



House of Commons  
Transport Committee

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**UK aviation: reform for  
take-off: Government  
Response to the  
Committee's Fifth  
Report of Session  
2021–22**

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**First Special Report of Session  
2022–23**

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## Transport Committee

The Transport Committee is appointed by the House of Commons to examine the expenditure of the Department for Transport and its associated public bodies.

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### Committee staff

The current staff of the Committee are Jonathan Arkless (Committee Specialist), Millie Bacon (Inquiry Manager), Judith Boyce (Clerk), Estelle Currie (Senior Media Officer), Alexandra Hunter-Wainwright (Committee Operations Manager), Mandy Sullivan (Committee Operations Officer) and Wafia Zia (Second Clerk).

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# First Special Report

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The Transport Committee published its Fifth Report of Session 2021–22, [UK aviation: reform for take-off](#) (HC 683) on 25 April 2022. The Government response was received on 24 June 2022 and is appended below.

## Appendix: Government Response

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### Introduction

In welcoming this report, the Government would like to thank the Transport Select Committee for undertaking its inquiry into supporting the recovery of the UK aviation sector.

We fully recognise the incredibly challenging times the air transport sector has faced during the Covid-19 pandemic. The sector is crucial to the UK's economy and before the Covid-19 pandemic it contributed at least £22 billion to GDP each year and supported around half a million jobs across the UK.

The pandemic presented unprecedented challenges for the sector and the Government had to make hard but necessary decisions around international travel restrictions in order to protect public health. We took steps wherever possible to enable safe international travel, but our highest priority was to protect public health and the progress of our vaccine roll-out, while supporting the air transport sector to weather and recover from the crisis.

Throughout the pandemic, air transport businesses took exceptional steps to mitigate operational and financial challenges. In parallel, the aviation sector (airlines, airports and related services) benefited from around £8 billion of Government support.

On 18 March, we became the first major economy to remove all COVID-19 travel measures for passengers entering the UK, as part of our wider plans to live with and manage an endemic COVID-19. Having endured the worst crisis in its history, the UK aviation sector is well on the way to recovery. We recognise that the speed of the recovery has brought with it challenges but we will work hand-in-hand with the industry to help it grow globally.

Prior to the pandemic, we published the Aviation 2050 (2018) consultation: a wide ranging analysis of the industry's future. Many of the issues considered in that document remain relevant today. However, much has also changed in that time. That is why, the Government has published a medium-term strategic framework for the aviation sector, "Flightpath to the Future", which focuses on establishing a modern, innovative and efficient sector for the future, over the next ten years. It includes a ten point plan which establishes a framework for how the Government and industry can work together to deliver a successful aviation sector for the future.

The strategic framework takes into account the previous Aviation 2050 consultation, whilst equally recognising contextual changes, including the impact of the pandemic and the opportunities presented by Brexit.

The Government's responses to the Committee's recommendations are set out below:

## International travel restrictions

### **Recommendation 1**

***As the aviation industry's economic recovery from the coronavirus pandemic is now well under way, the Government's aviation recovery plan must be published as a priority. That strategy should be published no later than 1 June 2022, when the summer travel season will begin in earnest.*** (Paragraph 32)

The Government has noted this recommendation and on 26 May published Flightpath to the Future – a strategic framework for the future of aviation. The publication focuses on the importance of sector recovery, whilst also recognising the importance of looking ahead to the future of aviation and highlights key priorities for the sector over the next ten years.

Flightpath to the Future focuses on building back better following the pandemic and delivering a modern, innovative and efficient aviation sector of the future. It sets out a clear vision for the future of the sector and includes a ten-point plan for delivering this. Alongside recovery, the ten point plan considers a wide range of opportunities and challenges, including issues such as regional connectivity, skills, noise, innovation, consumer issues, decarbonisation, and the UK's global impact.

Through Flightpath to the Future, the Government has also committed to launching an Aviation Council. The sector made a key ask to Government following strong collaboration during the pandemic that this continues, and the Aviation Council will provide an important forum to support the delivery of the key priorities set out in the framework. The Council will bring together key representatives from across the aviation sector, the whole of Government and the Devolved Administrations to support the implementation of the ten-point plan. The Council will be jointly chaired by the Minister for Aviation and a sector co-chair, who will be appointed from the membership.

The membership of the Council will be announced in due course. The Council will also utilise sub-groups to explore key issues, which will further expand opportunities for a range of sector representatives to be involved in the implementation of Flightpath to the Future over the next ten years.

### **Recommendation 2**

***The Government must build international travel into its future pandemic resilience planning, developing a transparent and predictable system that can be used to facilitate safe international travel during potential future health crises. The Government's strategy for the recovery of the aviation sector must include a commitment to developing such a plan.*** (Paragraph 33)

The Government agrees with this recommendation.

The COVID-19 pandemic was unprecedented, and governments worldwide have had to balance competing objectives. We adapted our approach over time, learning lessons and taking a more targeted and time limited approach where possible, whilst focussing on protecting public health.

Whilst the government intends to be as transparent as possible about future pandemic resilience planning, future health crises are unpredictable. A key lesson from the response to COVID-19 is that an open border with international travel measures in place can only slow down the importation of a variant or a public health threat, not completely prevent importation.

As set out in the Living with COVID-19 strategy, the Government recognises that border measures have carried very high personal, economic, and international costs. The Government will only consider implementing new public health measures at the border in extreme circumstances where it is necessary to protect public health. The Government is committed to ensuring any health measures are proportionate, flexible and regularly reviewed.

The Department for Transport is working closely with the UK Health Security Agency (UKHSA) and other government departments at the forefront of resilience planning to develop robust, flexible capabilities that can be adapted to outbreaks of different scales and characteristics. The Government will continue to work closely with industry on its resilience to ensure operators and transport infrastructure can respond well to any future public health emergencies.

Furthermore, the Department for Transport committed in the recently published 'Flightpath to the Future' that we will learn the lessons from COVID-19 and build resilience to future pandemics and threats to public health. As the aviation sector recovers from the pandemic, the Government is committed to working in partnership with all aspects of industry to support growth and drive forward a successful recovery to pre-pandemic levels of demand and profitability.

### **Recommendation 3**

*The Government must set up an international travel toolkit based on the following principles:*

- *International travel restrictions must be evidenced by transparent advice and analysis that the Government makes publicly available. Such analysis must detail the rationale and evidence as to why such restrictions are deemed effective, considering both public health and economic factors. The process must allow for formal representations to be made from affected sectors, primarily the aviation and travel industries. As in Germany, restrictions should be agreed on a cross-departmental basis with an equal voice from the Department for Transport and the Department of Health and Social Care.*
- *Any restrictions on international travel must be proportionate and comparable to those in place across the rest of the UK economy. Where the Government imposes future coronavirus restrictions on the international travel industry, and where such restrictions do not apply on a comparable basis to the domestic economy, the Government must compensate the industry for the economic loss suffered. (Paragraph 34)*

The Government has noted these recommendations and agrees that restrictions on international travel must be proportionate, and where appropriate comparable to those

in place across the rest of the UK economy. As set out in the Living with COVID-19 strategy, the Government continues to work with industry on contingency planning and is developing a contingency toolbox of options. Contingency measures would only be used where they are proportionate to the threat faced by a COVID-19 variant and effective in slowing ingress to avert pressure on public services such as the NHS. There may be scenarios where border measures are not appropriate and will not form part of a contingency response. The approach will be underpinned by three important principles:

- a) The bar for implementation of any measures is very high;
- b) Any measure will be tailored and proportionate to the threat posed and will seek to minimise economic and social impacts; and
- c) In the event any measures were deemed necessary they would be time limited and not be in place any longer than needed.

The UKHSA is responsible for monitoring and responding to the ongoing threat from COVID-19. As part of both DfT and HMG's contingency planning for future COVID-19 variants, we are considering all lessons learned. This includes how data and evidence could be improved in future if any border health measures need to be stood up again.

We will continue to take a flexible approach and keep all impacts and policies under review. As stated previously, given the high personal, economic and international costs arising from border health measures, there is a very high bar for implementing additional measures to respond to COVID-19 variants. If the Government were to impose coronavirus restrictions on the international travel industry, the economic impacts would of course be considered as part of the decision-making process.

#### **Recommendation 4**

***The Government must convene a global taskforce to promote the standardisation of the remaining international travel requirements that were introduced in response to the coronavirus pandemic. The Government should pursue bilateral negotiations with countries with high rates of vaccination to facilitate the removal of such restrictions.***  
(Paragraph 35)

The Government has noted this recommendation. However, it should be noted that national border measures are a sovereign prerogative. Nevertheless, the Government agrees on the importance of supporting greater alignment on international travel requirements that were introduced in response to the coronavirus pandemic where possible.

The Government has, and will continue to have, a leadership role in shaping the emerging global framework for international travel in a steady state of an international travel landscape that co-exists with an endemic COVID-19. Throughout 2021, the UK convened G7 Transport and Health Ministers and senior officials to discuss ways to support the reopening of international travel. These discussions culminated in the G7 Ministerial on 30 September, chaired by the Transport Secretary, where Transport and Health Ministers agreed: a set of high-level principles to guide the implementation of travel measures, commitments to share information and lessons learned, and to work together in other multilateral fora to drive broader political momentum on these issues.

Through our membership of International Civil Aviation Organization (ICAO) Council Aviation Recovery Taskforce, we will continue to work to deliver a global harmonised approach to travel restart and recovery. We will also seek to agree the development of a pandemic framework to guide states and industry to consistently manage any future pandemic and encourage standardisation of measures.

The Government will also continue to take an active role in the Organisation for Economic Co-operation and Development's (OECD) forum on safe international mobility, including at the upcoming 'High-level meeting on Safe International Travel' where Ministers will discuss ways to standardise travel measures through clear guidelines based on lessons learned from the pandemic.

Since the UK removed all border health measures in March, a significant number of other countries have either removed all COVID-19 border measures or have eased their entry requirements. The Government will continue to engage bilaterally with other states to facilitate the return of international travel.

## Consumer rights

### **Recommendation 5**

*Although the UK has, at the time of writing (April 2022), removed all testing requirements for international travel, many other countries have retained testing requirements. Therefore, some passengers will need to access safe and affordable coronavirus testing options in the near-to-medium term. Government intervention is required to establish a functional market for travel testing to benefit consumers. That intervention should include:*

- a) *implementing in full the Competition and Markets Authority's recommendations for regulating the PCR travel testing market, so that if PCR tests are reintroduced as a travel requirement, the market will function fairly for consumers; and*
- b) *tasking the Competition and Markets Authority to review the operation of the market for antigen travel tests to follow the regulator's September 2021 review of the PCR testing market.* (Paragraph 44)

The Government partially agrees with these recommendations. The Department for Health and Social Care (DHSC) and UKHSA have worked closely with the Competition Markets Authority (CMA) since they published their report in September 2021. Actions have been taken to improve both the quality and price of the market. This includes removing providers where there were significant concerns from the GOV.UK list.

An increasing number of countries are easing testing requirements (either for all or for vaccinated passengers only in the case of Australia, Canada, India and Singapore). However, we recognise some other countries still require tests. Pre-departure tests (PDT) for travel from the UK currently are readily available. Many of the larger testing providers offer supervised antigen PDTs from £23–35 and PCR PDTs from £43–59.

UKHSA monitors issues raised by the public: any provider may be removed from the GOV.UK registry of private test providers on a precautionary basis if they are believed to

be putting public safety at risk or not to be meeting the government's minimum standards. In certain circumstances UKHSA will support key regulatory bodies, such as Trading Standards, to undertake further investigation of a provider and support any legal actions or interventions.

DHSC and the UKHSA will continue to monitor the private COVID-19 testing market and to engage with the CMA. At this stage, the Government does not agree with the recommendation that the CMA needs to review the operation of the market for antigen travel tests. Lessons were learned and implemented when establishing the antigen travel test market in October 2021, with higher barriers to entry.

UKHSA is also conducting a 'lessons learned' exercise on the private testing market and what could be done to improve overall performance. Lessons learned will be incorporated into contingency planning.

### **Recommendation 6**

***The Government must introduce an Airline Insolvency Bill in the next Session of Parliament to set out a framework to handle future airline insolvencies to protect the interests of consumers, employees and taxpayers.*** (Paragraph 54)

The government partially accepts this recommendation. We agree that we should consider the recommendations of the Airline Insolvency Review and deliver on those we deem appropriate to ensure that passengers are adequately protected and able to get home if their airline fails. It is important to have a clear framework so that parties' roles, rights and responsibilities in the event of an airline insolvency are clear. Balancing the interests of consumers, taxpayers and other stakeholders will be critical in considering the Review's recommendations, to make sure we take forward the most appropriate package of measures.

It will also be important that any decisions are based on up-to-date evidence that takes into account significant developments since the Airline Insolvency Review's Final Report was published in March 2019. We prioritised resourcing critical response work during the pandemic, which meant that a previously envisaged Airline Insolvency Bill was paused. Now that we are looking towards the recovery of the aviation sector, we must ensure that our solutions are fit for today's aviation landscape. If a Bill is required, we will work to introduce it as soon as practicable.

The Airline Insolvency Review also made recommendations in relation to the ATOL scheme. Last year, the Civil Aviation Authority (CAA) published a consultation on ATOL reform, which closed on 16 August 2021. This is the first in a two-stage consultation process exploring ways to encourage ATOL holders to reduce their reliance on using customer's money from advance bookings to fund working capital. The purpose is to provide better protection of customer money if that company collapses. The CAA published their summary of responses to the consultation in May 2022, and we are working closely with it in developing proposals ahead of a second-stage consultation later this year.

This will be complemented by our wider programme to ensure consumers have the protections they need. We are currently exploring options to go further in this area, including through the Aviation Consumer Policy Reform Consultation (which closed on

the 27 March 2022). The consultation sought views on whether the CAA should have additional powers, as well as whether they should be able to enforce individual cases. We are currently considering responses and will respond in due course.

In the recently published Flightpath to the Future, the Government also committed to work with industry and consumer groups to develop an Aviation Passenger Charter. The Charter will set out the rights and responsibilities of passengers in one place, including they have all the information they need from booking travel to when things go wrong.

### **Recommendation 7**

***The Civil Aviation Authority urgently requires the power to impose financial penalties on airlines that do not provide complete refunds to consumers when they are required to do so by law.*** (Paragraph 66)

The Government has noted this recommendation. Air passenger rights remains a key priority for Government, and we are working hard to deliver for passengers, to ensure they are protected when things go wrong. That is why we launched the Aviation Consumer Policy Reform Consultation on the 31 January 2022, seeking to collect views of ways to bolster air passenger rights and support the industry to provide the best service possible for consumers as it rebuilds following the pandemic. This included a proposal to provide the CAA with additional administrative powers to enforce breaches of consumer rights.

The consultation closed on the 27 March, and we are currently conducting a comprehensive review and analysis of responses and will be carefully considering this issue. Next steps will be set out in due course.

Aviation consumer laws are in place to protect consumers' rights. Airlines are under a legal obligation to pay refunds within 7 days, provide compensation, where appropriate, and to provide clear information to passengers in the event of cancellation, long delays or if a passenger is denied boarding.

It is important that consumers have the information they need when travelling and have confidence in the aviation sector. That is why Government committed in the Flightpath to the Future, to develop an Aviation Passenger Charter, alongside industry and consumer groups, to help passengers understand their rights and responsibilities whilst travelling by air, including what to do if things go wrong.

### **Recommendation 8**

***In the absence of additional powers, the Civil Aviation Authority must utilise its existing powers to challenge businesses and to pursue enforcement orders from the courts to tackle infringements of consumer rights in relation to refunds. Although that process may be lengthy and costly for the regulator, it is the best form of recourse available to consumers trying to secure refunds, until the Civil Aviation Authority is granted the power to impose financial penalties.*** (Paragraph 67)

The Government has noted this recommendation. The CAA is able to enforce aviation consumer law where infringements harm the collective interests of consumers. Currently, they have a range of enforcement actions available, and in line with best practice, the

CAA will generally utilise more collaborative approaches where possible. Their current approach is based on reputational regulation where they consider a specific aspect of the law and review the level and method of compliance across a large section of the industry.

Ensuring consumers have the protections they need is essential, and we are currently exploring options to go further in this area. This includes through the Aviation Consumer Policy Reform Consultation (which closed on the 27 March 2022). The consultation sought views on whether the CAA should have additional powers, as well as whether they should be able to enforce individual cases. We are currently considering responses and will respond in due course.

For an individual consumer who feels their rights have been breached, their first step is to raise their complaint directly with the airline. In the event that their complaint is not resolved, they may be able to escalate their complaint through Alternative Dispute Resolution (ADR), if the airline is a member of an ADR body.

ADR is currently voluntary for airlines, however, as part of the Aviation Consumer Policy Reform Consultation, we sought views on whether to mandate ADR for all airlines operating to, from and within the UK. We are currently reviewing and analysing responses and will set out next steps in due course.

### **Recommendation 9**

***The Government must introduce a mechanism to ensure that when entitled to a refund by law, airline passengers are granted automatic compensation, eliminating the need for customers manually to apply for a refund.*** (Paragraph 68)

The Government has noted this recommendation. Automatic compensation has been raised in some responses to the Aviation Consumer Policy Reform Consultation and will be considered as part of the analysis of responses.

We understand there are a number of practical challenges to overcome to enable automatic refunds and compensation, and would require further work alongside industry to be able to consider this further.

There are protections in place for passengers when flights are disrupted. Airlines are required by law to provide information to passengers about their rights (including refunds and compensation as necessary) in the event of cancellation, long delay and denied boarding.

We also want to ensure that information on what to do when things go wrong is as accessible and easy to understand for passengers as possible. That is why we recently committed, through Flightpath to the Future, to publish an Aviation Passenger Charter, which will bring together in one place key information for passengers on their rights and responsibilities when travelling by air. The Charter will be developed in partnership with industry and consumer groups and will be published soon.

### **Recommendation 10**

***It is disappointing that the Government's 'reforming aviation consumer policy: protecting air passenger rights' consultation does not seek views on the enforcement of***

***consumer rights in relation to the private testing market for travel. The consultation should be expanded to assess how the private travel testing market could be regulated to make it function effectively for consumers.*** (Paragraph 70)

The Government has noted this recommendation. However, the Government does not agree that the consultation should be expanded to assess how the private travel testing market could be regulated to make it function effectively for consumers. The Aviation Consumer Policy Reform Consultation sought views on a range of consumer policy reforms that have been longer standing issues and were not specifically COVID-19 related. In addition, this consultation explored several options which provided opportunities to review retained EU legislation providing consumer protections for domestic UK flights.

The issues facing consumers with the private COVID-19 testing market have been dealt with separately through regular CMA reviews and DHSC and UKHSA taking action against poor performing providers.

The list of providers on GOV.UK was continually updated by the DHSC as providers legally declared that they meet the required standards and were required to meet high standards. The self-declaration was reviewed to ensure standards were met by United Kingdom Accreditation Service (UKAS).

If providers did not consistently meet the minimum standards, they were forced to cease trading. Local Trading Standards teams were responsible for formal proceedings and acted in appropriate criminal cases. All offences are enforced through the relevant enforcement body and are punishable by summary conviction in the Magistrates' Courts and a Fixed Penalty Notice (FPN) £2,500; second FPN £5,000 and third £10,000.

New regulations came into force on 23 September required enhanced data from providers, and set out the expected turnaround times to ensure government got the information needed. This was intended to improve standards and send a clear message to the market that we have high expectations of our providers and will ensure they deliver to the standards set out.

DHSC and the UKHSA will continue to monitor the private COVID-19 testing market and to engage with the CMA. The Government will also continue to work with other nations to encourage them to follow our lead and remove all testing requirements for international travel as soon as the epidemiological situation allows.

## **Domestic air connectivity**

### **Recommendation 11**

***Implementing more flexible rules on the provision of Public Service Obligation routes can improve connectivity between the four nations of the UK. To improve domestic air connectivity, we agree with the Union Connectivity Review's recommendation that the Government must revise subsidy rules to allow:***

- a) ***multiple airlines to operate individual PSO routes, fostering a competitive market for regional services; and***

- b) *central Government to fund PSO routes between and within the UK's four nations.*

***We also recommend that central Government agree which routes should be funded and how much funding should be allocated to those routes in consultation with the devolved Administrations.*** (Paragraph 78)

The Government has noted this recommendation. The Department for Transport will continue to consider whether there are further opportunities to utilise Public Service Obligations (PSOs), alongside other policy measures, towards meeting our ongoing regional connectivity, union connectivity and levelling-up objectives. We welcome Sir Peter Hendy's Union Connectivity Review and the government intends to respond to its recommendations, including those on PSOs, later this year.

It is for the relevant local authority to identify when a route may require a PSO and provide evidence for assessment by Department for Transport. We continue to engage with the relevant Devolved Administrations on existing PSOs to Londonderry/Derry and Dundee.

### **Recommendation 12**

***The Government's changes to Air Passenger Duty are welcome. However, that system will not be introduced until 1 April 2023. The Government should bring that date forward to 1 July 2022 to support domestic routes that might otherwise collapse because of the coronavirus pandemic.*** (Paragraph 83)

The Government has noted this recommendation. Our reforms to Air Passenger Duty (APD) constitute a package that reflects our regional connectivity and environmental objectives, while ensuring the sector continues to make a fair contribution to the public finances. They are focused on long-term reform of APD, as we build back better from the pandemic.

As has been usual practice since APD was first introduced in 1994, we are announcing our package of reforms and rates over 12 months in advance, in order to provide airlines with sufficient notice of our proposed reforms and to acknowledge the length of airline booking cycles.

## **Sustainable aviation**

### **Recommendation 13**

***Despite the importance of airspace modernisation, and the relative speed with which it could be introduced compared with other decarbonisation measures, the Airspace Change Organising Group is not a member of the Jet Zero Council. The Committee recommends that the Airspace Change Organising Group should be elevated to full membership of the Jet Zero Council. That would signal the serious intent of the Government to implement the required changes to airspace modernisation as quickly as possible.*** (Paragraph 94)

The Government has noted this recommendation. The Department for Transport recognise the importance of systems efficiencies, including airspace modernisation, to achieving

aviation decarbonisation, as set out in our Jet Zero Consultation. The five measures we consulted on were Systems Efficiencies, Sustainable Aviation Fuels (SAF), Zero Emission Flight (ZEF), Markets and Removals, and Influencing Consumers.

The Jet Zero Council focuses on two of those five measures: Sustainable Aviation Fuels (SAF) and Zero Emission Flight (ZEF) and brings together government, industry and academia to accelerate the development and commercialisation of SAF and ZEF in the UK.

The Airspace Change Organising Group leads on airspace modernisation. The Jet Zero Council is intended to complement, not duplicate, existing structures and bodies.

When the Jet Zero Council was established in July 2020, we sought to ensure that all relevant parts of the industry were represented, from airlines, airports and aerospace manufacturers, to NGOs, academics and start-ups.

To ensure that the Council remains at the forefront of driving zero emission transatlantic flight within a generation, we are currently reviewing the Council's membership to ensure it reflects the expertise required to deliver the challenge.

However, there will always be practical limits to the size of the Council, and we are not able to accommodate all individual requests for membership. To support the delivery of the Jet Zero Council and allow wider participation in its work, we have established Delivery Groups focussed on Sustainable Aviation Fuels (SAF) and Zero Emission Flight (ZEF), which we encourage organisations with relevant interests to engage with.

### **Recommendation 14**

***The Government must take steps to limit greenhouse gas emissions as air transport movements increase. The Government should continue to invest in new aviation decarbonisation technologies, including synthetic aviation fuels, to ensure that the UK aviation sector emits less than it did before the pandemic.*** (Paragraph 105)

The Government agrees with this recommendation. The Department for Transport recognises that the aviation industry has an important role to play to achieve our net zero targets.

In March 2022, the Government announced a record £685m in funding to the Aerospace Technology Institute programme over the next three years to support the development of aerospace technology in the UK. And in recent years, the Government has introduced a world-leading programme to support the UK advanced fuels industry, making over £200m available for the early development of plants as well as revenue support through the Renewable Transport Fuel Obligation (RTFO).

This £200m includes £180m of new funding that was announced at the Spending Review, which will be made available to accelerate the commercialisation of SAF plants and fuel testing in the UK between 2022 and 2025. This will build on the progress made through previous advanced fuels competitions including the Green Fuels, Green Skies competition and the Future Fuels for Flight and Freight Competition.

### **Recommendation 15**

***The Government must review how the Civil Aviation Authority's powers can be reformed to enable the regulator to enforce environmental mandates that the Government may introduce for the aviation sector.*** (Paragraph 106)

The Government has noted this recommendation. The Department for Transport continues to work closely with the CAA in the development of our Jet Zero Strategy, and worked closely with the CAA on the development of their Environmental Sustainability Strategy which was published on 30 May 2022.

Both the Department for Transport and the CAA have a joint interest in convening activity in aviation to support the sector to contribute to the UK's Net Zero target.

As we continue to develop and implement policies to achieve net zero aviation, we will consider if the CAA have the appropriate powers.

## **Slots**

### **Recommendation 16**

***The Government must not reimpose the 80:20 rule until the effects of the Russian invasion of Ukraine on the UK aviation market are apparent. That will protect against a potential increase in the number of ghost flights operated by legacy carriers seeking to protect their slots.*** (Paragraph 118)

The Government has noted this recommendation and welcomes the Committee's report. Regulations for slots alleviation for the summer season came into force on 22 March 2022 and will expire on 29 October 2022. In addition, the Government introduced a one off 'amnesty' for slots to be handed back through a Statutory instrument on 21 June 2022. This is described in more detail under recommendation 19.

We have consulted with the aviation industry on the need for alleviation for the Winter 2022 season (30 October – 25 March 2023) and details of any package will be confirmed before the start of the season.

The powers included in the Air Traffic Management and Unmanned Aircraft Act (ATMUA) 2021 only permits alleviation in response to a persistent reduction in demand caused by the COVID-19 pandemic. We are monitoring closely the invasion of Ukraine on the aviation sector.

### **Recommendation 17**

***The Government must include a review of the slot allocation system in its strategy for the recovery of the UK aviation sector. The strategy must:***

- a) ***consider alternatives to the existing slots framework to encourage new entrants, capitalising on the opportunity to shape the system following the country's departure from the EU; and***

- b) *review how 'ghost flights', undertaken by legacy carriers seeking to maintain control of their slots, might be mitigated.*

***The Government must co-ordinate with the Competition and Markets Authority and Airport Coordination Limited in carrying out the review.*** (Paragraph 119)

The Government has noted these recommendations. Now that the UK has left the EU, the UK Government is responsible for the policy framework for slot allocation and is keen to make the most of this opportunity to implement reforms to improve the system.

We are considering reforms to the slot allocation system in the UK. This will take account of the impact that COVID-19 has had on the industry with the aim of ensuring that the slots rules encourage competition and provides the connectivity that UK consumers need.

We expect to consult on options for reform of the slot allocation system later this year.

## Heathrow price control review

### **Recommendation 18**

***The UK aviation sector's recovery from the pandemic is still in its early stages. The Civil Aviation Authority's price control proposals, due to be implemented in summer 2022, must be postponed by one year to allow the collection of further data on the aviation sector recovery.*** (Paragraph 131)

The government has noted this recommendation. The CAA is independent of government in its role as economic regulator of Heathrow, through powers granted by the 2012 Civil Aviation Act. As part of that role, the CAA sets a cap on Heathrow's airport charges per passenger, which are recovered from airlines and ultimately passengers. The cap, or 'price control', forms part of a wider regulatory settlement, which normally covers a period of five years.

The next 'price control', H7, will cover the period 2022–26. Recognising the significant uncertainty about the path of aviation recovery, the CAA has already extended its timetable for implementing the new licence to ensure it has sufficient time to conduct robust analysis and consultations to support its decisions. The CAA's Final Proposals are now expected in June 2022, with its Final Decision later in the year, for the new licence to take effect in 2023. In setting this timetable, the CAA has sought to ensure it has sufficiently robust information without unduly delaying the setting of the price control, which provides a level of certainty for all stakeholders.

To prevent Heathrow unduly increasing prices to the detriment of consumers in the meantime, the CAA has introduced a 'holding cap' for the full 2022 year. This will be trued up or down as part of the CAA's Final Proposals for the H7 price control.

That holding cap followed a previous extension of the 2014–2019 price control for a two-year interim period to 31 December 2021, to allow it to continue work on how to adapt the regulatory framework to support the expansion of Heathrow airport. That means that there has not been a wholly 'new' price control since April 2014.

The CAA has recognised that, even with an extended timetable for finalising its proposals, there will still be uncertainty around demand recovery. It has therefore proposed including a number of new mechanisms and approaches in the H7 licence, so that its arrangements are more robust to uncertainty and demand risk. The most significant of those is a traffic risk sharing mechanism.

The CAA believes such a mechanism would further the interests of consumers by ensuring flexibility so that the CAA can set a five-year price control and smooth charges over that period; and would help prevent the prospects of future variability in passenger numbers from unduly increasing perceptions of risk and the costs Heathrow faces in financing the further investment necessary to keep the airport safe, secure and reasonably resilient (which are funded through airport charges). We expect the CAA to publish further information on this and other mechanisms in its final proposals in June 2022.

## Airport disruption April 2022

### **Recommendation 19**

*To help airports and airlines manage the sudden increase in demand for aviation, the Government should:*

- *prioritise the timely processing of checks for applicants for positions at airports;*
- *allow applicants for airport positions to start supervised classroom training, when their initial security checks are complete;*
- *review whether the number of trainees compared with supervising security officers can be increased from the current 3:1 ratio;*
- *instruct HM Revenue & Customs to provide applicants with personal statements to enable applicants to cover any gaps in their tax and employment status caused by their employers going out of business due to coronavirus; and*
- *ensure that Border Force uses all the means at its disposal to minimise queues at airports, including deploying onsite engineers to maintain e-gates in real time and allowing under-12s to use e-gates.*

*Any such changes should not decrease security standards at airports. Some of those recommendations may require the Government to deviate from legislation introduced when the UK was an EU Member State. Such changes could be quickly introduced under the negative Statutory Instrument procedure.* (Paragraph 138)

The Government partially accepts these recommendations. On the timely processing of checks, UKSV (UK Security Vetting) has prioritised applications for national security vetting from the aviation sector. The delays that have been raised by industry are in relation to reference checks for previous employers, and form part of the background checks which are carried out by the aviation industry themselves. Government has put in place measures to ease the burden for industry of carrying out these checks.

On 29 April 2022, Ministers introduced a Statutory Instrument to amend retained law on background checks which gives them more power to make changes. This came into

effect on 30 April 2022. After a careful consideration and assessment of the risk, to ensure security standards are not compromised by any adjustments made to security measures Ministers have decided to temporarily allow some training courses to proceed before referencing checks from previous employers have been completed. Industry was notified of the training modules that could be delivered under these circumstances on 3 May.

There are no ratios in regulation pertaining to trainees and supervisors, although we do expect industry to have adequate supervision in place. This is an important aspect of ensuring staff are supported to perform their role to the right standard. We have explored with industry other ratios on escorting. A temporary alleviation came into effect on 8 April 2022 which allows one full airport pass holder to escort six temporary employment pass holders. Previously the ratio had been one to three.

HMRC already provide personal statements outlining employment status over the past 5 years at the request of an individual and will continue to do so. DfT Ministers have agreed that these HMRC employment history letters can be temporarily used as a suitable form of employment reference check alongside other appropriate security safeguards. The aviation industry is now making greater use of HMRC letters to meet the required background reference checks.

The Department for Transport continues to work closely with Border Force to ensure resilience for the summer period. Together we have established a Joint Ministerial Group on Airport Borders to track progress while looking at future solutions for the border, which last met on 12 April.

The Secretary of State and the Aviation Minister held an industry roundtable on 1 June with Aviation Industry leaders, including airports, airlines and ground handling companies to discuss the current disruption and determine actions needed to avoid disruption in the Summer.

Following this meeting, the Department for Transport have requested airport CEOs to take a leading role in bringing together airlines, ground handlers that operate at their airports, along with Border Force and air traffic control to form Airport Partners Working Groups. These Airport Partners Working Groups will report into a newly formed weekly Strategic Risk Group, chaired by the Minister for Aviation. This Group will operate in parallel to the Summer Resilience Group, which Department for Transport established with Border Force ahead of May half term. This will enable close working with the industry ahead of the summer to ensure steps are being taken to de-risk the summer operation.

On 21 June 2022, the Government took further action to support airlines in delivering a robust schedule over the summer and reduce the risk of delays and last-minute cancellations. The Government laid regulations before Parliament that will allow a one-off “amnesty” on airport slots, enabling airlines to plan and deliver a realistic summer schedule that minimises disruption at airports. This was provided as an exceptional measure while industry makes progress in recruiting the necessary staff.

The Government has given airlines a short window from 25 June to 9 July to hand back slots for the rest of the summer season that they are not confident they will be able to operate. This will give passengers confidence in schedules and reduce the risk of the kind of last-minute cancellations seen over the Easter and half-term holidays.

Air passenger rights are a key priority for the Government. We recently published the Flightpath to the Future strategy for aviation over the next ten years. Central to this strategy is putting consumers first, and recognising the importance of Government and the aviation sector working together to help rebuild consumer confidence following the pandemic.

This close collaboration will be delivered through a new Aviation Council, which will bring together representatives from across Government, the Devolved Administrations and the sector to deliver commitments set out in the strategy. It will also have focused sub-groups to address key issues, such as rebuilding consumer confidence.

As part of our commitment to consumers, earlier this year the Government also published a consultation which considers ways to boost air passenger rights. The consultation considered issues such as whether the CAA should have additional administrative powers to enforce consumer laws, and whether Alternative Dispute Resolution should be mandatory for all airlines operating to, from and within the UK. We are grateful for all the input received to this consultation. We are currently closely considering responses and will publish a response in due course.

In addition, through Flightpath to the Future, the Government has also committed to develop an Aviation Passenger Charter. The Charter will be developed in partnership with industry and consumer groups, and will bring together a range of key information for passengers all in one place to support them in understanding their rights and responsibilities when they travel by air. The Charter will play an important role in helping to rebuild consumer confidence as people return to flying.