

## **Written evidence submitted by the UK Civil Aviation Authority (AAS0031)**

### **Introduction**

1. The UK Civil Aviation Authority (CAA) welcomes the opportunity to submit written evidence to the Transport Select Committee's inquiry on supporting the recovery of the UK aviation sector.
2. As the UK's independent aviation regulator, our response will focus on how we are continuing to protect consumers and allow them to travel with confidence again by boosting the aviation industry's recovery from the pandemic. Our response will cover:
  - The impact the pandemic has had on businesses in the sector, and by extension consumer confidence, and the challenges in reaching pre-pandemic levels of aviation activity.
  - The CAA's work since the start of the pandemic and how we will continue to facilitate the recovery of the sector and protect the consumer.
  - The opportunity to transform the sector so that it is more efficient and sustainable.

### **CAA responses to inquiry questions**

#### *Recovery of the UK aviation sector*

#### **The short-term and long-term effects of the coronavirus pandemic on the UK aviation industry**

3. As the Committee is aware, the pandemic has had a devastating impact on UK aviation, it being one of the hardest hit industries. The pandemic has forced governments across the world to make difficult decisions to shut down international travel to protect public health. As we look forward, governments will continue to face difficult choices in how it balances public health and the economy.
4. Activity levels in terms of the number of flights reduced significantly to around 10-20% compared to 2019, as noted by the Committee Chair in the terms of reference of this inquiry. At the height of the pandemic (April 2020), there were only 5,800 passenger flights that month, a significant drop from the 201,000 flights seen a year earlier - a reduction of 97%<sup>1</sup>— and

mainly short-haul with the consequent impact on revenue<sup>2</sup>. There were over 30,000 job cuts and the UK industry is estimated to have lost up to £20 billion in revenue<sup>3</sup>. There has also been a marked increase in debt levels in the sector since the start of the pandemic, including £2 billion of debt through the Covid Corporate Financing Facility (CCFF) and £3 billion through loan facilities. Airlines that have taken on a significant amount of debt will face greater financial pressures and have less resilience to weather future crises.

5. Unlike their European counterparts and other markets around the world – like China, the US and Australia - the UK aviation industry cannot rely on a sizeable domestic market alone to sustain it while international travel is restricted.
6. The sector is currently in recovery, with the resumption of international travel and easing of travel restrictions resulting in greater consumer confidence and thus bookings. In the short term and now that travel has resumed, businesses are focussed on maintaining that recovery, alongside preparing for an uncertain winter.
7. The impact across the sector is, however, uneven. For instance, there has been continued and growing demand for dedicated cargo aircraft (recognising that cargo remains a small segment of the sector, compared to commercial passenger aviation). Similarly, the air taxi sector has seen a substantive growth in demand (a 23% increase in the number of CAA charter permits issued) - in part due to a reduction in the frequency and destinations scheduled airlines serve but also in response to the confidence in being able to travel due to the pandemic. The air taxi sector envisages that a large part of this switched traffic will be retained.
8. Over the course of recent months, the Government has made significant changes in simplifying travel restriction rules, which the sector has welcomed, and will no doubt provide more confidence to those wishing to travel. Removing the pre-departure test, coupled with the disbanding of the traffic light system, has increased consumer confidence and resulted in a significant surge of bookings for medium term departure dates<sup>4</sup>, indicating that there has been considerable pent-up demand. Before the announcement of the easing of travel restrictions, bookings tended to be largely concentrated on the short-term or into summer 2022.

9. Since international travel reopened on 17 May 2021, the UK has seen a steady improvement in traffic (September 2021 was 44% down on September 2019, compared to April 2021, down on April 2019 by 78%).
10. Despite this improvement, the UK is behind Europe: week 39 (w/c 4 October 2021) in Europe's air traffic was down just 30% on 2019, while the UK was down 44% (an extra 14pp) for the same period.
11. Since the start of the pandemic, the CAA has been working with the industry to closely manage the safety risks associated with a downturn in activity. Long-term aircraft storage can create engineering challenges, while reduced flying hours or operations can lead to skills fade for pilots and air traffic controllers. We are satisfied with how safety risks have been managed to date and will continue to focus closely on the safety issues during the recovery period.
12. We are encouraged by the recent pace of recovery, and believe that UK aviation will recover to its pre-pandemic strength, given the underlying pent-up demand for travel. Passenger numbers are increasing, but at a much slower rate than the number of flights. August 2021 saw the highest number of passengers passing through UK airports since the start of the pandemic (March 2020), but these were still down 72% on August 2019. It is thought the number of passengers will have increased again in September and the further easing of restrictions in time for the October half term, coupled with the restart of North American passenger routes in November, will assist with further recovery of passenger numbers into the fourth quarter of 2021.

### **How the aviation sector can support the UK's economic recovery after the coronavirus pandemic.**

13. Air transport supports 1.56 million jobs in the UK (about 250,000 directly before Covid) and government figures show that UK aviation contributed at least £18 billion to national GDP. Additionally, there were 114,000 aerospace jobs in the UK in 2019, of which an estimated 15,000 have been lost since the beginning of pandemic<sup>5</sup>.
14. Aviation is a major facilitator of economic activity in the UK, creating jobs across different sectors and proving crucial domestic and international connectivity that allows trade, and enhances the UK's position as a place to live, to do business and to invest.

15. The trade facilitated by the sector is increasingly important as the UK looks to build a global Britain in a post EU landscape. The UK aviation is highly innovative – both directly and through its supply chain, including one of the largest aerospace sectors in the world.
16. We are also seeing a new world of aviation emerging, with drone delivery trials reducing the time needed to shift items, such as NHS samples and the potential emergence of new, more environmentally friendly urban air mobility, which could help boost productivity.

**The potential merits of Government (a) financial, (b) regulatory and (c) other support to the aviation sector.**

17. Our response will focus on what we are doing as a regulatory body to support the sector, particularly around security and safety. We have adapted our oversight to understand the changes in industry during the rapid wind-down and for any predicted rapid ramp-up. The restart of the industry has been slower than originally predicted and, as such, has allowed us to take a measured approach to our oversight. We have learnt a lot from the changes in oversight which we will take forward to form part of our new ways of working.
18. Maintaining the high standards of safety and security during the industry's recovery is a priority for the CAA and Government, and there has been no diminishing of these standards over the course of the pandemic. We continued to deliver our oversight responsibilities via both in-person and remote inspections. This allowed us to take more focused actions on areas where greater risks were perceived. Indeed, in the case of oversight of cargo entities, the CAA's Aviation Security team has conducted more in-person oversight during the pandemic as a consequence of increased activity.
19. The initial restart of operations after a prolonged period of inactivity created some specific challenges that needed to be properly managed. The CAA worked closely with the sector to understand, inspect, and issue licences, overseeing restart plans to seek assurance that they were being managed appropriately and that safety was not being compromised at any stage. Part of the industry stayed open and busy during the shutdown of international travel (e.g. helicopter and business aviation). The CAA worked with these businesses to help them understand the impact of, and risks, sharing airspace with other operators.

20. We also helped businesses throughout the pandemic by providing regulatory alleviations and exemptions to help maintain licences and approvals, such as:

- Assisting pilots whose class or type rating is due to expire in the COVID pandemic recovery phase and who may be unable to meet the normal revalidation requirements before that expiry date is reached, while maintaining a proportionate and adequate level of safety assurance.
- Extending the validity periods for pilot examinations.
- Extending pilot medical certificate validity as aeromedical examiners were unable to continue to work during the first lockdown due to COVID restrictions and NHS commitments.

21. In addition to the above, we closely monitored our internal costs and froze our annual charges to the industry, which has continued into the current financial year. Despite the loss of income from the sector, we have been able to maintain our capability and capacity because the Department for Transport (DfT) has provided us a grant to cover that income shortfall. Additionally, discussions about options for a revised future funding model for the CAA are ongoing, including preliminary discussions with the DfT and industry representatives to seek their views.

22. From an innovation perspective, we created an Innovation Hub before the pandemic to assist and guide innovators better around the regulatory framework and allow them to undertake safe testing of new products, for example eVTOL and beyond visual line of sight (BVLOS) drone operations. We incrementally added additional capacity to that team. This is one of the most significant areas of growth in aviation and the CAA's enabling role will help the UK can remain a world-leader in the area.

### *Border readiness*

#### **The facilitation of effective, efficient, and proportionate checks at the border, including passenger waiting times and passenger locator forms.**

23. The Health Protection (Coronavirus, International Travel and Operator Liability) (England) Regulations 2021 (as amended) sets out airlines' responsibilities to check specific passenger documentation prior to their

arrival into England and Wales. This involves checks of Passenger Locator Forms (“PLFs”) and, for passengers that are not fully vaccinated, checks for a negative qualifying pre-departure Covid test. Where a passenger declares they have been in a “red list” country in the past 10 days, the airline must ensure that the passenger has booked a mandatory quarantine hotel and is in possession of a negative qualifying pre-departure Covid test. Passengers from a “red list” country are only permitted to arrive at specific airports in the UK. Where the passenger declares they are arriving from a “non-red list” country and is claiming the fully vaccinated exemption or a job-related exemption, the airline is required to check for the appropriate evidence.

24. The CAA is responsible for the enforcement of airlines’ obligations under the legislation.
25. Border Force acts as the principle authority to check a passenger’s PLF on arrival in the UK. Border Force undertakes these checks on a sample of passengers.
26. Where a passenger is identified as having not completed a PLF or having provided incorrect information, Border Force will document this and provide a copy of this documentation to the CAA. The CAA will then undertake an assessment of this information and issue a Fixed Penalty Notice (FPN) to the airline where appropriate. FPNs may be issued for a passenger having (1) no PLF; or (2) no negative qualifying pre-departure tests. In addition, an airline can incur an FPN if a passenger who has a “Red list” PLF is landed at a non-designated airport (a “Wrong Airport Arrival” offence).
27. In addition to receiving information directly from Border Force, the CAA undertakes a limited number of spot checks at airports to check the documentation of passengers who have claimed exemption from quarantine and testing because of being fully vaccinated. On arrival in the UK, the CAA meets the arriving plane and checks the PLF and supporting documentation of all passengers disembarking the plane. Where passengers are identified as not having evidence to support their vaccination status, a statement is taken, and the airline may subsequently be issued an FPN.
28. To date we have issued 1,805 FPNs to airlines following identification of suspected violation. This compares to England and Wales arrivals of 7.8m passengers in the 8 months to the end of August 2021, demonstrating a high rate of compliance by airlines. We expect compliance to continue to

improve as passenger locator forms increasingly offer automatic verification of passenger's documentation and as airlines continue to improve and automate their own systems and processes. Airlines have shown commitment to working hard to comply with the requirements across their networks.

### *Regional and global connectivity*

#### **Connectivity between the regions and nations of the UK, including the steps that the Government can take to support regional connectivity.**

#### **Re-establishing global connectivity to support the Government's Global Britain agenda.**

29. Before the pandemic, the UK had the third largest international aviation network in the world – a significant economic enabler.
30. To restore international connectivity, we have been working with the DfT, Public Health England (PHE, now UK Health Security Agency, UKHSA) and the UK industry to support the development of an international standard for Covid-security in the aviation system. We began by testing ICAO's "Public Health Corridor" concept, providing feedback on practical implementation into the ICAO Council Aviation Recovery Team (CART). The aim is to create the safest possible environment for passengers and crew as they travel through the aviation system – from departure airport, to onboard the aircraft, and finally at arrival.
31. Following the success of this work in 2020, the Global Travel Taskforce (GTT) recommended a system for overseeing the UK industry's compliance with ICAO's Council Aviation Recovery Task Force (CART) guidance be developed. The CAA designed and launched such a voluntary assurance scheme in February 2021, again with the support of PHE and industry. As part of the scheme, fourteen airports and one airline have been issued with letters confirming the measures they have to put in place are in line with the ICAO guidance.
32. These letters are issued following a comprehensive assessment of measures taken by operators by a team of aviation safety and public health experts and establishes whether airports and airlines comply with guidance on general hygiene, health screening, the mental health and well-being of employees and passengers, as well as specific steps for passengers with reduced mobility.

33. The assurance scheme, while voluntary, plays an important role in developing an international approach to Covid-security in aviation and boosting consumer confidence, with the aim of re-establishing global connectivity. The high uptake by airports indicates the value of a consistent approach, while the low uptake by airlines indicates the lack of such an approach is still an issue as the airlines need to comply with each State's individual requirements.

### *Sustainability*

#### **Maintaining a competitive UK aviation sector while ensuring the UK can achieve net zero greenhouse gas emissions by 2050.**

34. As the UK's independent aviation regulator, we expect to play a leading role in delivering the Government's objective to achieve net zero aviation by 2050.

35. Firstly, advancing the readiness and maturity of net zero technologies will be of prime importance. The CAA will work with the Government to play a full role in developing a regulatory framework to allow the development and safe implementation of such technologies. We remain committed to doing what we can to prevent the regulatory regime from inhibiting implementation.

36. The CAA has developed a streamlined approach to dealing with innovators and new technologies, including net zero propulsion. Through our innovation hub and regulatory sandbox, we work with innovators to test innovative products and solutions in a safe and secure environment. The sandbox also makes it easier for innovators to access CAA expertise and guidance, as well as helping organisations maximise regulatory readiness for the demonstration of their products by learning how they address regulatory challenges early in the process. We have also been accelerating the development of new policies and regulations by anticipating regulatory challenges in areas of innovation, then defining the requirements for these. We have particularly used these methodologies in support of UKRI's Future Flight Challenge which has showcased the integration of net zero aircraft using hydrogen, fuel cells and battery technologies into the existing aviation ecosystem.

37. Secondly, the UK can make an important contribution to mitigating the environmental impact of aviation, while potentially improving competitiveness of its aviation industry, by improving the efficiency of its airspace. For the CAA, our role most closely link to this ambition is our co-sponsorship with the DfT of airspace modernisation, the key tenets of which are outlined in our Airspace Modernisation Strategy, and our regulatory role in assessing airspace changes.
38. The overall objective of airspace modernisation is to deliver quicker, quieter, and cleaner journeys and more capacity for the benefit of those who use and are affected by UK airspace. The emissions savings that modernisation can deliver are a key component of the UK's commitment to reach net zero by 2050. NATS' feasibility study<sup>6</sup> into airspace modernisation estimates savings of up to 10-20% on fuel burn and CO2 emissions in south east England, where the airspace is most congested. The aviation industry's decarbonisation roadmap<sup>7</sup> also suggests that air traffic management and operational improvements are likely to reduce CO2 emissions from UK aviation by around 4.6% by 2050 relative to 2016, with the potential for additional savings from future innovations.
39. While delivering these environmental benefits, airspace modernisation will also improve the way in which the UK aviation sector can operate. This could result in improved reliability and fewer delays, as well as opening additional routes. All of which will help the UK aviation sector become more competitive.
40. Thirdly, and while not sufficient on its own, providing consumers with clear information on the impact of their flight on the environment is a useful and speedy nudge policy measure, while the medium to long-term interventions are in the development phase. To this end, we carried out a piece of deliberative research to understand better the connection consumers have with the environment in aviation<sup>8</sup>. The insights from this work indicated that participants thought emissions information should be universally provided across all sectors, even though price and convenience might still be the main decision drivers. Participants also tended to see this information as having the purpose to both inform the public about the relative impacts of flying and hold airlines accountable for their environmental impacts, encouraging them to reduce emissions. Evidence of more consumers making air travel choices based on the carbon performance of different airlines would send a

powerful commercial signal to airlines and further incentivise the introduction of lower carbon technologies.

41. To achieve this, information will need to be standardised, accurate and vetted (improving trust for consumers) so that it is meaningful and comparable. It will have to be available as part of the flight search and individual airline booking systems to enable the consumer to consider relative not just absolute performance. It should also apply to all commercial airlines using UK airspace, not just UK airlines. Otherwise, consumers would only have partial information and the UK aviation sector could be at a disadvantage relative to its international competitors.
42. We expect to work closely with government and other stakeholders in developing proposals to meet these objectives, and to address some key areas of contention – for instance how carbon offsetting is treated in any metric. Such work could be included within a wider campaign to educate the public about the levels of carbon produced by different day-to-day human activities and the relative carbon performance of different modes of transport.
43. The other key dimension to consider in this work is whether the UK and international aviation industry will cooperate in the provision of information in a comparative way, or whether some stronger powers would be required to mandate this provision. More broadly, long-term and persistent government-led non-sector specific public education on decarbonisation is needed to set the example for the UK public to follow. This will give consumers and the public the wider context to inform their decisions relating to aviation, and further raise awareness, an essential first step in helping people to make more sustainable choices.

## **Conclusion**

44. While the pandemic's effects will be felt for the foreseeable future, the UK aviation industry is resilient and can recover in the interests of consumers.
45. We look forward to working with the Committee and all other aviation stakeholders in the sustainable recovery of the aviation sector.
46. We trust the Transport Select Committee finds our response to its inquiry helpful. Should the Committee wish to discuss anything further, we would be happy to do so.

**October 2021**

## **Endnotes**

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1 Transport Select Committee report: impact of the coronavirus pandemic on the aviation sector:  
<https://publications.parliament.uk/pa/cm5801/cmselect/cmtrans/268/26805.htm#footnote-188>

2 CAA Consumer Panel – Supporting Consumer Confidence:  
<https://publicapps.caa.co.uk/docs/33/CAA%20Consumer%20Panel%20Supporting%20Consumer%20Confidence.pdf>

3 Airlines UK data

4 CAA Consumer Panel – Supporting Consumer Confidence:  
<https://publicapps.caa.co.uk/docs/33/CAA%20Consumer%20Panel%20Supporting%20Consumer%20Confidence.pdf>

5 Airlines UK: Aviation jobs in Great Britain - <https://airlinesuk.org/wp-content/uploads/2021/07/Aviation-Jobs-in-Great-Britain.pdf>

6 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/763085/nats-cao-feasibility-airspace-modernisation.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/763085/nats-cao-feasibility-airspace-modernisation.pdf)

7 [https://www.sustainableaviation.co.uk/wp-content/uploads/2020/02/SustainableAviation\\_CarbonReport\\_20200203.pdf](https://www.sustainableaviation.co.uk/wp-content/uploads/2020/02/SustainableAviation_CarbonReport_20200203.pdf)

8 Britainthinks: CAA/Environmental Information Provision April 2021:  
[https://publicapps.caa.co.uk/docs/33/CAP2205%20%20CAA\\_Environmental%20Information%20Provision\\_Final%20Report\\_070421.pdf](https://publicapps.caa.co.uk/docs/33/CAP2205%20%20CAA_Environmental%20Information%20Provision_Final%20Report_070421.pdf)