

Air Travel Organisers Licence (ATOL) policy regulations – Flight inclusive day trips

Department for Transport – Civil Aviation Authority

RPC rating: validated

Description of the measure

The measure provides clarifying guidance for Air Travel Organiser's Licence (ATOL) holders and their agents on the sale of flight-inclusive day trips. This revision to the guidance provides holders with certainty relating to day trips of less than 24 hours.

By law, every UK travel company which sells air holidays and flights are required to hold an ATOL. If a travel company with an ATOL ceases trading, the ATOL scheme protects customers who had booked holidays with the firm. It ensures customers do not get stranded abroad or lose money. The scheme is designed to reassure consumers that their money is safe, and will provide assistance in the event of a travel company failure.

An ATOL Certificate is proof the holiday booked is protected by the ATOL scheme. It explains the customer's protections and what to do if the travel company collapses.

The CAA issued guidance on flight inclusive day trips in 2012. However, feedback from holders pointed to uncertainty on whether trips that were less than 24 hours in duration were required to be protected under ATOL regulations. The revised guidance provides holders with the certainty that such trips would require certification.

Impacts of the measure

The measure allows the CAA to better inform ATOL holders of pre-existing requirements providing them with clarity on compliance. The assessment states that the only cost to ATOL holders relates to re-familiarisation with the guidance. There are currently 2,099 businesses that hold ATOL licences operating in the market. The CAA explains that the guidance consists of 3 pages of printed text (1,000 words) and would take up to 5 minutes to read per ATOL holder. While it is assumed that all ATOL holders read the guidance, there is no mandatory requirement for them to do so.

The CAA has assumed a labour cost of £31.70 per hour. Each ATOL holder represents a business, and the CAA has assumed one person per business will read

the guidance. This is on the basis that each business contains one accountable person with responsibility for understanding licence requirements and acting as the first point of contact with the CAA. This provides a total one-off familiarisation cost of £5,545. In the absence of seeking confirmation of these assumptions from business, the CAA has provided confirmation from its ATOL licensing offices.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of £0.0 million. This will be a qualifying regulatory provision that will score under the Business Impact Target.

Quality of submission

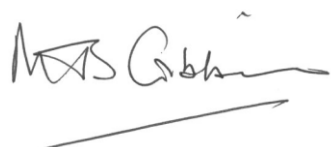
The validation assessment sets out the expected time that ATOL holders will take to re-familiarise with the guidance. In justifying the assumption that one person per business would be responsible for reading the updated guidance, the CAA has assumed that the accountable person per organisation – the person who acts as the first contact with the CAA – would be the appropriate person to read the updated guidance. Given the scale of the measure, this level of support is reasonable.

Departmental assessment

Classification	Qualifying regulatory provision (IN)
Equivalent annual net cost to business (EANCB)	£0.0 million
Business net present value	£0.0 million

RPC assessment

Classification	Qualifying regulatory provision (IN)
EANCB – RPC validated ¹	£0.0million
Business Impact Target (BIT) Score ¹	£0.0 million



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

Opinion: EANDCB validation
Origin: Domestic
RPC reference number: RPC17-DFT-CAA-3618(1)
Date of implementation: September 2015

Michael Gibbons CBE, Chairman