

Air Travel Organisers Licence (ATOL) policy regulations – guidance on ATOL certificates

Department for Transport – Civil Aviation Authority

RPC rating: validated

Description of the measure

The measure provides replacement guidance for Air Travel Organiser's Licence (ATOL) holders on how to complete the ATOL Certificate. The guidance replaces previous guidance, and does not impose any additional costs on business beyond the costs of re-familiarisation with the guidance.

By law, every UK travel company which sells air holidays and flights is 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, for example, that customers do not get stranded abroad or lose money. The scheme is designed to reassure consumers that their money is safe, and that they will receive assistance in the event of a travel company failure.

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

The guidance forms part of the CAA's ongoing education and enforcement with the industry. The CAA issued guidance on what should be included in the ATOL Certificate in 2012. Following discussions and feedback from the industry, the CAA decided to re-draft the guidance in order to clarify the existing requirements.

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 13 pages of printed text (2,244 words) and would take up to 11 minutes to read per ATOL holder. The CAA notes that guidance does not direct them to do anything or make any changes to the practices. While it is assumed that all ATOL holders will 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, including non-wage labour

costs. 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. These assumptions result in a total one-off familiarisation cost of £12,443. 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 for ATOL holders to re-familiarise themselves with the guidance. In justifying the assumption that one person per business would be responsible for reading the updated guidance, the CAA has provided additional information. The CAA explains that the size of the businesses range from large travel companies to small independent businesses. It 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 size of the measure, this appears reasonable.

Departmental assessment

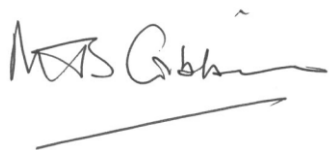
Classification	Qualifying regulatory provision (IN)
Equivalent annual net cost to business (EANCB)	£0.0 million
Business net present value	£0.0 million

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-3617(1)
Date of implementation: September 2015



Michael Gibbons CBE, Chairman