



CONSUMER PANEL MEETING – FOR PUBLICATION

NOTES OF 2nd CONSUMER PANEL MEETING HELD ON TUESDAY 11TH DECEMBER 2012 AT 3.00PM

Present:

Keith Richards Chair
Crispin Beale
Sarah Chambers
Philip Cullum
Ann Frye
Alastair Keir
Robert Laslett
Anthony Smith

Invited guests:

Iain Osborne Group Director, CAA
Judith Corbyn Senior Statistical Analyst, CAA
Richard Moriarty Director of Economic Regulation, CAA
Abigail Grenfell Policy Advisor, Regulatory Implementation, CAA

Apologies:

Steven Gould

Introduction

1. Keith opened the meeting with introductions from all present, followed by a summary of the Q6 timetable, highlighting the key date of the initial proposals consultation, due for publication at the end of April.
2. He summarised the Panel's role in the process:
 - considering whether they think CAA internal processes are robust when reaching judgements (e.g. over the alignment of airline and passenger interests),
 - ensuring that passenger interests are reflected in the outcome of Q6 (e.g. passengers value choice),
 - understanding passengers' current satisfaction with service quality.

Background to the Q6 Price Control

3. Richard provided some background information on the economic regulation of the designated airports (Heathrow, Gatwick and Stansted), and summarised the different issues at each one. This covered Market Power Assessments, level of charges and services provided.

4. The CAA presented a number of questions they would like the Panel's input on with regards to their Q6 work. The first question to be covered at this meeting, the remainder at the next meeting in January 2013.

Panel discussion

5. There followed a discussion where the members considered whether they felt that the CAA's overall approach to understanding the passengers' interests for the Q6 price control is robust.

Discussions covered:

- The research and evidence base the CAA has considered
 - Transparency of data
 - The alignment of airline and passengers' interests
 - Consideration of areas where this alignment may not hold (e.g. operational resilience)
 - The funding of investment at airports and consideration of future passenger needs
 - Potential impact of capacity constraints
 - Impact of airport charges on air fares to passengers.
6. Keith summarised the main conclusions from the discussions:
 - That the Panel had a good discussion around the question of the CAA's overall approach to understanding the passengers' interests for the Q6 price control, and that they agreed that it is robust
 - That there is reasonable alignment of airline and passenger interests the majority of the time. Operational resilience is an example of an issue where this may not hold true
 - There is a need to for a clear narrative around the data presented by the CAA and the history of the impact of regulation on service quality.

Actions for the CAA:

- To consider how survey data can be disaggregated in different ways, so as to better understand the passenger experience by passenger subgroups and help identify specific concerns
- To use the results of recently completed research to consider the levels of satisfaction of arriving passengers, where there tends to be less historical data available
- To consider the importance of future passengers' needs and avoid incentives to over- invest at the airports in their economic regulation
- To consider ways of developing the transparency and publication of passenger research.

Actions for the Panel:

- To consider how they could usefully develop a set of principles (e.g. future investment) which the CAA could apply to their regulatory decision-making

- To agree a January date for follow-up to Q6, and also for ways of working (note: some further resource has now been agreed by the CAA to be dedicated to the Panel).

[Note: following the meeting and in preparation for the next meeting a [DfT report on the alignment of airline and passenger interests](#) was circulated to the Panel]