

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

First Delegated Legislation Committee

DRAFT AIRPORTS SLOT ALLOCATION
(ALLEVIATION OF USAGE REQUIREMENTS)
(NO. 3) REGULATIONS 2022

Monday 24 October 2022

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The Committee consisted of the following Members:

Chair: MR LAURENCE ROBERTSON

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|---|---|
| † Cates, Miriam (<i>Penistone and Stocksbridge</i>) (Con) | Lloyd, Tony (<i>Rochdale</i>) (Lab) |
| † Caulfield, Maria (<i>Lewes</i>) (Con) | † Longhi, Marco (<i>Dudley North</i>) (Con) |
| † Fell, Simon (<i>Barrow and Furness</i>) (Con) | † Moore, Damien (<i>Southport</i>) (Con) |
| † Fletcher, Colleen (<i>Coventry North East</i>) (Lab) | Newlands, Gavin (<i>Paisley and Renfrewshire North</i>) (SNP) |
| † Frazer, Lucy (<i>Minister of State, Department for Transport</i>) | Osamor, Kate (<i>Edmonton</i>) (Lab/Co-op) |
| † Gideon, Jo (<i>Stoke-on-Trent Central</i>) (Con) | Qureshi, Yasmin (<i>Bolton South East</i>) (Lab) |
| † Grant, Mrs Helen (<i>Maidstone and The Weald</i>) (Con) | Sheerman, Mr Barry (<i>Huddersfield</i>) (Lab/Co-op) |
| † Grundy, James (<i>Leigh</i>) (Con) | Jack Edwards, <i>Committee Clerk</i> |
| Harper, Mr Mark (<i>Forest of Dean</i>) (Con) | |
| † Kane, Mike (<i>Wythenshawe and Sale East</i>) (Lab) | † attended the Committee |

First Delegated Legislation Committee

Monday 24 October 2022

[Mr Laurence Robertson *in the Chair*]

Draft Airports Slot Allocation (Alleviation of Usage Requirements) (No. 3) Regulations 2022

4.30 pm

The Minister of State, Department for Transport (Lucy Frazer): I beg to move,

That the Committee has considered the draft Airports Slot Allocation (Alleviation of Usage Requirements) (No. 3) Regulations 2022.

It is a pleasure to serve under your chairmanship, Mr Robertson. The draft regulations will be made under powers conferred by the Air Traffic Management and Unmanned Aircraft Act 2021. Following our departure from the EU, that legislation created a more flexible set of powers for Ministers to implement alleviation measures related to the impacts of covid, subject to a vote in both Houses, allowing us to adapt our support to better support the recovery of the aviation sector.

Ordinarily, airlines must operate their airport slots 80% of the time to retain the right to those same slots the following year. It is known as the 80:20 rule, or the “use it or lose it” rule, and it encourages the efficient use of scarce airport capacity. This summer, we saw a promising recovery in passenger demand. It has been welcome that so many of us have again been able to visit family and friends, or to travel abroad for a much deserved break. However, demand remains below pre-covid levels and the recovery has not been without challenges. We know that the sector struggled to ramp up operations and there was widespread disruption at airports in the early summer, so we have designed a package of measures for the winter season that aims to balance the recovery of the sector with the enabling of airlines to plan deliverable schedules.

Let me go through the background. When the pandemic struck, initially the 80:20 rule was fully waived to avoid environmentally damaging and financially costly flights with few or no passengers. We then offered generous alleviation for four seasons, while travel restrictions remained and demand was still uncertain. Last summer, we implemented a 70% usage ratio, reflecting the more positive outlook in demand. We have provided additional alleviation during this season in response to the high levels of disruption at airports arising from the continuing impact of covid.

We have determined that there is a continued reduction in demand that is likely to persist and we consider that further alleviation measures are justified for winter 2022, which runs from 30 October 2022 to 25 March 2023, so on 20 July we published this draft statutory instrument, setting out the package of measures that we propose. The package was fully developed following consultation with industry and the careful consideration of the responses. The draft instrument applies to England, Scotland and Wales. Aerodromes are a devolved matter in Northern Ireland and, as there are currently no

slot-co-ordinated airports in Northern Ireland, the Northern Ireland Executive agreed that it was not necessary for the powers in the Act to extend to or apply in Northern Ireland.

We focused measures in the draft instrument on encouraging the ongoing recovery in flight traffic while protecting connectivity to destinations where restrictions remain in place, and on minimising the risk of disruption at airports while the sector recovers. That includes retaining the 70:30 usage requirement, meaning that airlines are required to use their slots at least 70% of the time to retain the right to operate the same slots the following year.

The regulations include a justified non-use provision, which provides alleviation for airlines flying in restricted markets. For this winter, we have expanded the list of covid-19 restrictions that airlines may use to justify not using their slots if they severely reduce demand for the route, or its viability, to include pre-departure testing requirements. The restrictions covered also include flight bans and quarantine or self-isolation requirements applied at either end of the route. As was the position in summer 2020, that will apply whether or not restrictions could reasonably have been foreseen, to ensure that we are protecting carriers in markets with long-term restrictions in place.

There will be a three-week recovery period during which justified non-use may still apply following the end of restrictions. We will also allow early applications for justified non-use. By that I mean that when an official Government announcement about the duration of covid-19 restrictions gives rise to a reasonable expectation that they will still be in place on the date of the operation of the slots, the carrier will be able to apply for justified non-use at that point, rather than having to reapply every three weeks. That will allow the earlier handing back of slots so that other carriers can effectively use them, as well as remove some of the administrative burdens on airlines.

In the winter of 2021, we allowed “full series handback”, whereby an airline could retain rights to slots for the following year if it returned the series to the slot co-ordinator before the season’s start. For this winter season, we have included a more limited measure that allows carriers to claim alleviation on up to 10% of their slots at any airport if they return them to the slot co-ordinator for reallocation before the season’s start. That should encourage carriers to plan their schedules in advance and give passengers more certainty.

The measures will cover the winter 2022 season; we are currently considering whether further alleviation is likely to be justified for summer 2023. We will consult with the industry and interested MPs to inform our policy later this year.

In conclusion, the draft instrument provides necessary relief for the aviation sector for winter 2022. Through the measures I have outlined, we have aimed to strike a balance between supporting the sector and encouraging recovery and the efficient use of slots. For those reasons, I commend the draft instrument to the Committee.

4.36 pm

Mike Kane (Wythenshawe and Sale East) (Lab): It is an honour to serve under your chairmanship, Mr Robertson, after a historic weekend when Bolton

Wanderers beat Accrington Stanley 3-2. You must be delighted. We also have a new Prime Minister-designate, and Government Members could not look glummer. Everybody should cheer up and wait by their phones: there could be a call coming their way any time soon.

The UK aviation sector was enormously impacted by the covid-19 pandemic. As the Minister said, 99% of all flights were grounded almost overnight. It was unbelievable really. The industry has started to recover but is still not back to where it was. The powers in the statutory instrument will enable carriers to better plan schedules and provide flexibility, while reducing the risk of short-notice cancellations. I hope that throughout the House we agree that the same-day cancellations that we have seen lately in the airline industry should never happen.

I will be brief as we will not oppose the regulations. We understand the significant challenges that the pandemic brought to the sector. Since March 2020 it has been necessary to reduce the 80:20 rule to 70:30. The reasons are multiple. When the skies reopened, there were issues with staffing at airports that were unprepared for the volume of travellers who wanted to fly again for holidays or to visit family, and it was necessary to intervene to protect consumers—although one might argue that had an aviation sectoral deal been provided, the jobs lost would have been retained and we would not have had to intervene again.

In six days, airlines will be in the winter season and will be flying winter timetables. As it stands, levels of air traffic are still not up to pre-pandemic levels, hovering somewhere around 80% of the levels for the corresponding period. We would not want to see airlines flying almost-empty flights in order to retain their slots. We do not want to see aviation fuel burn for no reason as ghost flights take off to protect grandfather rights to a slot.

I note that the consultation was carried out some time ago, from May to June 2022. At that time the country and the sector were in a very different position, but I will not labour the point about the chaos in airports that was front-page news for far too long. I note that there were a variety of responses from airlines and airports. Would it be possible for the Minister to apprise us of the formula used to arrive at the 70:30 requirement and the metrics used to do so? Will there be a retrospective assessment to see whether the change to 70:30 was correct?

Will the Minister assure me that, should we find ourselves meeting to discuss this matter again before the release of the summer 2023 timetables, the Government

will re-consult? I very much hope that it will be unnecessary to do so or for Government to intervene, but we must not rule it out entirely. I hope that a full retrospective assessment and full consultation would be carried out.

Let me make a few points before I finish. This is not my first discussion of this nature since I came into my post, and I am sure it will not be the last. I wish to take the opportunity, as I do every time we discuss aviation, to make the case for airspace modernisation, the lack of which also prevents cleaner, greener, point-to-point flights. When will we see some progress? When will we see a real commitment to something on which the whole industry agrees and which would offer so many benefits? Perhaps the Minister could advise us as to what is causing the delay to the much-needed modernisation of our airspace in the United Kingdom?

4.40 pm

Lucy Frazer: It is always a pleasure to answer the points raised by the hon. Member for Wythenshawe and Sale East. I was pleased that he made the sensible point, with which we agree, that we do not want ghost flights, which are unnecessary both financially and in terms of the economy. The Government's position on short-notice cancellation is that we have proactively offered carriers the flexibility to hand back up to 10% of slots at airports. On the hon. Gentleman's point about the formula, I reassure him that the Government look at the demand forecasts available and make decisions on the basis of those forecasts.

The hon. Gentleman made an important point about modernisation. I reassure him that we are committed to modernisation, for the reasons he set out. We have a manifesto commitment in this policy area and have already provided £9.2 million to support progress and enable sponsors to complete stage 2 of the airspace change programme. Earlier in 2022, the Civil Aviation Authority and my Department, as co-sponsors, approved the second iteration of the Airspace Change Organisation Group's UK airspace change masterplan, which was published in January and sets the direction for the airspace change programme.

I thank the hon. Gentleman for his thoughtful points. For the reasons I have set out, I commend the draft instrument to the Committee.

Question put and agreed to.

4.42 pm

Committee rose.

