

Consumer Panel Annual Report 2013-14



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Foreword

Since being set up in October 2012, the CAA Consumer Panel has become a trusted independent source of advice and guidance to the CAA, and a 'critical friend' that challenges, influences, and provides thoughtful consumer insight and robust scrutiny.

During this short space of time, the Panel has helped the CAA to understand, and take account of, the interests of consumers in its policy development and decisions. This helps the CAA address a risk common to all regulators: that decisions will not be seen as legitimate unless they are taken on the basis of effective input from all stakeholders, and not just regulated businesses, who invest significant resources in working with and influencing the regulatory regime.

Our aim is to ensure that the Panel is embedded in the CAA's governance. It may seem trite, but the breadth of roles and the depth of technical expertise that the CAA has means it is easy to overlook the fact that everything the CAA touches has an impact on consumers and therefore affects their interests. It is taking time to change the way the CAA thinks and acts. There are obvious areas where the CAA understands that the consumer is the beneficiary of its work, such as complaints-handling, enforcement of EU Regulations 261 (denied boarding and cancelled and delayed flights) and 1107 (access to air travel for passengers with reduced mobility) and the ATOL scheme. Then there are less obvious ones, such as safety and airspace policy. The challenge for the Panel has been to ensure that in all areas of its work, the CAA fulfils its general duty to protect and promote the interests of consumers.

Our role as a visible irritant within the CAA has been welcomed at all levels and we have been instrumental in ensuring that the CAA begins to develop a robust evidence base for its decisions. An early concern we identified was the lack of good research to understand what the consumer experience of air travel is like and how it is changing over time. Encouraging the CAA to better understand the consumer

experience of aviation is an essential part of our work. New research that will track changes over time, and also help to understand some specific consumer issues and concerns are in the pipeline. We are not there yet, but work will begin in the coming year.

We worked with the CAA in advance of the publication of its first Consumer Programme and we have welcomed this as a robust document that sets out a clear strategic direction towards putting the consumer interest at the heart of everything the CAA does. We are now looking to ensure that the words are put into action and that the action is effective and properly monitored. And the CAA must seize the opportunity presented by its upcoming 2016-21 Strategic Plan to clearly recognise the consumer interest in every area of its activities and produce a strategy that addresses the key risks and exploits the best opportunities faced by consumers.

I am particularly proud of the outcome of our work on the economic regulation of Heathrow and Gatwick (known as 'Q6'). We remain positive about the opportunities presented by the European Directive on Alternative Dispute Resolution (ADR) for fundamental reform of the inadequate complaints and redress arrangements that aviation consumers must deal with today. This is an area where the Panel is passionate about forging real change for the benefit of consumers and we want to see a significant improvement in the way customers are treated when things go wrong, and that consumers will be more confident and empowered when dealing with problems as a result.

The CAA's own 'Better Regulation Health Check' has been a very welcome initiative – after all, it is consumers who ultimately pay the cost of regulation and it is therefore in their interests that it is delivered as effectively and efficiently as possible.

It has also been a positive experience for us to have worked with Government, alongside my colleagues who chair consumer panels

in other sectors, to understand how the Consumer Rights Bill can deliver better services and information for consumers across key sectors, and also to share thinking and avoid reinventing the wheel on common themes, such as consumer vulnerability.

I would like to thank my Panel colleagues for their expertise and a great amount of hard work over the last year and would also like to recognise the benefit we have had in the support and expertise of the Panel's secretary James Tallack, whose insight and enthusiasm has made the work of the Panel so much easier and our impacts more targeted.



Keith Richards
Chair, Consumer Panel

What we do

The main focus of our work is the CAA's strategic objective to 'improve choice and value for aviation consumers now and in the future by promoting competitive markets, contributing to consumers' ability to make informed decisions and protecting them where appropriate'. In scrutinising and challenging the CAA's activities in these areas, we also consider whether the action the CAA takes to improve choice and value for consumers satisfies the principles of better regulation. More information on the origins of the Panel and how we work can be found in our [first annual report](#), which we published in 2013.

The last 12 months

We met five times as a Panel during the 12 months from April 2013. The minutes of Panel meetings are published on the CAA website, usually within a month of the meeting taking place. Our members were also involved in separate meetings and workshops to explore certain issues in more detail with the CAA and other organisations, including consumer panels in a variety of different sectors, the Airport Operators Association (AOA), Heathrow Airport, Consumer Futures (as was) and Which?.

Understanding the consumer interest

A key goal for the Panel is to ensure that all the CAA's policies, decisions and actions are driven by the best possible understanding of the consumer perspective. This means it must gather solid evidence of both economic and non-economic issues from a wide range of sources, using a range of research techniques, and following best practice. And we want the CAA to be in no doubt that when it carries out research it does so to serve the interests of consumers.

To that end we recognise that the CAA does a great deal of research. But not much of it is about understanding the consumer interest. In our first annual report, we stressed the need for the CAA to improve its understanding of consumer experiences, needs and preferences.

However, the CAA's approach remains somewhat ad hoc, and research tends to be focused on very particular consumer issues, usually where the CAA has a specific statutory responsibility. We welcome what we have seen in terms of the research carried out on awareness of passenger rights and the experiences of passengers with reduced mobility. Statutory duties clearly mustn't be ignored, but the CAA must also take a broader view of the consumer interest in order that it can identify new and emerging risks to consumers. For example, are market or regulatory failures affecting the decision of many consumers not to travel by air, or to travel only infrequently?

How are consumers' real-life experiences of services changing over time? Does the way that certain aviation services are provided make some consumers particularly vulnerable to harm? Are resilience measures adequate to protect the consumer interest in time of service disruption? These are just a few of the questions we want the CAA to be able to answer with more certainty.

So, over the course of the year, we have pushed the CAA to deepen and broaden its evidence base. And we are encouraged that the CAA's first Consumer Programme (published in May 2014) has committed the CAA to a more systematic and comprehensive approach to obtaining consumer insight in future, based around a set of five high level consumer outcomes. We will work with the CAA in the development of its research programme to ensure that it delivers on this pledge.

Economic regulation of airports

Given the often complex technical challenges involved, economic regulation is an area where consumer panels can add particular value to regulators. Compared to consumer organisations, which tend to spread their limited resources across a number of different sectors, panels offer a more focused, stable and dependable source of consumer input, meaning that they can develop expertise on specific regulatory issues over time. A further advantage is that confidentiality agreements between regulators and panels, which are often not in place with external organisations, allow the sharing of often highly sensitive information.

We published our previous annual report midway through the CAA's sixth five-year review of airport price regulation (known as 'Q6'). Following publication, we continued to engage with Q6 and made a submission to the CAA on Heathrow, which was published in the CAA's final proposals document (October 2013). You can see our comments and, where relevant, how they were reflected in the CAA's final decision in the appendix.