

ENHANCING PASSENGER REPRESENTATION AT AIRPORTS

What this paper is about

Jackie Knight, Manager Consumer Policy, CAA is to give a presentation on the new Regulatory Policy Group of the CAA, the setting up of the Aviation Consumer Advocate Panel (ACAP) and the development of guidelines for best practice to enhance passenger representation at airports. This paper provides background information on the Government's aims to place the passenger at the heart of future aviation policy and the regulatory regime and the work underway to enhance passenger representation at airports. It also gives details of the CAA's current consultation on the role and composition of the proposed new ACAP.

Points for Discussion

- Issues arising from the CAA's presentation on enhancing passenger representation at airports, particularly in relation to the way in which ACCs can work with the new national consumer body, ACAP.
- The CAA's consultation on the role and composition of the new national consumer body, ACAP.
- The development of guidelines for best practice to enhance passenger representation at airports.

Points for Possible Action

To consider whether UKACCs should submit a collective response to the CAA's consultation on the role and composition of ACAP.

Introduction

1. On 10th December 2009¹, the previous Government announced its decision on the future economic regulation of airports. Having considered the responses to the public consultation earlier in 2009, the former Government said it intended to introduce as soon as parliamentary time allowed a package of reforms that would:
 - Modernise the statutory duties of the *Civil Aviation Authority (CAA)*. The CAA's existing duties would be replaced with a single primary duty to promote the interests of end consumers of passenger and freight services at airports. In order to provide clarity about the additional factors the CAA would need to take into account in making decisions, the former Government also proposed to introduce new subordinate duties.
 - Introduce a new licensing regime that is flexible and targeted. The new regime would give the regulator sanctions and enforcement powers to incentivise licensee compliance.
 - Introduce a new framework of merit based appeals to ensure the regulating body is accountable for the decisions it makes.
 - Enhance passenger representation within the aviation sector. To ensure that passengers have an independent and influential advocate with an end-to-end journey perspective, the former Government said it would introduce legislation to make Passenger Focus (PF) the passenger representative body for aviation. PF would build on the firm foundations established by the Air Transport Users Council (AUC).
 - Promote the financial resilience of major airports.
2. Last year's Annual Meeting at London City was held a month after the new Coalition Government was formed. It was unclear at that time whether the former Government's decision would be taken forward. The DfT, CAA, AUC and PF gave presentations on the former Government's decision and new Coalition Government's thinking on ways in which the passenger could be placed at the heart of future aviation policy and the regulatory framework and they sought ideas on how to enhance passenger representation at airports. The main points that emerged from the presentations were:
 - Both the previous and current Governments had stressed the need to improve the 'passenger experience' at airports.
 - The CAA had carried out a great deal of research with the four busiest airports – Heathrow, Gatwick, Stansted and Manchester - on what made 'effective' passenger representation². Further work would be undertaken on developing Guidelines for Best Practice, leading to a full consultation on the draft Guidelines in due course.
 - Passenger representation at airports should add value to the operation of airports and the passenger experience. Delegates will recall that Simon Evans, Chief Executive, AUC gave a thought provoking presentation on what airport consultative committees/airports needed to reflect on in considering ways in which to enhance passenger representation³.
 - There was potential for the AUC and PF to work together and, possibly, merge.
3. In response to the presentations the key points made by delegates was that ACCs were a source of much information and expertise and should not be overlooked in this process. The service provided by ACCs was at no cost to the taxpayer. The enhanced role for PF and a merger with the AUC was not supported by UKACCS.

¹ <http://www.dft.gov.uk/pgr/aviation/airports/reviewregulationairports/decisiondocument/>

² http://www.caa.co.uk/docs/33/Passenger_experience.pdf

³ <http://www.ukaccs.info/10almfiles/10aucpresent.pdf>

Progress since the last meeting

4. On 21 July 2010, in a written statement by Rt. Hon. Philip Hammond MP, Secretary of State for Transport, the Government's direction on the proposals to reform the framework for the economic regulation were announced⁴. In that statement he stated "After careful consideration, I have decided not to give a new remit to Passenger Focus to represent air passengers as had previously been proposed. Whilst it is important to have strong passenger representation, this is not the time to be make additional structural changes which would add to the regulatory burden on industry. I will therefore be exploring options for strengthening existing passenger representation arrangements."
5. Delegates will recall that following last year's Annual Meeting, the issue of enhancing passenger representation at airports was raised in a letter to the Minister for Aviation, Rt. Hon. Theresa Villiers MP. In her response dated October 2010, she advised that the Government believed that ACCs, particularly those with passenger service committees, can play an important role in helping to take forward the work on enhancing passenger representation. She also advised that the Government was considering how to make better use of existing arrangements and the future role of ACCs in liaison with the national consumer representation body.

Restructure of the CAA

6. Responding to the Government's proposals for legislation to place passenger interests at the heart of economic regulation and other proposals relating to the CAA's role to be contained in the Airports Economic Regulation Bill, the CAA carried out an internal reorganisation to give a more coherent approach to its regulatory policies and the new focus on consumer issues. A new unit, the Regulatory Policy Group (RPG), has been established. The RPG's remit is to provide policy advice across the CAA, aiming to help the organisation to put the consumer at the heart of its work.
7. The RPG has four core functions:
 - Economic regulation of the three designated airports (Heathrow, Gatwick and Stansted) and NATS
 - Enforcement of consumer legislation - for example, to protect consumers in instances of flight cancellation and denied boarding, and protect people of reduced mobility when they fly.
 - Providing expert policy and economic advise and analysis across CAA, to government and others on airports, airlines and air traffic services
 - Collecting and analysing aviation statistics and survey responses
8. This new unit replaces the old Economic Regulation Group and contains a new sub-group focused on consumer and market issues.
9. As mentioned in the UK Aviation Update paper considered elsewhere on the Agenda for this meeting, the AUC ceased to exist from 9 March 2011 and its complaints handling function has been incorporated into the CAA's new RPG. As part of the CAA's restructure and the integration of the former AUC's work, national air consumer representation will be undertaken by a new body, ACAP which the CAA is in the process of setting up. The CAA believes that the integration of the AUC into RPG will reinforce the CAA's understanding of consumer issues and their impact on its policies.
10. Jackie Knight from the CAA will give more detail about the RPG and the integration of the former AUC's work in her presentation.

⁴ <http://www.dft.gov.uk/press/speechesstatements/statements/hammond20100721>

Aviation Consumer Advocate Panel

11. On 5 April 2011 the CAA issued for consultation details about the proposed role and composition of ACAP. A copy of the consultation paper has been reproduced in the Annex to this paper for delegates' consideration. The deadline for responding to the consultation is 30 June 2011.
12. The purpose of the ACAP is to provide a forum for consumer advocacy in the aviation market. The CAA sees the Panel acting as a "critical friend" to the CAA, providing independent advice on the consumer issues that need to be considered. The CAA does not envisage ACAP having a public-facing role in campaigning on consumer issues.
13. It should be noted that the Consumer Council for Northern Ireland presently provides consumer advocacy and a complaint handling service in Northern Ireland. The CAA has no plans to change this role.
14. The CAA is hosting stakeholder workshop on Tuesday 14 June at the CAA offices in London to discuss views on the changes to passenger representation and complaint handling. The workshop will provide an opportunity for the CAA to explain the outline proposals and for stakeholders to discuss the issues and ask any questions that they might have. Aberdeen, Heathrow, Gatwick and Stansted ACCs have received individual invitations to participate in the workshop all of which have been accepted. UKACCs has also received an invitation and will be represented by UKACCs Secretariat (Paula Street) and Barrie Whyman, Chairman East Midlands ACC.
15. In the meantime, delegates are asked to consider the proposals contained in the consultation paper and to share their initial views at the meeting so that these can be raised at the CAA's workshop on 14 June. Delegates are also asked to consider whether UKACCs should submit a collective response to the consultation.

Best Practice Guidelines

16. As presented by Catherine Abbott, CAA at last year's Annual Meeting, the CAA is developing some guidelines for best practice for enhancing passenger representation at airports which could be incorporated into the DfT's guidelines for ACCs. In September 2011 a small representative group of UKACCs Chairmen and Secretaries met the DfT and the CAA to discuss ways in which the current DfT guidelines could be revised and updated to reflect the Government's new approach to placing the consumer at the heart of future aviation policy. Jackie Knight will provide an update on this work in her presentation. In relation to the DfT guidelines for ACCs, there is an item elsewhere on the Agenda for this meeting for Frank Evans, DfT to give an update on the progress made in the DfT's review and the issues that require further discussion and consideration by ACCs.

Paula Street
May 2011

CAA Consultation on Passenger Representation and Complaint Handling

As part of its Strategic Plan, the CAA has set out how it plans to develop a new approach to consider consumer issues. The plan also set out the objective that will define the CAA's consumer work:

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.

An important part of our work is to identify consumer issues to inform our enforcement work and also to consider any areas where we need further information on consumer views. Replacing the Air Transport Users Council (AUC) with the proposed consumer panel will support this. We recognise that there is an increasing need to integrate consumer views into our decision making and this is particularly important in our economic regulation of Heathrow, Gatwick and Stansted airports. We also need to ensure that we focus our enforcement work on issues that are important to consumers.

The proposed changes to the AUC will provide a clear separation between advocacy and complaint handling. It will also allow the CAA to more effectively integrate complaint handling and consumer enforcement through bringing both teams into the Regulatory Policy Group. There is also scope for improving efficiency through sharing resources and providing access to policy colleagues across the CAA.

The Consumer Council for Northern Ireland provides consumer advocacy and a complaint handling service in Northern Ireland. We have no plans to change this role.

We welcome your views on our proposals set out below on the role and composition of the consumer advocacy body. We are also seeking your views on the Key Performance Indicators that we should adopt for handling complaints about consumer issues in the aviation sector.

The consultation will close on 30 June 2011. During the consultation period we will be holding a stakeholder seminar to discuss views, we will announce this on our website. We also welcome written comments, please send these to regulatorypolicy@caa.co.uk.

If you have any initial comments or questions please contact Barbara Perata-Smith on 020 7453 6202.

Aviation Consumer Advocate Panel

Role

The purpose of the Aviation Consumer Advocate Panel (ACAP) is to provide a forum for consumer advocacy in the aviation market. We see the Panel acting as a "critical friend" to the CAA, providing independent advice on the consumer issues that we should be considering. We do not envisage ACAP as having a public-facing role in campaigning on consumer issues.

In our view ACAP should be considering issues that impact on consumers who are the enduser of aviation services. Its work would therefore be focused primarily on passengers and would cover their interaction with the market in the UK, from booking a ticket, the airport experience, on-board the aircraft and making a complaint. We do not see ACAP as having a role in providing advocacy for businesses operating in the market.

We think that ACAP should interact with a range of other consumer organisations such as Which?, Consumer Focus, the passenger groups of Airport Consultative Committees and disability groups.

- *Do you agree with the proposed role?*
- *What are your views on the proposed scope of ACAP's work?*
- *Are there any specific areas of the CAA's work that you would expect the Panel to be involved with?*
- *Do you agree that ACAP should interact with other consumer organisation? Are there any other organisations that you think should be included?*

Membership

The CAA will require independent high-quality advice on a wide range of consumer issues. It will therefore need to ensure that Panel members have the necessary expertise to provide advice. We are expecting to recruit up to 10 Panel members.

We are proposing to recruit a mix of representatives including individual passengers, consumer policy professionals and representatives of special interests (e.g. regional areas, disabled people and the business community). One of the members could be a representative from the Consumer Council of Northern Ireland to ensure they can effectively feed in views. Economic expertise may also be helpful, to ensure the Panel can effectively contribute to the price control reviews at the south east airports.

- *Do you agree? Are there any other types of expertise that we should be looking for?*

Recruitment

The CAA will be recruiting for Panel members over the next six months. We are proposing an open process with an advertisement seeking applications and a selection process that will involve members of the CAA Board and other stakeholders.

- *Do you agree? Are there any specific interest groups that should participate in the selection process?*

Payment of Members

The AUC members were non-salaried, but the CAA funded their expenses and a dedicated secretariat support function. There were approximately 15 Council members who received travel expenses for attending Council meetings as well as some attendance at Airport Consultative Committee meetings. Colleagues in the CAA's Regulatory Policy Group will continue to provide secretariat support for ACAP.

We propose that at least the APAC Chair should receive payment to ensure that the right person can be attracted to the role. Other APAC members may come from the voluntary sector or consumer organisations and could therefore be expected to receive expenses or to fund attendance.

- *Do you agree that at least the APAC chair should receive payment? What is your view on funding for other APAC members?*

CAA Complaint Handling

The CAA currently funds the AUC's complaint handling role and moving this role into the Regulatory Policy Group has not changed the funding level. We do however expect that through streamlining the complaints and enforcement process this will provide efficiencies.

We also think that the change will ensure there is a single point of contact for all aviation consumers. In particular complaints about access to air travel for disabled and reduced mobility

passengers are currently handled by the Equality and Human Rights Commission (EHRC). The Home Office/Government Equalities Office is currently consulting on proposals about the role of the EHRC and have suggested that this complaint handling role should be transferred to the CAA. You can respond to the consultation at

http://www.equalities.gov.uk/what_we_do/ehrc_reform.aspx

- *We would welcome your views on how we can ensure we integrate the CAA's complaint handling with existing airport or airline processes.*
- *Do you think that the CAA should handle all types of consumer complaints about aviation?*

Key Performance Indicators

- *We welcome your comments on the suggested KPI's below, together with news on the relevant metrics:*
 - Number of files / cases handled per complaints handler per day
 - Letter acknowledged within xx days
 - First substantive reply within xx days
 - Closure time – xx days between date first contact from passengers and file closed (dependent on industry standards and definition of closed)
- *Are there any additional KPI's that you think we should consider?*