

Consumer Panel minutes

11:30 – 16:00 28 April 2022

Attendees

Consumer Panel

Jenny Willott (JW)

Panel Chair

David Thomas (DT)

Panel Members

Walter Merricks (WM)

Jacqueline Minor (JM)

Carol Brennan (CB)

Helen Dolphin (HD)

Rick Hill (RH)

James Walker (J Walker)

Helen Swanbury (HS)

Secretariat

Freya Whiteman (FW)

Tom Willis (TW)

Invited guests

Paul Smith (PS)

Richard Moriarty (RM)

Sir Stephen Hillier (SSH)

Anna Bowles (AB)

Kee Sims (KS)

Matt Buffey (MB)

Michael Budge (M Budge)

Cecile Durand-Agbo (CD)

Helena Page (HP)

Declaration of interests

None.

The meeting was held in person, with two Panel members joining remotely.

1. Chair's Update

JW provided an update on activities since the previous meeting including the recruitment of new Panel members and the Panel's Secretariat position. JW welcomed new Panel members and confirmed that FW would start full time as Secretariat from early June. JW noted that she had continued to meet PS and AB on a regular basis.

JW noted that the Panel had responded to DfT's consultation on 'Reforming Aviation Consumer Policy' in late March.

JW noted that The Transport Select Committee had recently published its report on "UK Aviation: reform for take-off". Among other things, the Committee recommended that:

- i. The Government introduces an Airline Insolvency Bill in the next Session of Parliament to set out a framework for future airline insolvencies to protect the interests of consumers, employees and taxpayers.
- ii. The CAA urgently requires the power to impose financial penalties on airlines that do not provide complete refunds to consumers when they are required to do so by law.
- iii. The Government must introduce a mechanism to ensure that when entitled to a refund by law, airline passengers are granted automatic compensation

2. Member Updates

JW asked CB to provide an update on the Panel's input to Savanta's research as part of agenda item 5.

DT provided an update on the Heathrow price control review (H7), noting that the CAA had continued to update and seek the sub-Panel's views on its proposals and that Heathrow and the airlines' position on the passenger charge were polarised. JM noted the uncertainty with the passenger forecast and what level of passenger demand might materialise.

3. CAA Update

PS explained to the Panel that the industry had been experiencing higher than expected last minute demand for holidays, particularly in March and April, and that we could expect to see this continue throughout the summer months.

PS noted that the H7 Final Proposals consultation will be published in June. This will be followed by the Final Decision later this year which can be appealed by stakeholders. The CAA's Initial Proposals for the NATS En-Route price control review (NR23) are due to be published in September.

Regarding the recent DfT consultation on consumer rights, PS noted that the CAA has taken a similar position to the Panel on most issues. In terms of next steps, the CAA is keen to work on an implementation plan with the Government.

PS explained that there has been a lot of developments in respect of the CAA's new space functions, and that the first satellite launch from the UK is expected to take place this summer from Spaceport Cornwall in Newquay.

Discussion

JW: As part of the Transport Select Committee's report, some airlines stated that H7 should be postponed by one year to allow the collection of further data on the aviation sector recovery. What is the CAA's take on this?

PS noted that this recommendation was not supported by all airlines and that the CAA is not in favour of this approach, as a longer price control period provides more certainty.

4. CAA Chair and Chief Executive

SSH explained that the CAA's priorities are to ensure passenger safety and security standards remain high, to support and enable the industry recovery and rebuild consumer confidence in the context of the pandemic and recent disruption being experienced by passengers. SSH underlined that the CAA has consumer needs at the front of its thinking during the recovery period.

RM explained that the disruption seen over Easter were mainly driven by Covid related shortages in the labour market, and despite significant efforts to recruit, the aviation sector were finding it difficult to secure sufficient resources to cope with the level of last minute demand.

RM noted that while the public would have likely had a degree of tolerance for the Easter disruption, lessons must be learned for the Summer.

RM welcomed the Panel's views on how communications to passengers could be improved so they don't arrive at airports too early which can create anxiety and terminal congestion, and which can have knock on effects on resilience. RM also welcomed the Panel's views on the CAA's sustainability strategy and future working with the CAA's new Sustainability Panel, and proposed ATOL reforms later this year.

Discussion

Regarding the CAA's sustainability strategy, JM observed that the CAA should consider its role in ensuring the environmental information provided to consumers is trustworthy and reliable. CB also welcomed future work with the new sustainability Panel on environmental information. SSH explained to the Panel that the CAA will be taking a stronger approach to sustainability going forward and that it would be important for the two Panels to work together on issues such as greenwashing.

Panel members noted a preference for a single ombudsman but that if the CAA supported multiple providers, consumers should be able to choose rather than airlines. The CAA said that a single ombudsman would be more appropriate if the CAA had wider powers to deal with aviation complaints and that multiple ombudsmen could incentivise more competition which could benefit consumers.

J Walker noted that transparency on levels of disruption is key to passengers, and that it would be helpful if passengers could be provided with information on the length of queues over the last 5 days. RM noted that some airports publish some of this data, but there might be scope for increased transparency.

JW noted that the combination of increasing ticket prices, ongoing disruption and the fact that some consumers were not receiving refunds for long notice cancellations were leading to poorer outcomes for some passengers, which has a knock-on impact on consumer confidence. What can the

CAA do to get ahead of this for the summer period? RM noted that the CAA had written to airlines on their recent performance, and would be undertaking further detailed engagement and monitoring. SSH also noted that in light of the increasing costs of flying, it would be important that aviation remains accessible to all.

5. Consumer Research Update

KS and HP provided an update on Savanta's latest consumer research commissioned for the CAA on post-Covid consumer behaviour and sentiment towards flying.

KS explained that the Aviation Consumer Survey used to be conducted on a bi-annual basis. Following the pandemic, the CAA now conducts this on an annual basis which is supplemented with an additional deliberative piece of research. Savanta's latest research focuses on understanding the differences in sentiment for those who have and have not flown since Covid and how consumer confidence and perceptions have been impacted by the pandemic.

HP provided an overview of the key insights and headline findings from phase 1 of the consumer research, which would be published in the summer.

CB provided an update to the Panel of her observations from the focus groups she attended as part of the consumer research.

6. Vulnerability Update

MB explained that ExCo agreed with the Panel's view that the CAA should adopt a more holistic and consistent definition of vulnerability which should be embedded across the CAA and build in the Equality Act 2010 rules.

ExCo considered the Panel's advice and decided:

- To adopt the definition of consumer vulnerability proposed by the Consumer Panel
- To acknowledge the overlap between consumer vulnerability and the requirements of the Equalities Act 2010, including the Public Sector Equality Duty (PSED) and the obligations of service providers
- To develop plans to embed consumer vulnerability and the requirements of the Equality Act 2010 across the CAA
- To develop a plan for greater awareness raising and engagement amongst colleagues, including developing a 'toolkit' to help colleagues consider vulnerability as part of their day-to-day work, a network of vulnerability champions and blogs

While progress in some areas of the CAA had been varied, MB noted that the CAA had generally made good progress on the broader engagement and awareness raising work and planned to continue this for the next 12 months.

The Panel agreed that the CAA's work in this area had been excellent and were pleased that the CAA had adopted its proposals.

RH noted that it would be important for the CAA to keep up the momentum in this area and should consider collaborating with the UKRN or other regulators as part of a cross sector approach to vulnerability.

7. 2022 Travel Trends

M Budge and CD provided the Panel with some information on travel trends throughout the pandemic and into the early part of 2022.

M Budge began by explaining that the CAA's ATOL Licensing team has just completed the March renewal period which saw over 600 ATOL holders renew their licence for another year. There were far fewer companies that did not renew their licence than in 2021. This shows the growing optimism that the industry is recovering and demand is increasing.

M Budge and CD presented some recent trends:

- There was a huge drop in passengers flying in March 2020
- Since the introduction of the traffic light system in July 2021, there was a steady increase of passengers flying, however we were still not back to pre-Covid levels
- Levels of passenger bookings in March 2022 was close to pre-Covid levels
- There had been a large increase in the average price of bookings in 2022 as travel companies try to recuperate the losses of previous years

8. Consumer Panel Annual Report

The Panel was offered an opportunity to provide comments on the Panel's draft Annual Report. JW asked that Panel members send any final comments to FW and noted that the report would be discussed at the CAA Board meeting in June and published thereafter. Panel members noted that it would be important for the report to be widely publicised.

9. Consumer Panel Work Programme

FW presented some slides on ideas for the planned away day. FW explained and invited views on the purpose of the away day:

- To provide the Panel with an understanding of the broader strategic context, which would also enable onboarding for new members
- Build the Panel's understanding of how the consumer interest feeds in across the CAA
- Consider how to make best use of the Panel's expertise to have maximum impact
- Discuss the latest consumer insights to identify key trends, challenges and opportunities for consumers
- To inform the Panel's new work programme

Panel members expressed preferences on dates and the location for the away day.

JW suggested that horizon scanning material is provided to Panel members in advance of the away day.

10. AOB

Nothing to discuss.