

Airport Consultative Committee – Gatwick Airport (ACC)

Stuart Holder
Civil Aviation Authority

By Email

28 July 2023

Dear Stuart

Re: Economic regulation of Gatwick Airport Limited: Consultation on proposal to extend the current commitments (CAP2554)

The Gatwick Airline Consultative Committee (ACC) welcomes the opportunity to respond to the CAA's consultation relating to the economic regulation of Gatwick Airport Ltd. (GAL) and the extension of the current commitments from 1st April 2025 to 31st March 2029. The following comments reflect the collective opinion of the ACC member airlines. Should any airline wish to add further comment then they will do this directly to the CAA.

The ACC would like to pick up on some points we made in our letter in November 2020 when GAL last extended the commitment period. The CAA said that monitoring would continue throughout the next period of the licence, and the ACC would like to understand what work the CAA has done and what conclusions the CAA has drawn from this work. When the last extension period was agreed the CAA said that they would undertake a lesson learned review from the consultation between the airlines and GAL. While we understand the reasons why this didn't happen, it would have been a useful tool to have before any consultation started on the next extension period and would have put Airlines in a better position to review the proposal.

The General principle of extending the current commitments.

While the ACC understand that the current licence allows for GAL to request an extension of the commitment period, the ACC feel that the initial consultation period was ill timed. Airlines were given no notice despite the fact that we understand that both GAL and the CAA were aware of this upcoming consultation. Below is an overview of the timelines:

- 06 July 2022 ACC given a consultation document with a six-week consultation period which in itself is insufficient for Airlines to be able to fully digest and analyse the proposal – particularly given that there was no prior notice.
- Summer 2022 was the first Summer that airlines had a full operation since Summer 2019 due to the pandemic which meant that many airlines were focused on the stability of the operation. Airlines requested a more realistic timeframe to review the extension proposal and reached a compromise to respond by October 2022 giving GAL a 20-week period to prepare any proposals to be submitted to the CAA by March 2023.

The length of the proposed extension period

The ACC understands that the period of the extension is timed to run concurrently with the Northern Runway project. We ask that the CAA comments on whether it a four-year extension is appropriate at this point in the DCO process.

The specific conditions of the proposed extension**Proposed price cap**

The ACC can't comment on specific price details due to commercial sensitivities.

Following a period of consultation, the ACC acknowledges the move from RPI to CPI in GAL's proposal. To date GAL has not provided evidence to support the price proposal. For this reason, we ask the CAA to carry out an analysis which allows it to determine whether the proposal provides value and is in the best interests of consumers. If the CAA has analysis to support its consultation, we will ask that this is shared with the airline community, or alternatively share the rationale for not completing this piece of work.

Investment commitment

We continue to work with GAL on the rolling Capital Investment Plan. The Consumer Research is ongoing for this period and therefore we cannot comment on whether the proposed Capital Plan meets current consumer requirements.

Other factors for the CAA to consider.

The ACC reiterates the point made in our letter of 2020. We believe that the CAA needs to take a more active approach to governance and monitoring and include within its final determination a clear plan of the reviews that will be conducted and what interventions it will make, if required. We propose that the CAA now undertake the reviews that were due to happen over the last 3 years with clear timelines/milestones. Our proposal in 2020 was that the CAA undertook a formal mid-term review and that is supported by annual reviews, which should include, Service Quality, progress against new measures and how the exemption process is working. Capital consultation, investment levels and progress on airfield and passenger investment. Pricing & Traffic, net and gross pricing paths and discounting levels – we believe these still stand.

ACC Conclusion

The ACC has liaised with GAL on the extension proposal and are in broad agreement that:

- Service Levels – as highlighted by the recent levels of ATC service at GAL have been below what is expected. We acknowledge that the last 24 months have been difficult withing the industry as a whole. The impact of the ATC service example the well documented ATC failings at GAL in Summer 2022 and 2023 which have caused significant and costly disruption to passengers and airlines.
- In 2020 the CAA committed to carry out a focused and detailed assessment of GAL’s extension proposal, including a detailed review of the commitments framework more widely to assess whether the framework is providing the best outcomes for consumers, we would welcome this. The assessment should include Core Service Standards to ensure they remain fit for purpose.

With the information received from GAL during the consultation process and in the absence of a full review, it has been difficult for the ACC to definitively assess whether the extension is fair, reasonable and in the best interest of consumers. The ACC look to the CAA to conduct a review of GAL’s proposal – ensuring that this review references the interests of passengers – before deciding on the extension of the current framework.

Yours Sincerely



Ross Kennedy
ACC Chairman