

CAA Consumer Panel Annual Report 2016 – 2017



Contents

Foreword	3
Chapter 1	7
What we do	7
Chapter 2	8
Key Issues	8
Economic regulation of Heathrow Airport and additional runway capacity	8
Providing consumers with complaint resolution	9
Developing a strong evidence base	10
Working to embed resilience within the aviation system	11
Provision of financial protection to air travellers	11
Consumer information	12
Review of the Consumer Panel	12
Chapter 3	14
Priorities for 2017-2018	14
Consumer information	14
Meeting the needs of vulnerable consumers	14
Regulation of airport charges and new runway capacity at Heathrow	15
Alignment of CAA corporate culture with its primary consumer duties	16
Chapter 4	17
Transparency	17
Expenditure	17
Panel meetings	17
Terms of Reference	17
Working with stakeholders	17
Chapter 5	18
Who we are	18
Chair	18
Members	18

Foreword

As a Consumer Panel the first phase of our life began with our inaugural meeting in October 2012. We spent the next four years getting under the skin of the CAA, earning the trust of key staff and stakeholders, influencing the CAA's strategic plan and its policies in key consumer areas, and working with the organisation to develop tools designed to deliver regulation that meets its primary statutory duty to consumers.

We are particularly proud to have played a major role in persuading the CAA to introduce its first regular large-scale tracker survey. This is now established as a significant strategic tool for developing a deep understanding of the consumer interest. It delivers a wide range of intelligence including consumer attitudes towards aviation, satisfaction with flying experience, the level of understanding of consumer rights, as well as perceptions around how the industry deals with safety, security and the environment, and how well the industry performs on choice, value and fair treatment. It represents part of what is now a systematic approach to understanding the drivers of consumer behaviour and consumer priorities for choosing future services. It is also the tool to monitor the success of the CAA's Strategic Plan and will enable the CAA to keep abreast of new and emerging consumer risks. Crucially, it supports the CAA, through all of its work, in delivering better outcomes for consumers.

Real progress has been made over that four year period towards ensuring that consumers are at the heart of everything the CAA does. We are proud of our role in that. The organisation has accepted the Panel as a valued and trusted critical friend and respects our independence and at times hard-hitting challenges. The terms of the consumer debate within the CAA have substantially shifted over that first phase of the Panel's life.

In the 12 month period covered by this Annual Report our engagement with the CAA has continued to deepen and widen, and we have now begun our own-initiative work focusing on four key areas. These cover consumer information, vulnerability, the CAA's competition enforcement responsibilities, and how the CAA aligns its corporate culture with its primary duty to consumers. Some detail of our ongoing work in these areas is explained later in this report.

During the year we welcomed the publication of the Government's Aviation Strategy. Its focus on putting consumers at the heart of aviation policymaking is encouraging. We will work with the CAA to provide robust, evidence-based input to the 'Call for Evidence'. Our aim is to improve the likelihood that the aspirations in the strategy are delivered in reality for consumers. The responsibility for delivering some key areas of the strategy are likely to rest with the CAA.

On the issue of Alternative Dispute Resolution (ADR) for consumer disputes, we remain disappointed that there is no compulsory, free of charge scheme available to all aviation consumers. We recognise that while the decision whether to make ADR mandatory is not within the CAA's powers, we urge it to work with the Department for Transport to take a longer-term view to develop a mandatory mechanism that benefits all aviation consumers.

The CAA has continued to give much-needed publicity to the challenges faced by disabled people when flying. During the year it published its first report on the quality of airport services for disabled passengers, highlighting many problems (as well as some progress), and naming and shaming some industry players – a move we very much encourage and support. This report will be updated annually and will promote much-needed improvement across the sector.

The Panel was instrumental in persuading the CAA, as part of the upcoming price control review of Heathrow Airport, to make it a requirement that the airport set up an independent Consumer Challenge Board. This mirrors the scrutiny process that exists in the regulated water and energy sectors.

Crucially it also signals a move by the CAA away from over-reliance on the views of the industry, particularly airlines, as representing the voice of the consumer in the economic regulation process. We recognise that this is a sensitive issue and that the CAA must maintain the important working relationship with the airlines. But our view has always been that too much reliance on what the industry says is inconsistent with good practice in economic regulation generally and of current moves across regulators in a range of sectors to increase and enhance consumer engagement. The Heathrow Consumer Challenge Board is now up and running, working with the airport to ensure that the business plan the airport will submit to the CAA for regulatory approval is based on a robust and practical understanding of consumers' interests.

For aviation consumers safety is of paramount importance, but not something that they should have to actively worry about. There is no question that air travel is extremely safe, thanks to the work the CAA does, largely unseen by the general public. The Consumer Panel's engagement with the CAA on its specific role in safety has always been very positive and productive. The Consumer Panel has not reviewed the resourcing of CAA's safety functions though naturally it would want the CAA always to have the right quality and quantity of resource. But occasionally events happen that increase the profile of issues of safety and public protection issues in all sectors. The tragedy of the Grenfell Tower fire is one example. Safety regulators across the country and beyond should review regularly their processes.

The Panel is also looking at the CAA's role in providing consumer information, and whether consumers' needs for safety information are being met, an issue that CAA commissioned research has indicated some consumers would welcome more information about.

Our wider focus is on the CAA's corporate culture, looking at how it maintains its independence as a regulator and ensures that it continues to deliver on its primary statutory duty to consumers. The need for the CAA to secure and maintain regulatory independence applies as much to the CAA's relationship with Government (within the framework of the relationship set out in legislation) as it does to its relationship with the industry.

The CAA should maintain a clear understanding of how it might be swayed by factors such as undue political influence on operational regulatory decisions, and economic and industry pressure, and how it ensures that its decisions are taken in the interests of those stakeholders it exists to protect. The CAA must build and improve continually its approach of listening to and understanding the often less focused and more disparate voices of consumers so it can carry out its many roles and deliver outcomes that are in the consumer interest.

We could not publish an Annual Report without mention of the decision made by the British public to withdraw our membership of the European Union. Brexit throws up huge challenges for the CAA and presents the risk that consumers may lose important rights that are currently delivered through European regulations and directives. There is a clear need to reach early agreement on access to the European market that will promote the interests of consumers when using aviation services. These interests are widely spread. They include the benefits of maintaining the competitiveness of the UK market and the ability of the UK industry to remain a key player in delivering choice and value, as well as securing the UK's commitment to passenger rights to ensure fair treatment for consumers.

The political debate around globalisation, markets, competition and regulation has become increasingly vocal and fractured in over the last year. It is vital that the real interests of consumers are kept in the forefront of minds throughout these debates. We should not forget the enormous benefits that liberalisation and global agreements have delivered to consumers through the freedom to fly to a huge range of destinations which in past years would have been considered out of reach, at increasingly reasonable prices. But such freedom is only valued if it is associated with appropriate levels of security and regulation. Just as liberalisation has enabled airlines such as Ryanair and Monarch to provide innovative and highly valued services to consumers, so has firm and effective regulation ensured that when one of these airlines lets down its customers through poor decision-making or adverse economic conditions, regulation has played an equally important part in ensuring that customers are properly compensated, informed and where necessary repatriated. We congratulate the CAA on the enormous efforts they have made over recent weeks to achieve this in highly challenging circumstances.

Finally, during the year we said goodbye to our long-standing secretary, James Tallack who provided us with the policy support and intelligence necessary for the Panel to operate effectively and efficiently. I am very grateful to James and to all my colleagues on the Panel for their commitment and input. Together they have created a panel that is a strong and focused voice for the consumer interest, and a valued critical friend to the CAA. We welcome Harriet Gamper as our new secretary.

Keith Richards, Chair, CAA Consumer Panel

