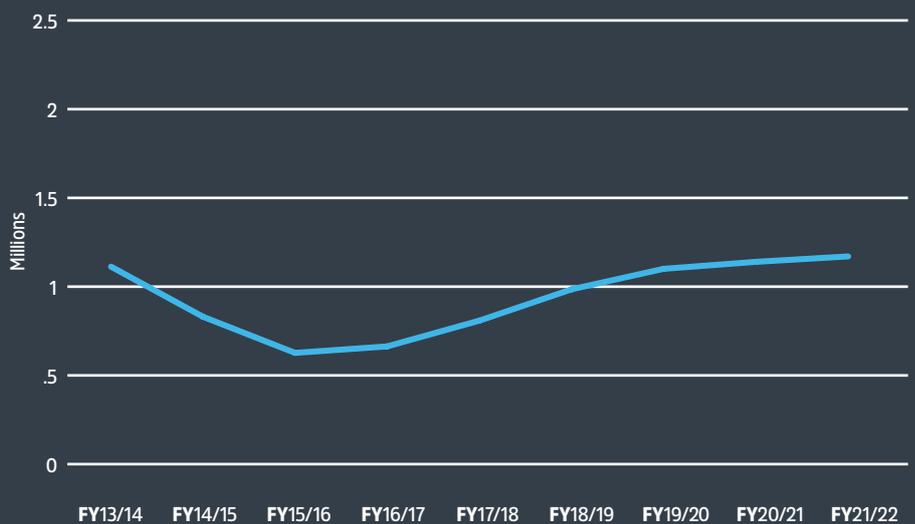
Glasgow Prestwick Airport is at the heart of a wider aerospace manufacturing campus. This includes businesses such as GE, BAE, Spirit Aerospace, Woodward and UTC. All of these businesses have travel requirements and many will be travelling to similar aerospace hubs in other cities and countries.

Through understanding where some of these destinations are and what wider markets exist for travel to these destinations, the team can use this as the foundation for discussions with prospective airlines for whom these routes might align with their strategies.

The airport will look to widen this where there is a proliferation of an industry within Ayrshire or any other areas for whom Glasgow Prestwick Airport is the closest airport.



### Total Passenger Numbers



# Bringing in business

## Cargo

Glasgow Prestwick Airport manages dedicated cargo aircraft as its passenger airline does not facilitate belly hold cargo. The wider cargo market is moving more and more towards belly hold. This is a further reason why the airport is focussed on bringing in new passenger airline customers as this could possibly provide opportunities for cargo.

As the airport works to secure additional passenger aircraft, it is also looking to build upon its existing dedicated cargo business and its experience in handling specialist, large scale and just in time cargo.

The airport facilitates scheduled movements for CargoLux and Air France KLM Cargo. It also supports charter cargo flights on a regular basis.

As with its plans for developing passenger airlines, in order to achieve sustainability, the airport is keen to build upon its existing business by increasing the movements with existing customers and bringing in more scheduled and charter cargo airlines.

### Scotland's dedicated cargo airport

The airport has a number of advantages when it comes to dedicated cargo movements to, from and via Scotland.

The airport is open 24 hours a day, 7 days a week, 365 days a year. It has the facilities, equipment and experience for high volume, high value and large scale cargo movements.

It is ideally located at the halfway point on the Great Circle Route between the US and Middle East.

### Oil & Gas

The airport benefits from regular business from the oil and gas industry. However, with the challenges that this sector is facing, Glasgow Prestwick Airport is noticing a slowdown in the movement of oil and gas equipment through charter air cargo.

The airport team will continue to maintain relationships with stakeholders in this sector to ensure it capitalises on any market upturn.

To sustain growth the team is looking to other markets that would benefit from the expertise developed through serving the oil and gas industry to move large items, large volumes and with just in time delivery.

### Aerospace

The airport team has identified opportunities in servicing the local aerospace market's air passenger requirements. There could also be opportunities in servicing their cargo requirements. The companies surrounding the airport manufacture aircraft parts, including engines and wings. Although air cargo is competing with road, rail and sea in relation to these movements – the close proximity of the airport to the manufacturing point could produce efficiencies that make air travel the best value.

As part of the work to develop Prestwick Aerospace as a campus, where companies based in and around the airport work together to their mutual benefit, the airport team is building relationships with the key decision makers in these organisations.

Through better understanding how these companies operate, Glasgow Prestwick Airport intends to develop a cargo solution to meet their needs.

### Events

The team has identified that Scotland, particularly Glasgow and the west, has a thriving event industry. This has been bolstered by the development of world class venues like the SSE Hydro (the third biggest music arena in the world in terms of ticket sales) and the success of the Glasgow 2014 Commonwealth Games.

The airport team is looking to work with venues and agencies – including EventScotland – to attract these major events to Scotland to enhance the country's overall event offering and to deliver against the national 'Scotland – the perfect stage' strategy.

Key to these movements is turnaround time, as often there is only a matter of days between tour dates. As Glasgow Prestwick Airport operates 24/7 it is ready to receive goods at any hour. The airport's multi-skilled staff are able to bolster cargo operations at short notice to handle the large volumes involved in these movements.

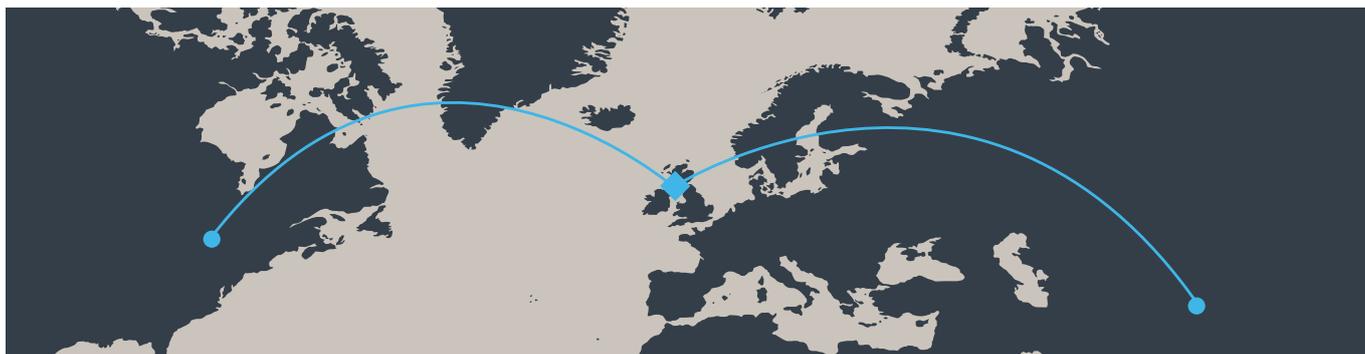
The airport's proximity to Glasgow and beyond via motorway and trunk roads make it the ideal entry or departure point for this equipment.

### Consolidation

A challenge for Glasgow Prestwick Airport in growing its cargo business is the ability for cargo airlines to balance the loads. This means where an aircraft comes in with cargo, it must be able to fill that same aircraft with cargo for its return or onward journey.

A way in which an airport can help to achieve this, is by creating some kind of consolidation point for imports and exports.

## Glasgow Prestwick Airport's location on the Great Circle Route



The team at Glasgow Prestwick Airport is assessing imports and exports from Scotland, and mapping where these goods are arriving from or going to and identifying where there could be balanced payloads.

A key export sector in Scotland, that the airport is looking to build relationships with, is the food and drink sector. There are a number of high volume and short shelf life food exports – for example fish – where air cargo could present an option that is more reliable than other options. This industry has faced problems with using road haulage to get goods to Europe as a result of closures of the Channel Tunnel.

The Scottish Government signed a Memorandum of Understanding with Heathrow in September 2016. It outlined that the Scottish Government would offer its support for the expansion of Heathrow and Heathrow would commit to the use of Scottish engineering, manufacturing and construction, creating extra connectivity between Scottish airports and Heathrow and exploring options for the establishment of a logistics hub at Glasgow Prestwick Airport.

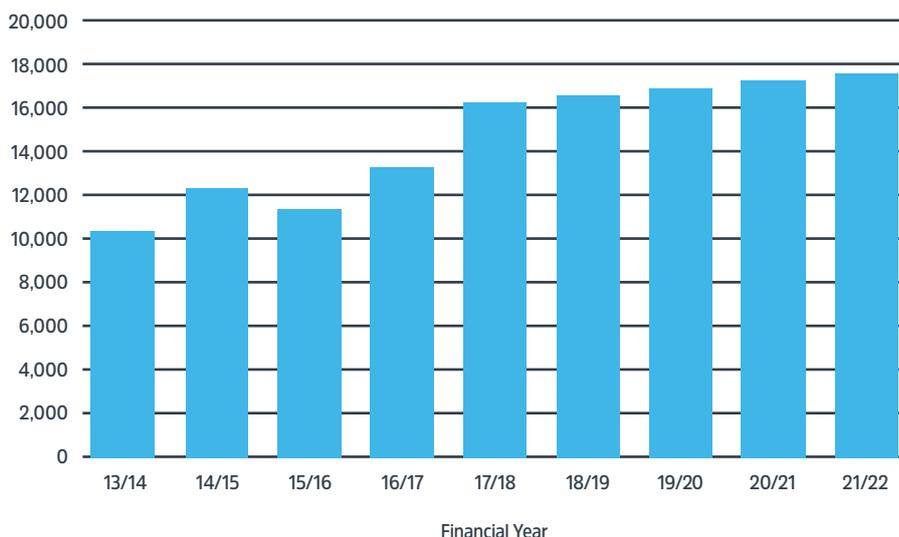
The UK Government announced its support for the expansion of Heathrow in October 2016. Soon after this announcement, the Heathrow team visited Glasgow Prestwick Airport to commence discussion as to what would be required from this potential logistics hub.

The potential hub would be used for the consolidation and movement of goods and prefabricated parts from across Scotland, the north of England and Northern Ireland.

The team at Glasgow Prestwick Airport will be working over the course of 2017/18 to build a partnership with Heathrow.



### Cargo Tonnage



# Bringing in business

## Fixed Base Operations & other income streams



### Fixed base operations & General Aviation

Glasgow Prestwick Airport has been the site of an airfield for almost 100 years. It started life as a training airfield and over time developed in to a manufacturing and military base. As a result, many of the services offered through fixed base operations (FBO) and general aviation services are the airport's original offering.

This business area facilitates the movement of executive, military, training aircraft and newly built or purchased aircraft in transit.

The timeline for securing business through the FBO and for general aviation is much shorter than passenger and cargo and, as such, successful business development in this area can have a much more immediate impact on our revenue.

The airport brought this service in-house in January 2015 and since has made investments into a Business Development post to cement relationships with existing customers and to bring in new business. It has invested in facilities, including the creation of a dedicated immigration clearance facility for FBO customers.

### Improvements to executive aviation facilities

The FBO team aims to offer a fast and discreet service to its executive aviation customers by arranging pick up and drop off directly from their aircraft. However, this service could be enhanced through improvements to some of its executive facilities – providing a premium space for these customers to work or relax if they arrive at the airport early for their flights. Upgrades to this facility would also enable the FBO to accommodate larger private parties.

### Premium & corporate tourism

There are a number of high quality hotels, resorts and attractions in Ayrshire and along the west coast including Turnberry Resort, Glenapp Castle Hotel and Dumfries House. Glasgow Prestwick Airport is looking to develop partnerships with these tourism businesses to create unique product offerings.

These offerings could include facilitating private aircraft travel to the area and helicopter transfers directly to the accommodation.

The airport is working with a number of these businesses to engage with corporate tourism agents to sell the overall package of Ayrshire as a premium corporate tourism and event destination.

### Group & business travel

Along with the Business Development team's analysis of business travel requirements that could support the creation of a scheduled passenger route, the team is also looking at the destinations that may have a smaller demand.

This information will be used, with alternative travel options to these destinations, to assess if there are any opportunities to bring together business journeys on a private charter.

The airport is exploring other charter group travel requirements. For example, sports teams, where it can offer improved service levels through its dedicated immigration clearance facility and discreet and direct access to aircraft through the FBO facilities.

**Scottish event industry worth £3.5bn a year**



**North Sea oil contributes £35bn to the UK economy**



**Food & drink exports worth £4.8bn**



# Bringing in business

## Fixed Base Operations & other income streams



### Maintenance, repair & overhaul

In January 2017, Chevron Aircraft Maintenance commenced operations at Glasgow Prestwick Airport.

This facility serves as an additional selling point to attract military, executive and general aviation customers. The airport team is actively referring its existing customers to the Chevron team and will look to build relationships with Chevron's customer base.

### Securing long term contracts

In 2016, Glasgow Prestwick Airport secured a US Defence Logistics Agency fuel contract. This contract offers certainty on Glasgow Prestwick Airport's margin on fuel supplied to US forces and streamlines the processes for units to stop and refuel at Glasgow Prestwick. The airport is already seeing an upturn in business from this contract.

The team will be actively seeking and tendering for more long term contracts with military forces with CAA clearance to stop at UK FBOs. This will include contracts for military training exercises.

The airport will be looking for opportunities to act as a sub-contractor to larger companies contracted by governments and military forces. This will include exploring opportunities that may come off the back of the UK Government Strategic Defence and Security review, which will involve a £100m investment by Boeing in Scotland.

### Building relationships

A high volume of movements through the FBO do not fall under contracts. As such, it is important that the Business Development and FBO teams have relationships with potential repeat customers. This helps to ensure that Glasgow Prestwick Airport is at the forefront of their mind when passing over the United Kingdom and that it becomes their preferred stop off point.

The team proactively attends events to target potential customers. The FBO team ensures that as customers pass through, they receive a high quality and personable service and one that is followed up by Business Development.

### Know what is moving where

Glasgow Prestwick Airport's location at the midway point on the Great Circle Route means that there is a high volume of traffic passing overhead.

Its positioning makes it a prime location for a fuel stop ahead of or following a transatlantic crossing. This position and the MRO facility on site also make it an ideal place for tech stops.

The airport is working to capitalise on this further through developing a better understanding of what is passing overhead and targeting any organisations responsible for regular overpasses.

In addition to analysing what is already moving overhead, building wider industry knowledge will enable the Business Development team to identify opportunities – for example, understanding who is ordering aircraft and when and where these are being delivered in the event that Glasgow Prestwick Airport could be offering fuel stops.



## FBO

Year	Percentage increase	Additional income (£,000)
17/18	11.8%	254,000
18/19	5.0%	120,000
19/20	4.8%	122,000
20/21	4.8%	128,000
21/22	0.1%	3,000

## Fuelling

The airport is in discussion with Air BP in relation to its fuel provision. These discussions have already resulted in some improvements to the fuel margins for the airport to the price that we are able to offer FBO customers.

Through offering customers better value, the team has been able to secure more business – which has resulted in an overall increase to fuel revenue. This is proving to be beneficial for the airport and Air BP.

The airport intends to build on this further as it continues with its contract negotiation with Air BP.

It is forecast that fuel revenues will increase year on year over the course of the next five years.

Longer term, the airport will seek to develop its current fuel supply resilience with further development of its existing unique rail supplied fuel farm facilities.

## Commercial

A significant amount of income from passenger aviation is generated via commercial activities including car parking, catering and retail concessions. The airport generates revenue through a contract with an agency who sells advertising sites within and surrounding the airport.

The strategy to grow scheduled passenger traffic and the associated forecasts have been taken in to consideration in the growth of this area over the course of the next five years. The commercial strategy ensures that we are prepared to capitalise on any passenger growth and the team is proactively exploring how we can generate increased spend per passenger.

## Creating a new, more flexible, car park product offering

In 2016, Glasgow Prestwick Airport procured a new car parking system, including both hardware and software.

Central to the specification for this was increased flexibility in products, promotions and car park operations. The new system will be implemented in the first quarter of financial year 2017. It will include new car parking products – including a premium drop off and parking option that enables passengers to get as close as possible to the terminal entrance.

This wider range of products from budget to premium will offer passengers more choice and will encourage more passengers to book car parking directly with the airport.

The ability to adapt prices and offer promotions will enable the airport to react to changes in the external market. Promotional codes will present an opportunity to assess the effectiveness of marketing initiatives and target this spend more effectively.

# Bringing in business

## Fixed Base Operations & other income streams



### Expanding retail & catering offering

An immediate objective for retail and catering is looking for ways in which it can improve passenger experience with existing concessionaires – through refurbishments and/or adaptations to product offerings.

Longer term, trends across airports suggest that passengers wish to progress through the check-in or baggage drop processes and security as quickly as possible and Glasgow Prestwick Airport must adapt.

The vast majority of Glasgow Prestwick Airport's public space is landside and as such we have limited space available for retail and catering expansion airside. We will face a challenge in capitalising on this increase in passenger dwell time in airside areas.

As part of the wider master planning, the airport will look to improve and increase its retail and catering offering with a focus on our airside area - creating new spaces and attracting new concessionaires to the airport.

### Promoting our products

In order to increase spend per passenger, the airport proactively markets its retail and catering offer to its growing 100,000 person database and to pre booked car parking customers just ahead of travel. It also markets promotional offers within the terminal building.

### Advertising asset improvements

The airport entered in to a contract with Primesight, an advertising space sales agency, in 2016.

As part of this contract, Primesight is responsible for the day-to-day maintenance and sale of advertising spaces at Glasgow Prestwick Airport. Over the course of the next five years, Glasgow Prestwick Airport will work with Primesight to invest in new advertising sites and to upgrade some existing advertising sites to digital infrastructure.

These upgrades will start with the installation of digital screens alongside the new car park infrastructure. These screens will be utilised for car park operational purposes and advertising.

### Property

Glasgow Prestwick Airport has a large property portfolio on both landside and airside across the full extent of the airfield.

These properties were originally developed to host military operations, aviation industry manufacturing companies, ground operations, cargo forwarding operations and warehousing, aerospace / airport supply chain and aviation service providers.

There is substantial office and meeting space within the passenger terminal building on the landside.

Over the past ten years, the profile of the tenants has changed and currently, the bulk of the let properties are leased to and occupied by non-aviation and aviation related companies.

As of 31 October 2016, the property portfolio has a capacity of 70,000m<sup>2</sup>.

Short term, the strategy is to adopt a more dynamic approach to filling unlet properties to potential tenants from any business sector.

As of 31 October 2016, the property portfolio has a capacity of 70,000m<sup>2</sup>.



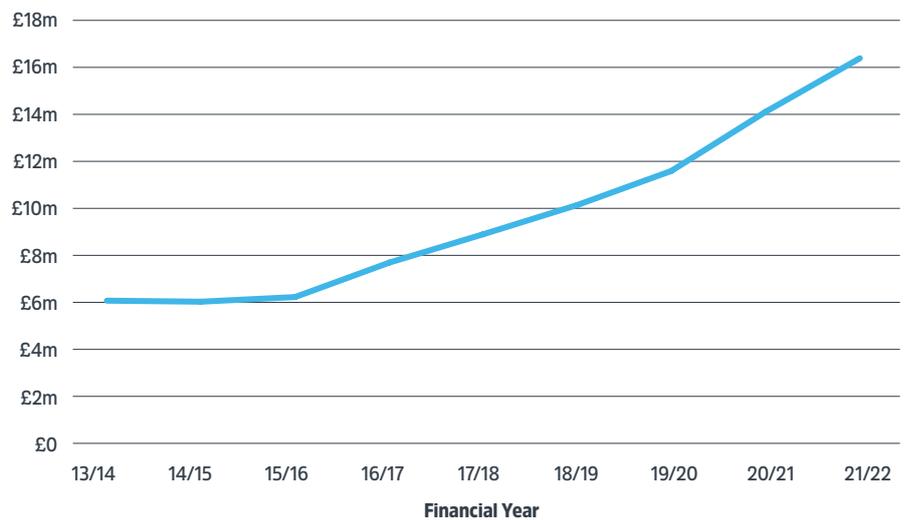
In the medium term, there will be a proactive and concentrated effort to act as an incubation hub for the aerospace, space sectors and other ancillary services to ensure that the already significant Prestwick Aerospace Campus can develop further, using an integrated approach.

Long term, the objective is to convert the tenant profile to one that is predominantly aerospace, space and ancillary services orientated as part of a strengthened aerospace cluster.

This sees the development of a new masterplan to meet the growing needs of the business as it increases all income streams. This may include refurbishment of areas, uninhabitable at the moment, for airport use or for rental to external companies.

The plan will outline the building of additional hangarage and any other structures required to facilitate business growth.

#### Revenue from non passenger & cargo aviation income streams



# Bringing in business

## Spaceport

### Securing a licence

The UK Government announced in early 2014 that it would be looking to establish a UK spaceport by 2020 through a bid process.

The government drew up a short list of six potential sites and Glasgow Prestwick Airport was one of the front runners.

In May 2016, the UK Government announced its decision to cancel the bid process for a UK spaceport and replace that with a licensing framework.

Glasgow Prestwick Airport welcomes this as it will enable the commercial market to drive this process forward, and it will allow for a broad range of commercial spaceflight operations to be established in the UK.

The types of commercial space operations that the UK Government is potentially aiming to licence include:

- Horizontally launched sub-orbital spaceplane operations for microgravity experiments and passenger spaceflight experience
- Satellite launch into orbit from horizontally launched sub-orbital spaceplanes
- Vertical satellite launch systems and recovery.



Artist impression of Glasgow Prestwick Spaceport

Glasgow Prestwick Spaceport would envisage facilitating the former two types of operation.

Glasgow Prestwick Airport is now engaging with the CAA, DfT and the UK Space Agency to establish and prepare for the licensing criteria for operating a spaceport in the UK.

It is expected that Glasgow Prestwick Airport will be the first fully licenced operational spaceport in the UK, with minimal investment required to achieve this.

### Key partner for industry

To accelerate the pace towards Glasgow Prestwick's first space launch, the team is working to build relationships with organisations from across the space industry.

This includes building relationships with spaceport operators in other countries. Glasgow Prestwick would look to benefit from their experiences of going through a licensing process and establishing the required infrastructure.

Through playing an active part in a network of spaceports from across the globe, who have different launch capabilities, the airport will gain further business development leads.

In addition to working with other spaceport operators, it is vital that Glasgow Prestwick Airport works with space launch vehicle developers and operators. This is the equivalent of working with passenger and cargo airlines across our other business areas – without these operators we do not have a space launch revenue stream.



# Spaceport in numbers

**8,000** engineering undergraduates within 50 miles of Prestwick  
4 million people within 2hrs

**Over £150 million** investment in Ayrshire further and higher education infrastructure over the **past 5 years**

**Enterprise Zone incentives** are available, with **up to 100%** non-domestic rates relief and a streamlined planning process

**16%** of the UK's space industry workforce are based in Scotland

**50%** of this 16% are based in and around the Spaceport site

An independent assessment estimated the investment required at **Glasgow Prestwick Airport** to meet US licensing requirements was less than **£2m**

Further stakeholders that we are building relationships with are the end users of a space launch facility. This includes satellite manufacturers, organisations that develop components, and suppliers that manage the data down streamed from space. Working with these organisations gives the airport a better understanding of the processes so that we can design our approach accordingly. It will also present prospective property tenants who may wish to be part of the overall Prestwick Aerospace Campus.

## Attracting visitors

Whilst the gaining of a spaceport licence could be possible within the next two years, and full operational status two years after that, an attractive revenue stream could come in the form of a Spaceport Visitor Centre. Footfall statistics and revenues generated by various visitor centres in the UK are being researched, but with a specific focus on the National Space Centre in Leicester where the provisional outline research would suggest that revenues could be highly attractive.

Glasgow Prestwick Airport has commenced a programme of relationship building with the Glasgow Science Centre and the faculties and departments of Space and Aerospace Engineering and Research at both University of Glasgow and University of Strathclyde to look at the opportunities that exist. We are working with South Ayrshire Council and Scottish Enterprise on the revenues that could be generated, not only for the Spaceport Visitor Centre but for Ayrshire and Scotland through the resultant increase in tourist attraction.

**Continually compliant  
& staying safe, secure &  
sustainable**





To deliver sustainable, safe, and top quality services to all of our customers, whilst continually looking for ways in which we can improve our efficiency, effectiveness and customer experience.

**Continually compliant & staying safe, secure & sustainable – key indicators**

- Health and safety statistics
- Customer complaints, comments and feedback
- Turnaround times
- Sustainability report
- Costs

# Continually compliant & staying safe, secure & sustainable



## Operations

Successful airports are built on a foundation of safe and compliant operations. As operational requirements change and business plans accelerate, capital planning becomes important to future success.

The Glasgow Prestwick Airport capital investment plans include improvements to the railway station, terminal building, security, the runway and apron areas and car parks.

Investment in infrastructure to improve efficiency and reduce our carbon footprint is also a key element within the planning horizon.

Glasgow Prestwick Airport will use its capital plan to not only improve the facilities for all customers and passengers, but to change its approach on how business is undertaken at the airport. New and forward thinking solutions for meeting and exceeding customer requirements will remain at the forefront of the airport's outlook and planning.

## Surface access

Glasgow Prestwick Airport will look to work with partners to develop and deliver a plan to improve accessibility of the airport from across our catchment areas. Central to this is ensuring that there are a range of modes of transport available for our passengers, employees, tenants and business partners.

The airport will look to make business cases to the operators of the Scotrail franchise for timetable improvements to align these to flight schedules, to increase frequency of connections, improve journey times and connect with a wider range of end destinations within Scotland – including retaining the direct Edinburgh connection implemented as part of the ongoing Edinburgh Glasgow rail improvement project.

The airport is working to make improvements to the station infrastructure, which the airport owns. It will work with the Scotrail franchise holder to support them in the delivery of any commitments to improve the station detailed in their franchise

agreement. It will look for ways in which the two organisations can work together to support Scotrail in meeting its obligations as set out in the Scotrail Service Quality Incentive Regime.

Half price rail travel to or from anywhere in Scotland, and seamless transfer of passengers via the airbridge walkway connecting the railway station to the terminal building, are major incentives for passengers to use the excellent and frequent train connections that can take less than 40 minutes to link Glasgow City Centre with Glasgow Prestwick Airport. The airport will actively promote these to increase the number of passengers that utilise this low carbon mode of transport.

The airport will continue to work closely with bus operators to promote commercially operated services and to support any services that the airport believes are required to meet desired service levels that may not necessarily be commercially viable.

The airport will work to promote sustainable modes of transport as much as possible. However, these are not always practicable for passengers and as we grow passenger numbers, we would



expect to see an increase in cars dropping off and parking at the airport. The car park operation is being designed to enable flexibility and increases in car parking space as required.

### **Terminal - Landside**

Landside facilities are changing with the advent of new technology and the changes to airline business models, products and operating procedures.

Our strategy is to simplify the passenger experience and make the first impressions of Glasgow Prestwick Airport as a modern airport that is easy to navigate.

As part of the wider property master planning, we are reviewing passenger flows and looking to locate amenities in the most appropriate position for the long term. This would include looking at entry and exit points, concession locations and where we have facilities like oversized baggage and car parking pay points.

### **Terminal - Airside**

The reshaping of the terminal facility continues into the airside area. The majority of Glasgow Prestwick Airport's terminal building floor area is landside. The proportion of this split

does not work with developing travel trends, where more passengers proceed directly through to departures. As such, we will reclaim some of this landside space for the airside areas – expanding and redeveloping security, commercial areas and departure gates. The strategy is to return all departure gates to full operating status, including appropriate facilities for Passengers with Reduced Mobility (PRM), departing and arriving. Making travel easier for those who require support and assistance remains a prime focus for Glasgow Prestwick Airport and a 'step free' operation is the target.

Given the strategic plans to attract UK hub connectivity through domestic flight connections, the refurbishment of the former domestic channel, outbound and inbound, will be undertaken and investment in facilities to support this approach will be made. The objective is to ensure the airport puts in place a proactive operational improvement programme within the departures and arrivals facilities, including the potential of non-airbridge enhanced aircraft boarding systems.

# Continually compliant & staying safe, secure & sustainable



## Airfield & runways

The capital expenditure programme will continue to include investment on airfield, apron and runway maintenance to ensure that Glasgow Prestwick Airport remains compliant, safe and capable for all aircraft and customer operations.

As part of the revenue growth plan, a well maintained, well positioned and long runway gives the airport a major advantage over all other airports in Scotland.

This, together with the best weather and atmospheric conditions of any airport location in the UK, Glasgow Prestwick Airport has generated a strong track record of being an ultra-reliable 24/7 facility that can provide excellent opportunities to support the attraction of new customers across all targeted business segments.

## Compliance

The excellent safety record at Glasgow Prestwick Airport and the commitment to continuous improvement generates high levels of confidence at customer, staff and business partner level.

The airport prides itself on being at the forefront of new initiatives and partners with the CAA and the Office of Road and Rail (ORR) to maintain that status.

Safety processes and procedures at the airport provide the framework to drive improvements and developments across the business areas so that safety is, and will continue to be, a behaviour and not an afterthought.

## Radar

New radar technology is being introduced at Glasgow Prestwick Airport to mitigate the increasing number of windfarms in and around the surrounding areas that cause operational impact across the Air Traffic Control Network.

The new radar technology enables controllers to distinguish wind turbine blade movements and aircraft movements by removing any 'clutter' generated by these turbines, enabling the controller to safely navigate aircraft in areas where there are turbines present.

The aim is to have this new radar development fully operational in 2017/18, so that Glasgow Prestwick

Airport can fully mitigate windfarms and the airport operations remain safe and efficient.

The procurement of this new system and technology is being funded through windfarm operators.

The use of this new system will allow considerable increases in the number of wind turbines that can be located locally, allowing Scotland to continue in its drive to increase the levels of electricity generated from renewable sources.

## Air traffic management

Not only is the world changing around us but the world above us is also changing with the introduction of airspace redesign.

This is a UK national programme and airspace changes are needed to enhance the safety and efficiency of air traffic control in the face of sustained growth in the aviation industry and to minimise future delays.

Glasgow Prestwick Airport has embarked on this journey with the help of suppliers, partners and stakeholders. The strategy is to have the airspace redesign complete and implemented by 2018.



The procurement of the airspace redesign service has been won by NATS and this work started in January 2017.

Consultation with all stakeholders including the local communities – particularly those communities that may be on or near new flightpaths – is a critical part of this process.

Planning on the consultation is underway and will start with the stakeholders and local community in June 2017.

### **Environment**

Glasgow Prestwick Airport is fully committed to continuously improving its environmental performance, preventing pollution and in complying with all regulations and requirements that apply to the business.

To achieve this, it regularly reviews its objectives and targets to ensure it meets all legal and other environmental and public commitments.

A starting point for the future has to be that the impacts will not increase with airport growth, hence the airport is striving to reduce, in real terms, the scale and nature of all issues and impacts.

There is full recognition that there is a cost in delivering some of the new and ongoing environmental controls, but the airport is committed to be at the leading edge of environmental excellence.

Key areas include waste management reduction, air quality improvement, noise reduction, energy, water usage and bio diversity, in addition to a full programme of reduced energy consumption and the migration to the use of electric vehicles as part of the ongoing vehicle replacement programme.

# Making people a priority





Have the right people, with the right skills, in the right roles at the right time to give our business a competitive advantage.

**Making people a priority  
- key indicators**

- **Completion date for harmonisation of terms & conditions**
- **Employee turnover levels**
- **Employee Development Review statistics**
- **Attendance improvement**
- **Employee engagement & feedback**

# Making people a priority



## Ensure we have the right people, in the right place at the right time

A priority for the Scottish Government when they acquired Glasgow Prestwick Airport was protecting employment in Ayrshire. As such, we are committed to maintaining a headcount in the region of 300 full time equivalents.

As the business shifts and develops, how we structure ourselves and where we direct this headcount may need to adapt and change.

We are working on our approach to resource management and rostering to ensure that we have an approach that works well for the business but also for employees to ensure that we attract and retain the best people for positions.

## Multi-skilling

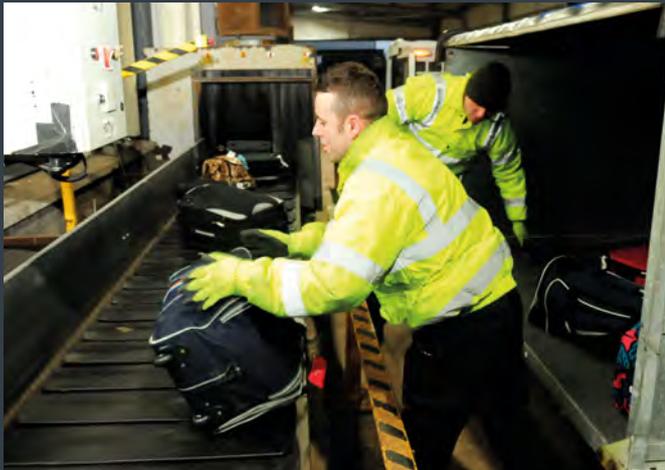
An advantage that we have from operating in a lean way is that many of our employees are multi-skilled. This provides the airport with a high level of flexibility and adaptability. This has enabled us to secure business as we are able to redirect resources at short notice and handle jobs of a significant scale. This is something that we proactively promote.

We are in the process of looking at all areas of the business to establish if there are further opportunities for efficiencies or attracting business through multi-skilling.

## Personal & professional development

In addition to developing people to be able to support other business areas, we are also committed to continually developing employees' core business and specialist skills to ensure that we are operating as effectively as possible and that we are up to date on operating principles across all disciplines.

We proactively work with further education establishments, including the Ayrshire College, University of the West of Scotland and University of Strathclyde to source best value development opportunities.



### Historical terms & conditions

There are a number of legacy issues currently in place, all of which will be reviewed and addressed.

This will require substantial audit and analysis followed by the design of a company wide system to have a transparent working structure.

This will involve:

- The review of the current variable terms and conditions that operate across our business
- The review of the salary assignment process to achieve a clear and transparent salary banding structure with roles graded to each band
- The review and re-planning of working practices in preparation for the business moving away from major seasonality patterns
- Implementing a culture change focusing on continuous improvement through the involvement, engagement and empowerment of people.

### Corporate standards

The Strategic Plan has evolved the airport's existing values to bring them in line with our new brand and vision.

In order to embed these values, the airport will look to develop a set of corporate standards. This will encompass everything that our employees, customers and partners interact with across our business.

A system to monitor maintenance of these standards will be developed and an internal committee will be created to share best practice across business areas and to identify areas for improvement and any required action plans.

### Internal communications & engagement

A continued focus for the airport's Executive Team will be ensuring that we communicate effectively across the organisation.

This will help to ensure that all employees are clear on the airport's plans for the future and their role in supporting the delivery of an airport that is profitable and sustainable for the long term.

Effective internal communication will help foster a collaborative working environment focussed on continuous improvement across all areas. An additional benefit of a more proactive approach to communicating with employees will be an increase in morale and productivity.

## Financially fit

Ensuring that financial services are fit to support the business to develop, grow, always offer our customers best value and ensure that we make every penny count.





Glasgow Prestwick Airport operates in a highly competitive market. As such, cost control and accuracy of pricing is of the utmost importance to ensure that we are able to secure and retain business.

Glasgow Prestwick Airport is publically owned and we must ensure that the procurement of goods and services is in line with statutory requirements and in a fair and transparent way to deliver best value for the airport.

### Financially fit - key indicators

- Performance against budgets
- Delivery of internal audit action plans
- Service provision to our suppliers
- Savings

# Financially fit



## Creation & embedding of control procedures

Over the course of the next five years, the airport's finance function will review policies, procedures and processes to ensure that these are fit for purpose. Updates will be cascaded through the newly created internal communication channels, together with employee training for more fundamental changes.

### Procurement

The review and implementation of updated finance policies and procedures commenced with the creation of a new procurement process. This ensures that we are operating in line with statutory requirements under Scottish Government ownership and that the airport is getting best value.

Where possible, the airport is looking for opportunities to consolidate contracts to deliver economies of scale.

These changes may have an impact on the airport's supplier network and it will provide information and guidance on these changes through the website and 'meet the buyer' events.

## Improve governance & project management

Further to the work to improve financial processes and procedures, the airport team is developing a robust governance process – with clear delegated responsibility levels and approval processes for spend and new projects. This will be rolled out over the course of Financial Year 2017/18.

### Develop a programme of internal auditing

Glasgow Prestwick Airport has appointed BDO to provide internal audit support on corporate activities.

This will complement the audit processes that already exist within security, compliance and railway station operations.

Internal audit is central to ensuring that the airport makes every action count and every penny count.

Following internal audits, action plans will be developed and the delivery of these action plans will be monitored through the Finance and the Executive Teams.

## Finance systems that are fit for purpose

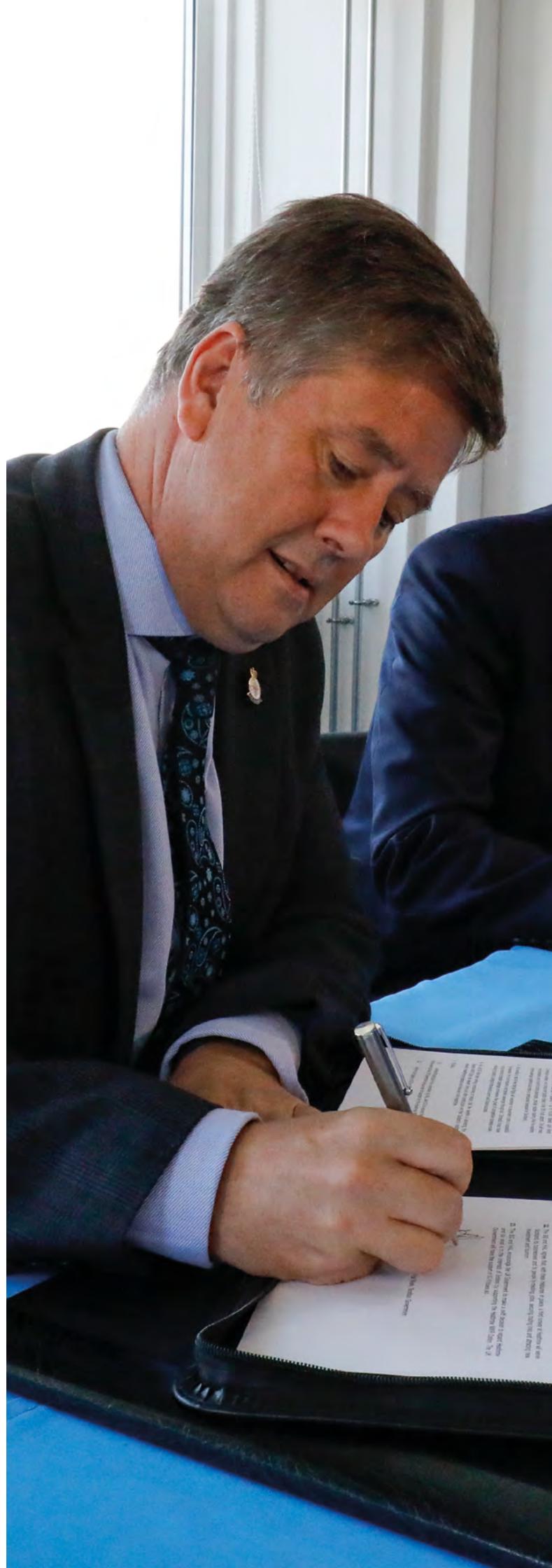
The airport is exploring opportunities to adopt new technical solutions that will deliver efficiencies in financial management and create improved reporting.

The team will work with other businesses to identify if other corporate processes or procedures could be incorporated to create a single management system. This may include human resource and performance management functions.



## Building networks & relationships

**Work with partners and stakeholders to further our business objectives and to play a positive role in the communities that we are part of.**





Glasgow Prestwick Airport has a wide and diverse range of stakeholders – including customers, our people, suppliers, community, politicians, media, competitors and industry bodies.

Getting best value from these relationships and minimising risk requires careful consideration of all of these groups and a coordinated approach to relationship management.

As a publically owned business, the airport is accountable to Ministers who in turn are accountable to Parliament and is committed to sharing as much information as possible on our plans for the future and ongoing performance.

## Building networks & relationships – key indicators

- Advertising value equivalent of media coverage
- Stakeholder engagement statistics
- Social return on investment
- Community perception and participation
- Size of marketing database

Scottish Government and London Heathrow MOU signing, Glasgow Prestwick Airport, October 2016

# Building networks & relationships



AOA Conference, London, November 2016

## Media relations

The airport is building relationships with local, national and trade media outlets.

The team is working to identify initiatives and updates that would be of interest to the public and a trade audience and they will share these through media releases.

The team provides timely and transparent responses to enquiries received via media outlets.

Glasgow Prestwick Airport facilitates interviews and access to spokespeople.

## Stakeholder management strategy

The airport team maps stakeholders to establish a coordinated approach to communicating with these stakeholders.

This will include providing updates through social media channels, the website, newsletters, events and face-to-face meetings where appropriate.

To ensure that the resource invested in relationships is proportionate and adding value, the airport monitors interactions through a client relationship management system and they will report on these on a monthly basis.

## Community engagement

Glasgow Prestwick Airport is fortunate to be surrounded by an extremely supportive local community, who highly value their local airport.

The airport will look to build upon this support by involving the community as it develops.

This will include activities like consultation on air space redesign, spaceport and any other major developments.

The team will do this through a variety of channels and media – looking to identify the most appropriate method of engagement depending upon the message.

Where community feedback is collected, the airport will report back on how this has been considered and what action will be taken as a result.

## Corporate social responsibility

Glasgow Prestwick Airport is keen to proactively play a positive role in its community beyond the employment and economic contribution that we already make.

It intends to do this through the delivery of a corporate social responsibility strategy.

This will look at supporting educational initiatives – with a focus on inspiring young people to pursue science, technology, engineering and maths related subjects.

It will include support for environmental initiatives to play our part of offsetting the environmental impact of our operations.



Glasgow Prestwick Airport Charity Committee cheque presentation, December 2016

The airport has an established charity fund, which employees pay into on a monthly basis. The Executive Team will continue to support this activity and it will allow employees the time to administer this through a Charity Committee.

### Building up a database

Through attendance at exhibitions and events and a number of other marketing methods, we are building up a database of business to business contacts.

We also have a large database of potential passengers. We are growing this through our digital channels, advertising and competitions.



Scottish International Airshore STEM week, Glasgow Prestwick Airport, August 2016

# Attracting investment



Seek external investment to accelerate the pace at which we return the business to a sustainable and profitable future.

The Board of Glasgow Prestwick Airport is looking to return the business to private ownership as soon as practicably possible. Delivery of the other five Strategic Anchors detailed in this plan will make a major contribution to the achievement of this objective.

This objective does have a number of specific activities that should be undertaken to ensure that we are investment ready.



# Attracting investment



## Ensure that any investors will be likely to share long term goals

The Board is committed to ensuring that Glasgow Prestwick Airport is developed in such a way as to ensure it remains an operational airport for the long term.

The airport only enters in to discussions with potential investors who have a vision for Glasgow Prestwick Airport that aligns with the aspirations of the Board, Executive Team and Scottish Government.

The Executive Team has developed a process to carry out its own due diligence on any investors who express interest in Glasgow Prestwick Airport.

## Ensure our house is in order

Glasgow Prestwick Airport is reviewing all areas of the business to ensure that policies, processes, procedures, working practices and all other aspects will stand up to scrutiny from potential investors.

Where we identify areas for improvement, this will be added to the wider organisational work plans

## Letting people know we are here and what we have to offer

Following the rebranding of Glasgow Prestwick Airport, the airport has put a significant amount of effort into raising the profile of the business in a positive way.

This is done through attendance at events, face-to-face engagements, public relations and marketing.

The airport team is looking to build interest in our activities and positive perceptions, within Scotland, the UK and the world.

Successful coordinated communications and marketing will be beneficial across all Strategic Anchors.

## Monitor the market

Glasgow Prestwick Airport's Executive Team continually monitor the external operating environment and market as part of forward planning for business development, operations and finance.

This monitoring will also contribute to the airport's ability to attract investment as the team will understand where there may be opportunities and where they should be seeking to develop and build relationships.



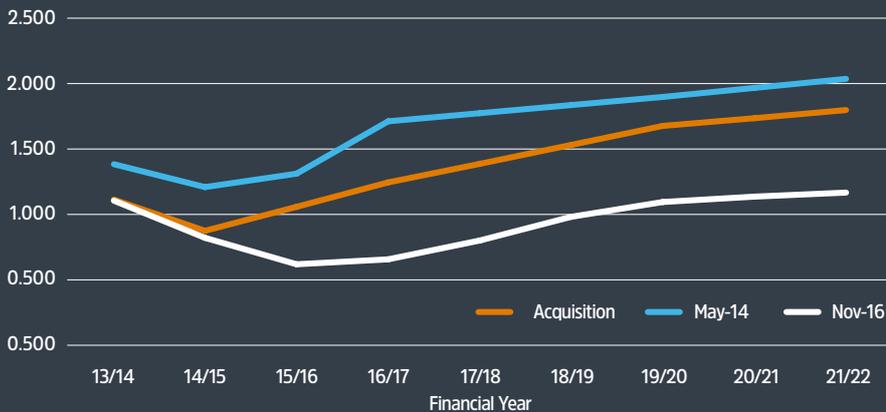
# Financial overview

The turmoil of the global financial crisis has created significant uncertainty: the availability of finance to fund developing markets, individuals' disposable income has dropped, energy prices have fluctuated significantly putting pressures on margins and shareholder returns, and in the maturity of markets such as low cost airlines in Europe. However, there are growth areas in the middle and far east with low cost airline creation and the developing long haul segment for both passenger and cargo.

The acquisition of the airport by the Scottish Government secured a national asset that provides the basis for a strong commercial opportunity to become a major contributor to the Grosse Value Added locally and nationally because of its location and infrastructure. The acquisition case was based on the market conditions at the time and indicated rapid growth was achievable within the short term. However, the report did not consider the possibility of a swift change in strategy by Ryanair to become more centrally focused, removing a large percentage of its flights from regional airports, this resulted in passenger numbers reducing from 1.10m in 13/14 to a low of 0.62m in 15/16.

The graph below indicates the expected growth patterns based at acquisition, May 2014 and November 2016. Clearly the projections have not materialised for a number of reasons and this has presented the Board and Executive Team with major challenges. Nevertheless, we have seen the start of growth in passenger numbers which, are predicted to rise to 0.66m in 16/17 and 0.71m in 17/18.

## Total Passenger Numbers

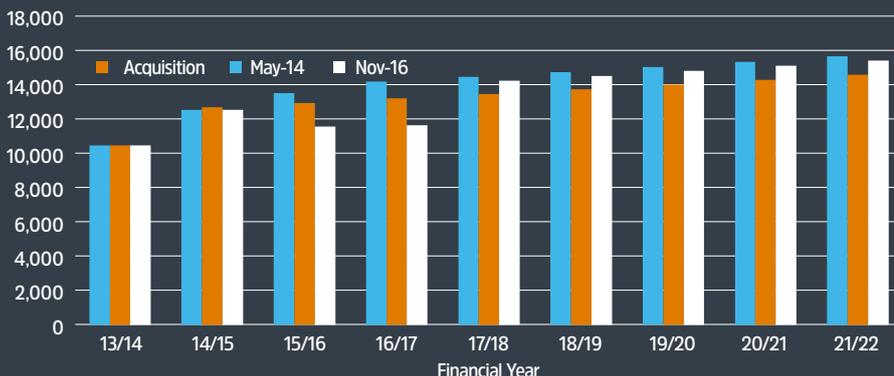


A similar position exists for cargo due to changes to the way that cargo is transported. Although the global air cargo market continues to grow year on year, the mode of uplift has altered significantly.

There is a growing trend to utilise belly-hold capacity rather than dedicated cargo freighters, and this sector of the market is therefore in decline.

That said Glasgow Prestwick Airport could still dramatically increase its market share by re-positioning its dedicated cargo programmes and securing new passenger airlines with available belly-hold capacity.

## Cargo Tonnage



The graph below indicates the growth potential for major income streams. In general, the revenue streams will develop in line with passenger

numbers and cargo tonnage, although significant capital growth could be achieved from spaceport operations.

### Revenue (£'000)

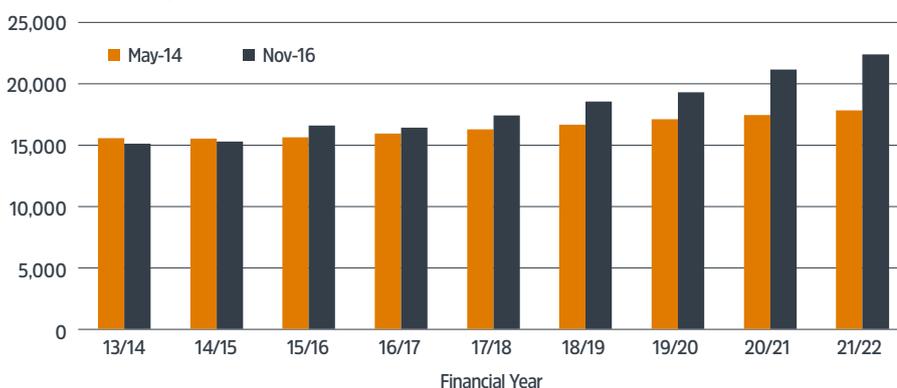


The Board and Executive Team will drive each revenue stream by establishing dedicated sales staff to work with current and future customers to drive best value for them and increase revenue to the airport. There will be no reliance on a single customer or income stream in the future.

By adopting a more dynamic, comprehensive and proactive approach to revenue generation it is anticipated that the airport will become attractive to inward investment, making it a sustainable and profitable business that will support the local and national economy. The focus has rightly been on generating more revenue for the business.

However, we will also continually examine the costs of the services we offer to increase efficiency and effectiveness. The divergence in the cost base post 2016/17 is largely driven by the estimated costs of operating a spaceport and visitor centre, although there is a stepped approach to increasing air traffic whether from passengers, cargo, military or general aviation.

### Costs (£'000)



The Five Year Strategic Plan has been designed to be a live working document and has been developed not simply as a numbers exercise,

but on the basis of realism and logic, whilst accepting that many areas of the business and physical infrastructure require urgent attention.

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