

## CONSUMER PANEL MEETING - FOR PUBLICATION

### NOTES OF 4<sup>th</sup> CONSUMER PANEL MEETING ON WEDNESDAY 8 May 2012 AT 12pm

#### Present:

Keith Richards	Chair
Sarah Chambers	
Ann Frye	
Robert Laslett	
Anthony Smith	(para 10-16)

#### Invited guests:

James Tallack	Senior Consumer Policy Adviser, CAA
Matt Buffey	Head of Consumer Policy & Enforcement, CAA (para 12-16)
Tom Carpenter	Consumer Policy Adviser, CAA (para 12-16)
James Freemantle	Senior Consumer Policy Adviser, CAA (para 12-16)

#### Apologies:

Crispin Beale  
Philip Cullum  
Steven Gould  
Alastair Keir

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#### **Review of Panel activities since last meeting**

1. The Panel welcomed James Tallack to his first Panel meeting. James joined the CAA at the beginning of April from Which? and will spend approximately half his time providing policy support for the Panel. James will lead the CAA's information provision work, as well as assisting Sandra Webber with the development of the CAA's Consumer Strategy. Members agreed that these were important pieces of work for the Panel to be involved with.
2. Keith provided a summary of meetings and events that had been attended by Panel Members since the last meeting.
  - Meetings between Members and the Board of the Airport Operators Association (AOA), the Heathrow Airline Operators Committee (AOC), Virgin Atlantic and BA were helpful in shaping the Panel's work on the Q6 Review of Designated Airports, particularly around the issue of capital expenditure at airports. Members agreed that the Panel had provided robust and challenging input to the CAA and that this had been well-received and had also helped the CAA to recognise the skills and expertise provided by different members of the Panel.
  - Keith attended a stakeholder event held by Consumer Focus on the new Regulated Industries Unit (RIU). Members agreed that the Panel should make use of opportunities to work more closely with organisations like Consumer Focus and Citizens Advice who would be taking over the RIU in the future.
  - Keith also attended the British Air Transport Association (BATA) annual dinner.

#### **Actions for Panel:**

- Robert to put together a set of questions for Panel Members on the AOC's powers, which might be used in a future meeting or correspondence with the Heathrow AOC.

#### **Actions for CAA:**

- James to provide an update to Panel Members on timelines for Q6 and opportunities for the Panel to provide scrutiny and input.
- James to discuss Panel representation at complaints/ADR awayday.
- James to find out process for summarising consultation response.

#### **Upcoming Panel activities**

3. Keith has arranged a joint meeting in June with the Chairs of consumer panels at the FCA, Ofcom, Legal Services and Food Standards Agency, to share ideas and experiences about ways of working, governance arrangements and priorities, and also to explore opportunities for closer working between the panels. There are clear parallels between the work that such a group could do and that done by the Joint Regulators Group (JRG). Learning from others is a good way to maximise the Panel's limited resources and avoid 'reinventing the wheel'.
4. Keith will be meeting the CAA Board in September to discuss the Panel's work on Q6 and its first year of operation more generally. In future the Panel would have a slot at the April meeting of the Board, where it would present its Annual Report and Work Programme. This was part of formalising the Panel's relationship with the Board.
5. The Panel's work on Q6 had come at the expense of the Panel being able to involve itself at an early enough stage with other areas of the CAA's work, such as Information Powers and the Consumer Strategy. James said that while there was some catching up to do on Information Powers, ExCo had decided that there was no need to publish the Consumer Strategy at the same time. This will give the Panel more opportunities to help shape the Consumer Strategy.
6. Keith said that it was important that the Panel was involved with the CAA's work on complaints handling and ADR. James said that the CAA had arranged an awayday to discuss this area and that attendance by a Panel Member would be very welcome.
7. It was agreed that the Panel should receive a summary of responses to CAA consultations allowing it to scrutinise the effectiveness of the CAA's consultation process.

#### **Actions for CAA:**

- James to discuss Panel representation at complaints/ADR awayday.
- James to find out process for summarising consultation response.

#### **Outcomes of 1-2-1s with Panel Members**

8. Keith provided an overview of the 1-2-1s he had held with all Members to date. The key themes (in no order of importance) were as follows:
  - The need to identify and meet with key stakeholders, including the other consumer 'sub-groups' that the CAA engages with as part of its policy development (e.g. PRMs).

- There is 'strength in numbers' and the Panel should maximise opportunities to work closely with other consumer panels and organisations like the RIU.
- The Panel does not have a deep enough understanding of the internal workings of the CAA.
- The Panel needs better intelligence about what is happening within CAA so it can prioritise its work more effectively and influence issues before they crystallise.
- Although Panel members tend to pick and self-select the issues where they feel they can add the most value, it would be useful to assign Members to particular issue areas in line with their expertise.
- Members would benefit from meeting more CAA staff when doing their day-to-day jobs, e.g. to accompany CAA staff on inspection visits etc.
- The need for the Panel to be clear about its workplan, what it wants to achieve and how it will measure success.
- The benefits of more consumer research, including mystery shopping (e.g. of call centres) and looking at why people don't travel by air (and that there should be strong commercial incentives for the industry to understand this).
- The Panel needs to understand how the CAA engages with social media, both for its own external communication and as a tool to monitor consumer issues.

### **Future meetings**

9. Meetings will be organised further in advance to maximise attendance. The next meeting would be in July and the next couple of meetings would be organised at the same time. It was also agreed that it would be worth trialling the CAA's collaboration platform (Huddle), as a way of managing correspondence and diaries.

#### **Actions for CAA:**

- James to find out Member's availability for July meeting and 2 further meetings in 2013.
- James to send out invites to Huddle workspace to Panel Members.

### **Development of the CAA's Consumer Strategy**

10. James provided the presentation he had given to ExCo on 1st May on the CAA's early thinking on its Consumer Strategy. The Strategy is intended to help industry and consumer stakeholders understand the rationale for the CAA's work in the consumer area and how it relates to the CAA's other strategic objectives.
11. The Members discussed the presentation and made the following points:
  - The primary duty given to the CAA by Parliament to further the interests of users of air transport services should be at the heart of the Consumer Strategy as this would provide it with its legitimacy. James said that the Strategy would need to address the fact that the statutory framework (as set out by the Civil Aviation Act 2012) for engagement with the sector was much clearer for dominant airports than it was for non-dominant airports and airlines. As such, it may be the case that the Strategy needs to set out a more flexible and adaptive approach to delivering improvement for consumers, focused on market-based mechanisms (such as transparency and information provision) and maximising win-win outcomes.
  - It was correct to identify that competition policy is seen externally as the CAA's dominant approach to regulation and that the CAA needs to show how it addresses market problems that negatively affect individuals.

- Whether a distinction needed to be drawn between competition policy/law and consumer policy/law at all as, while these approaches and the tools traditionally associated with them address different types of market failure, they are both ultimately about improving consumer outcomes.
- The CAA should not ignore the fact that badly designed or implemented government and regulatory measures can be as much a cause of poor consumer outcomes as market failures that result from capacity constraints or the behaviour and conduct of firms and consumers.
- In describing air travel as a consumer product the CAA needs to consider non-users (i.e. those who don't travel by air or have stopped flying for some reason) and should carry out research with these consumers. Consideration should also be given to how some aspects of a journey feel like a consumer experience (e.g. differentiation between the level of service offered by different airlines) and others did not (e.g. consumers often felt that they were being 'processed' in a bureaucratic and intimidating way by airports and felt unable to challenge poor performance).
- The Strategy should set out a regulatory approach that uses evidence to map consumer experiences in order that the CAA can decide where best to focus its resources. Following action the CAA should monitor the impact of its interventions and evaluate them. Consumer satisfaction is the key measure and the CAA should consider a tracking survey to measure changes in satisfaction over time.

#### **Actions for CAA:**

- James to provide an update to Panel on next steps for the Consumer Strategy after discussing with Sandra.

#### **Information Powers consultation document**

12. James presented an overview of the Information Powers consultation document, including changes made following input received from the Panel ahead of the ExCo meeting. Colleagues from RPG joined the meeting at this stage to provide information on the priority areas of reliability, PRMs and pricing, where the CAA is proposing to initially focus its information powers.
13. The Panel raised the following issues:
  - Members were satisfied that their input had been reflected in the new version of the consultation, particularly that greater emphasis had been placed on the powerful public policy agenda concerning data and its ability to improve regulatory practices.
  - Was it enough for the costs and adverse effects section to simply suggest that some benefits can't be quantified and then state that the CAA will operate on a 'presumption to publish' basis? As well as describing the benefits, the CAA should at least try to quantify them, even if they are based on contestable assumptions. This could be partly addressed by framing the direct costs to industry in terms of cost per passenger.
  - The content of the document was good and well-balanced, in terms of structure but probably the 'wrong way round', with an expansive scene setting section at the beginning and the actual policy proposals (which are likely to be of most interest to stakeholders) at the back. James said this could be addressed with a short 'how this document is structured' section at the beginning to make it easier to navigate.

#### **Actions for CAA:**

- James to summarise Panel's views and present to the Board on 15<sup>th</sup> May.

#### ***Information Powers consultation document – reliability***

14. The Panel raised the following points:

- Why a delay had to be over three hours to be considered 'long'. Research by Passenger Focus showed that rail commuters' satisfaction starts to drop off after a delay of one minute. Matt said that three hours was the threshold for compensation payment in EC Regulation 261. The Panel felt this would reinforce a view within the industry that three hours is acceptable and that publication using this definition would provide strong enough incentives to airlines to reduce delays of less than three hours.
- Shouldn't the CAA take its lead from passengers rather than the law when determining how long a delay needs to be to impact negatively on passengers? It suggested that CAA surveys delayed passengers to get a sense of the scale of their 'loss' from the delay.
- Publishing information about reliability insofar as it only takes arrival time into account may not address the inconvenience suffered by passengers who are delayed on departure but arrive on time (e.g. having to remain seated while the aircraft waits for take-off). As such, the CAA should aspire to measuring reliability in all its forms, including lost bags and schedule changes.
- The CAA should be mindful of unintended consequences from publication, such as schedule padding.
- Members agreed that star ratings were probably the most appropriate way to present information about reliability to consumers and that the consultation was right to ask if star ratings should be a single aggregated measure or separated (with a rating for each aspect of reliability).
- Members said they preferred an unbundled rating, ideally on a route basis and made available at the point the passenger has decided their destination and arrival points.
- Members also said that the 'whole range' of the star rating should be used (e.g. 0-5 stars) and an explanation of what each star means should be given (e.g. zero stars is that you have a 10 in 1000 chance of being cancelled, one star - 5 in 1000, etc.).
- Publishing star ratings and the underlying raw data was a good idea. In the rail industry raw data had helped lay bare timetabling trade-offs made. The Panel stressed the importance of the data being up-to-date and accurate.

#### **Actions for CAA:**

- Matt to follow up on suggestion to survey consumers on perceptions of delays.
- James to summarise Panel's views and present to the Board on 15<sup>th</sup> May.

#### ***Information Powers consultation document – information for PRMs***

15. The Panel raised the following points:

- The consultation proposals made it look like the CAA was asking the industry to provide information that it was already required to by law. James F said that the information powers are intended to be used to make it easier for PRMs to identify differences in policies outside of statutory requirements and make information easier to find and compare.

- The Panel felt this would be useful and suggested that the CAA consider publishing information about airports' transfer policies (e.g. do systems allow airports to tell if a passenger is finishing their journey or transferring to another flight?).
- The Panel had concerns that the CAA's Access to Air Travel group may not be familiar with the details and practical working of the EU regulation on PRMs and that this could affect their members' responses to the CAA's consultation. It was agreed that this was a strong reason why the Panel needed to engage with consumer 'sub-groups' that the CAA uses, and also receive a summary of responses to CAA consultations.

**Actions for CAA:**

- James to summarise Panel's views and present to the Board on 15<sup>th</sup> May.

***Information Powers consultation document – information about the price of optional services***

16. The addition of the new appendix on price was a good example of the Panel having a direct impact on the CAA's work. It sets out effectively the impact that poor visibility and comparability of charges for optional services could have on competition and individual consumers. The Panel raised the following points:

- The Panel asked if enforcing the European Air Service Regulation was not enough to ensure that consumers receive accurate information about the price of optional extras and whether using the information powers wouldn't be disproportionate.
- James said that it would be worth clarifying in the document that the CAA believes that the ASR requirements are too broad to guarantee that consumers will be able to access easy to understand and comparable information at an early enough stage in the search process to make it useful to them.
- The Panel felt that this was more about using 'soft law' to clarify prevailing legislation.

**Actions for CAA:**

- James to summarise Panel's views and present to the Board on 15<sup>th</sup> May.