

Civil Aviation Authority

ATOL-07 - Publication of advice for airlines on Air Travel Organisers' Licence (ATOL)

RPC rating: **Validated**

Description of proposal

The assessment states that the measure is a revision to guidance on how airlines should comply with existing regulations, which does not represent a new regulatory burden. The guidance note is published in order to give airlines operating in the UK market an easy summary of the legal framework to assist their compliance. It brings together the aspects of ATOL that the airlines need to understand and by directing to the information relevant to their specific queries they do not need to read the whole guidance.

Impacts of proposal

The CAA intends the guidance note to be used by all 100 UK registered airlines (that is, all airlines licensed by the CAA).

It argues that as the measure has no new regulatory impact, the only relevant costs are familiarisation costs. It assumes that one person in each airline will read it (as airlines generally have one nominated lead on ATOL matters). In addition, it assumes that the materials will be read by one person from every new applicant for a UK operating licence (on average 6.7 per annum, based on administrative data).

The assessment states that the updated guidance contains 3,518 words; with an average efficient reading time of 150 words per minute for a document of standard complexity (based on data from readingsoft.com) this yields an average of 23.5 minutes per person for familiarisation with the content.

Using an average senior manager rate of £26.30, (based on a DfT estimate used in a previous legislative IA) and adding the 20.2% uplift for non-wage costs, the CAA estimates one-off familiarisation costs to business of:

£12.36 (23.5 mins) x 110 (UK registered airlines) = one-off cost of £1,359

£12.36 (23.5 mins) x 6.7 (new UK registered airlines pa) = £83 per year

The benefits of the guidance are improved understanding of the existing regulations, which are not quantified.

Over the ten year appraisal period, the equivalent annual net direct cost to business (EANDCB) of the measure is estimated to be zero, when rounded to the nearest £0.1 million.

Quality of submission

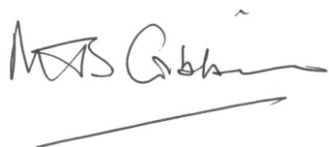
The CAA has clearly, succinctly and proportionately explained the measure and provided sufficient evidence to support its impact estimate.

Departmental assessment

Classification	Qualifying regulatory provision
Equivalent annual net direct cost to business (EANDCB)	Zero
Business net present value	Zero

RPC assessment¹

Classification	Qualifying regulatory provision
EANDCB – RPC validated	Zero
Business impact target score	Zero



Michael Gibbons CBE, Chairman

¹ For reporting purposes, the RPC validates EANDCB and BIT figures to the nearest £100,000