

CAA RESPONSE TO THE HAMPTON IMPLEMENTATION REVIEW

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Issue to be addressed	CAA Response
The CAA should make greater efforts to improve transparency	
<p>Whilst CAA's technical expertise in safety regulation is well-respected both by the industry and by peer regulators internationally, there can be opacity for stakeholders in many areas of its work - particularly regarding its decision making processes and the risk basis of its safety audits.</p> <p>The review team believe that the CAA should develop greater transparency about its processes and procedures in these areas.</p> <p>The review team welcome the development of the CAA's Oversight Resource Allocation System (CORAS), which provides an early opportunity for the Authority to share its developing thinking on risk and resource allocation with industry. Greater transparency here will help industry to better understand the rationale for CAA judgments. There are a number of other areas – for example Board meetings – where the Authority should increase its transparency to stakeholders. We would encourage the CAA to share expertise with other relevant national regulators.</p>	<p>CAA is planning a major piece of work aimed at developing greater transparency across all our functions. During the summer we will define the project scope, deliverables and timescales with project commencement set for early autumn.</p> <p>In addition, as part of our wider CAA Business Review, we have commenced a workstream to refresh our safety regulation strategy which includes work on transparency. The Hampton Implementation Review has been identified as a key input in this workstream and will feature strongly. For example, a particular finding in the Report proposed that consideration should be given to making information on enforcement more publicly available, and we are therefore planning a review of our enforcement policy.</p>
The CAA should expedite the development of e-business	
<p>CAA has plans in place to deliver e-business across all areas of its activity by 2012.</p> <p>The review team believe that speedier implementation of e-business should be a priority for the CAA, given the wider regulatory efficiency benefits that would accrue from such a system – allowing it to improve its performance as a more streamlined and intelligence-led organisation.</p> <p>We therefore recommend that plans be expedited, perhaps by reviewing the allocation of resource to this project.</p>	<p>Our e-Business Programme to modernise interfaces with our stakeholders is a key feature of our IT strategy. We are currently working on a project to deliver common components for e-business capability to allow for processing of applications and direct interfaces with CAA systems. These include customer authentication, account management, portal and online payments. The first major project to be delivered using this strategic application architecture is the ATOL licence project with a current expected implementation in late summer 2010.</p>

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The CAA should further develop its pilot CORAS system and improve its risk-basis for regulatory activity	
<p>The CORAS System is being developed to ensure that the CAA's inspection efforts are proportionate to the risks inherent in an organisation's activity.</p> <p>The review team see great potential in this system to enable the CAA to develop a more systematic approach to risk-assessment and a greater consistency of risk-judgements in its regulatory activity.</p> <p>The review team would encourage the CAA to further develop this system across as many areas of its safety regulation activities as practicable. It should, in particular, seize this opportunity for testing its established assumptions regarding inspection and objective risks on a "zero basis".</p>	<p>The CORAS project is on schedule to deliver a proof of concept paper in April 2010. We have also undertaken to review Business Plans to ensure that they are in line with the report's recommendations on this point and that CORAS and other similar projects will deliver improvements to our level of compliance with Hampton Principles.</p>
Within its consumer protection work, the CAA should develop clearer consumer-focused outcomes, in particular regarding ATOL	
<p>The CAA's ATOL activities did not appear to the review team to be underpinned by a clear consumer-focused objective.</p> <p>In particular, it was not totally clear as to the precise balance that the CAA was seeking to strike between three goals and activities – protecting the interests of consumers up front, protecting the trust fund from calls upon it, and "crisis management" in repatriating travellers where things have gone wrong.</p> <p>This lack of clarity creates some issues for the Authority, particularly regarding industry perception of the representation on the Air Travel Trust Fund (ATTF). As there is no clear statement of consumer-focus, a perception exists that the Authority is more concerned with preventing losses to the ATTF. However, we understand that the Authority believes that in most circumstances the interests of the ATTF and consumers are aligned.</p> <p>The review team would encourage the authority to address this issue in two ways. Firstly, by developing greater clarity regarding ultimate outcome in its ATOL work. Secondly, by developing clearer separation between the ATTF and the CAA, perhaps by expanding representation.</p>	<p>Within our Business Review, we are also working to develop a strategic consumer objective to provide greater focus for our activities and support the development of a robust policy framework within which we will act. The combination of clear objective and policy framework will help by improving the way that we regulate the sector, thereby improving outcomes for consumers. This will also provide a framework for more ATOL-specific work. The DfT's current consultation on the Civil Aviation Bill includes proposals on ATOL which are set within an expressly consumer-focused framework. DfT's decisions are expected in June 2010.</p> <p>ATOL exists to provide upfront protection to consumers, which is a clear benefit. In addition, in taking licensing decisions the CAA can influence the timing of failures and the main criterion used is minimising inconvenience to customers. For the repatriation of failed ATOL holders' customers, our main objective is effectiveness, which obviously benefits the customers concerned and which also benefits the industry by avoiding unfavourable headlines. In general, minimising inconvenience to passengers also leads to lower calls on the ATTF, but passengers come first.</p> <p>On the CAA/ATTF separation point, we are already planning to include this issue in a review of the ATT which is scheduled to begin in 2010/11. The timing of the review is governed by the anticipated return to credit of the ATT, and hence the extinction of the Government's guarantee.</p>

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The CAA should improve the accessibility and presentation of its guidance material	
<p>The CAA's website is a communication tool that is currently not being fully maximised. Whilst CAA has plans to improve the accessibility and functionality of its site, the review team would encourage the Authority to expedite its further development.</p> <p>Whilst we understand that the CAA must balance the cost of such a re-development, we believe that there are clear efficiency and transparency benefits that would accrue from this.</p>	<p>We recognise that our website is not fully maximised and we have already put in place improvements with our passenger portal and new Home Page. However, we are planning further developments to enhance usability by presenting information in a consistent manner, improving graphical presentation and organising content to respond to the needs of those seeking information rather than reflect the structure of the CAA – a point particularly noted by the Review Team. These improvements will be in place by December 2010 following which we will gather feedback from our stakeholders and consumers and use this to inform further developments with the website. This work will also prepare content for migration to a new site and to the e-business portals, as they are implemented.</p>
The CAA should engage with the Department for Business, Innovation and Skills with a view to developing greater clarity around aviation consumer-related issues	
<p>The review team were concerned that there is no clear locus for areas of consumer protection legislation that relate to leisure travel. Responsibility is currently split between the CAA and the Department for Transport in relation to travel which involves aviation, and the Department for Business, Innovation and Skills.</p> <p>During the review the review team heard evidence that this split of responsibilities has led to a complicated legislative landscape which in the light of developments in the market has led to confusion for both business and consumers – particularly around the issue of what is classed as 'package' travel which is subject specific requirements for additional consumer protection.</p> <p>The review team believe that the CAA should increase their engagement with the Department for Business, Innovation and Skills with a view to developing greater clarity in this area in the course of developing policy in respect of the reviews of legislation currently under way.</p>	<p>We plan to work closely with BIS, particularly with regard to the EU consultation which addresses the definition of a package and is intended to clarify the law in this area. This is expected to lead to a legislative proposal by the end of 2010, to be refined during 2011; no date has been set for presentation to the European Parliament. During this time our contribution to this consumer policy issue will be governed by our new consumer objective and policy framework, either as finally agreed or, in the earlier stages, consistent with developing thinking.</p>

Other actions we are planning in response to specific findings in the Report include:	
Unannounced Inspection Policy	
The review team considered that CAA needs to have a clear policy on the use of unannounced inspections and the reasons and justifications for using them.	We will develop and publish an unannounced inspection policy and aim to do so early in 2011.
Consistency of Approach	
In the Review Team's opinion, CAA could do more to establish a more consistent approach and provide industry with assurance that is focused on consistency.	Systems to ensure consistency of regulation will be a deliverable from our review of safety regulation. This will include benchmarking activity, as recommended by the review team, to consider other regulators' approaches towards regulatory consistency assurance.
Targeting of consultation	
The Review Team questioned whether CAA was trying to do too much consultation and whether a more structured approach could be adopted with greater clarity about the reasons and need for consultation.	We will look to develop a more targeted consultation protocol taking into account existing policies and Better Regulation advice and guidance on the subject and to do so by September 2010.
Consistency of advice	
The review team were concerned that the processes for assuring consistency of advice for the ATOL helpline did not appear to be well structured, citing induction processes, briefing and framing of FAQs for internal use which appeared to the team to be taken forward largely on an informal basis.	We have set in train a project to codify guidance to licensing officers so that they can deal with queries consistently. This will be accompanied by training and monitoring and the work will be completed by December 2010.
Access to civil penalties	
The review team supports the CAA's move to explore options with primary legislation to create a power for the Secretary of State to enable CAA to have access to a suitable range of civil sanctions in the future.	We support the proposals in the Aviation Bill and are currently discussing with DfT the resources necessary to enable us to use these additional powers.