**Air Travel Trust Fund**

**Background and financial position**

1. The Air Travel Trust Fund (“ATTF”) is the primary source of funding when an ATOL holder fails. Monies from the ATTF are used to meet refund and repatriation costs arising from a failure of an ATOL holder. The Fund is administered on behalf of the Air Travel Trust (“ATT”) by the Civil Aviation Authority.
2. The Fund was established in the 1970’s by way of a levy on tour operators’ holidays. The levy ceased in 1978, after which the Fund’s only income came from investments while it remained in surplus. In 1996 and following a number of large failures the Fund went into deficit, during which time the ATTF met its commitments to consumers through bonding and a commercial borrowing facility. The ATTF is now principally funded by ATOL Protection Contributions (APC), which is a £2.50 levy per protected passenger. The APC was introduced in 2008 to gradually eliminate the deficit and build up a central fund.
3. The Air Travel Trust (ATT) has published its Financial Statements for the year ended 31 March 2016, reporting a surplus of £139 million. The below chart shows the change in APC income and the balance of the ATT Fund in millions of pounds from 2009 to 2016:

