Dear Secretary of State,

RE: Use of an indemnity by the Department for Transport to facilitate a service and funding agreement between the civil aviation authority and the official receiver

Thank you for your letter of 25 September 2019, notifying me of the indemnities granted to the Civil Aviation Authority (CAA) and the Official Receiver (OR) in their capacity as liquidator of Thomas Cook, and the contingent liabilities arising.

I appreciate the admission that the Chair of the Transport Select Committee and I were not given the opportunity to scrutinise the proposal in advance of the indemnity going live, and that the proposal was not laid before the House either in a Written Ministerial Statement or departmental Minute prior to its approval.

Based on the information in your letter, I have no issues to raise on the indemnities granted to the Official Receiver in their role as liquidator to Thomas Cook, or to the Civil Aviation Authority, or the contingent liabilities you are taking on. I also note that you have now laid a Written Ministerial Statement.

Should the expected value or duration of the indemnity change dramatically, the Chair of the Transport Select Committee and I expect to be notified. I am copying this letter to the chair of the Transport Select Committee, Lilian Greenwood MP and to the Comptroller and Auditor General of the National Audit Office.

In this case I also suggest, given the nature of the issue, that the Department should be as transparent as possible and publish the final cost to the taxpayer of the repatriation as soon as possible.

As you will already know from the committee’s questions to Bernadette Kelly and Gareth Davies on 2 October, we are keen to see that the Department and CAA maximise all insurance cover available to reduce the cost to the taxpayer. We would be grateful if you could let us know how much the Government has managed to recoup from the insurance companies, and we hope this will make up a part of your response to the airline insolvency review from March 2019.

MEG HILLIER MP
CHAIR OF THE COMMITTEE OF PUBLIC ACCOUNTS