

Meeting: Cabinet **Date:** Thursday,
1st July 2021
Title: Government consultation on aviation tax reform
Report Author: Jeremy Pine, Senior Planning Policy Officer
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Portfolio Holder: Councillor John Evans, Portfolio Holder for Planning and the Local Plan

Summary

1. The Government committed to consult on aviation tax reform in the 2020 Budget and, in particular, the case for amending the Air Passenger Duty (APD) treatment of domestic flights and for increasing the number of international distance bands.
2. This consultation sets out the Government's current approach to levying APD. It then seeks views on the Government's initial policy position that in order to support Union and domestic connectivity, the effective rate of APD on domestic flights should be reduced and the potential options through which this could be achieved. It also seeks views on a potential increase to the number of distance bands, in order to align the tax on international flights more closely with UK environmental objectives.
3. The consultation also sets out the Government's initial position on a potential Frequent Flyer Levy (FFL).

Recommendation

4. That Cabinet ratifies the final response of the Stansted Airport Advisory Panel (STAAP) which met to consider this consultation on 19th May.

Financial Implications

5. None.

Background Papers

6. None.

Impact

- 7.

Communication/Consultation	The consultation runs from 23 rd March to 15 th June 2021.
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Community Safety	To be carried out by the Government.
Equalities	To be carried out by the Government.
Health and Safety	To be carried out by the Government.
Human Rights/Legal Implications	To be carried out by the Government.
Sustainability	To be carried out by the Government.
Ward-specific impacts	Districtwide – passengers and those affected by airport activity.
Workforce/Workplace	Officer and member time in considering the Council’s response.

Situation

8. The STAAP report and appendix are attached to this covering report.
9. STAAP agreed the officers’ response to the consultation but wanted a Frequent Flyer Levy (FFL) to be imposed in addition to APD. This changes the response to Question 25. STAAP did not consider that imposition of an FFL should be administratively difficult. Whilst the first flight undertaken each year should be exempt, staircased rates should apply for each subsequent one.

10. Question 25 as amended by STAAP should now read:

APD should remain, but a Frequent Flyer Levy should be imposed in addition. Whilst FFL might be administratively difficult, the problems should not be insurmountable at a time when Carbon Budget 6 is brought into law and the nation faces the reality of making deep cuts in carbon emissions. It is entirely right that those who fly the most (frequently the better off) should pay more under the “polluter pays” principle. In any case, new ways of working may emerge and stay as a result of the pandemic (including teleconferencing), reducing the need for business travel by air.

11. To meet the consultation deadline of 15th June, officers have sent an interim response to the Treasury pending ratification by Cabinet.

Risk Analysis

12.

Risk	Likelihood	Impact	Mitigating actions
The Government is not able to take the Council's views into account as part of the consultation process.	1 The consultation process is designed to allow all views to be considered.	2 Aviation taxation is a national issue, but aviation is one of the most difficult industries to decarbonise, so treatment of taxation is an important factor to consider.	Respond to the consultation.

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.