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Gatwick Airport Consultative Committee

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1 December 2020

Dear Sir/Madam,

CAP 1973 - Economic regulation of Gatwick Airport Limited: consultation on new commitments

Thank you for providing GATCOM with the opportunity to comment on the CAA's proposed approach to updating the economic regulation of Gatwick Airport Ltd (GAL).

GATCOM, the Gatwick Airport Consultative Committee, is the statutory advisory body for Gatwick Airport and comprises representatives from local authorities, the aviation industry, passengers, business, environmental interests and other users of the airport. We provide a forum for informed discussion leading to the provision of advice to the Government, Gatwick Airport Ltd (GAL), the CAA and other organisations on a wide range of matters concerning the operation and future development of Gatwick.

The CAA's current consultation and deadline for responses does not fall within GATCOM's formal meeting cycle. However initial views of members have been sought on the CAA's proposed approach. This officer response reflects an overview of views and will be reported to the next meeting of the GATCOM Steering Group on 17 December for consideration and endorsement. Should there be any further comments raised by members these will be forwarded to the CAA as soon as possible after the meeting.

The development of GAL's new commitments over the past 18 months has been a key consideration for GATCOM's Passenger Advisory Group (PAG) in helping to ensure the passenger experience and perspective is fully embraced as part of the review, particularly in respect of setting core service standards for passenger facing facilities. The PAG has welcomed the engagement with GAL and its airlines in the review process.

The impact of the COVID-19 pandemic on operations at Gatwick, GAL's business and the aviation industry has been catastrophic and we recognise that traffic outlook for the next regulatory period is likely to be substantially worse than the original assumptions and forecasts made when GAL issued its proposal to the CAA at the beginning of 2020. GAL's commitment to stand by its submitted proposal is welcomed given there is much uncertainty around aviation demand and future operations post COVID. It will therefore be important to keep under review the impact of the new framework as traffic returns as it is essential to ensure that service standards remain fit for the future reflecting the needs of passengers and other users of the airport.

BY EMAIL

economicregulation@caa.co.uk

Overall, the CAA's approach to updating the current economic regulatory framework for Gatwick is supported but there are some specific points that the CAA is asked to take into account in setting the new regime as set out below:

The CAA's approach outlined in the consultation document which encourages early opportunity to adjust future charges if they are significantly out of line with GAL's operating costs, reduced commercial revenues and outcomes for passengers as a result of COVID-related changes, is supported.

As regards the core service standards (CSS), it is acknowledged that the existing standards are currently suspended given the immense impact of the pandemic on Gatwick's traffic. The reasons for the suspension are understood but there is a need to ensure that as traffic starts to recover steps are taken to re-establish performance monitoring at the earliest possible time. GATCOM has already indicated to GAL the need to give PAG the opportunity to work with GAL and the Gatwick AOC on the resumption of the CSS or, if this is not possible, through exploring other new mechanisms to monitor service standards without adding further cost burdens on the airport.

Looking ahead to the next regime, whilst it is disappointing that GAL's proposal did not put forward an increase for the CSS score for terminal seating, the CAA's recognition that this is an unresolved issue and encourages further discussion is welcomed. The PAG's aspiration is a reporting score of 4.0 for this measure which it hopes can be agreed in the future. In the meantime, the CAA's on-going monitoring of any amber range scores is welcomed and is viewed as particularly important given the uncertainty over the future implications of COVID-19 and the need for social distancing measures within the airport's terminals. The CAA's on-going monitoring will also focus GAL's attention to this important passenger facility.

GAL's commitment to invest in new measurement technology for passenger security queues that will capture a greater proportion of passengers than at present is welcomed. It is important that GAL continues to engage with PAG on new proposed targets and core hours. GATCOM therefore asks that the CAA makes reference to the involvement of PAG in this process, noting that currently reference has only been made to consultation with airlines in the CAA's document.

A matter that is of wider interest and importance to GATCOM's membership is the level at which airport charges are set. As highlighted in GATCOM's response to the CAA's consultation in August 2018, there is a need for the CAA to also take into account in determining the fair price benchmark the environmental consequences of holding down the price of airport charges at Gatwick given the concerns of local communities about the impact of traffic growth on the environment, particularly on the noise climate. There is no reference to this important point in the current consultation document. The CAA is therefore requested to take this into account in agreeing and finalising the new regime.

I trust the above comments can be taken into account. I will write to you again should any further comments be raised by members at the GATCOM Steering Group meeting on 17 December.

Yours faithfully,



Paula Street
Deputy Secretary