

## Markets and Consumer Group

Gatwick Airport Limited

Gatwick ACC

Other attendees at the CAA's 23 May 2014 workshop on operational resilience

9 July 2014

Dear Sir / Madam,

### **Gatwick Airport Limited's economic airport licence: Consultation on additional guidance for operational resilience plans required under Condition D2.**

On 13 February 2014 we issued a notice granting a licence to Gatwick Airport Limited (GAL), which incorporated as licence conditions the Commitments that GAL made to airlines in its Conditions of Use. These Commitments included a requirement in Condition 7 of the Conditions of Use to develop and maintain an operational resilience plan setting out how GAL intends to operate an efficient and reliable airport to the levels required by the Core Service Standards (set out in Schedule 3 to the Conditions of Use) and how it will secure the availability and continuity of airport operation services, particularly in times of disruption. GAL has committed to have regard to any guidance issued by us. We included high level guidance in the 13 February notice and we are now seeking views on additional guidance, building on that original guidance.

Please send responses by email by close of business on Friday 1 August 2014 to:

[freya.whiteman@caa.co.uk](mailto:freya.whiteman@caa.co.uk).

We will publish responses on our website shortly after the close of the consultation period. If there are parts of your response that you consider commercially confidential, please mark them clearly as such. Please note that we have powers and duties with respect to information disclosure that can be found in section 59 of, and Schedule 6 to, the Civil Aviation Act 2012 and in the Freedom of Information Act 2000.

If you have any questions about this consultation, please contact Abigail Grenfell on 020 7453 6243 or [abigail.grenfell@caa.co.uk](mailto:abigail.grenfell@caa.co.uk).

#### *Existing guidance*

Our existing guidance was set out in paragraphs 2.123 to 2.128 of the 13 February notice. This stated that operational resilience at airports needed strong, centralised leadership to coordinate planning for and response to disruption. We considered it was clear that this role is best suited to the airport operator with its direct links to all

the service providers at the airport. In requiring GAL to take on this responsibility and associated accountability, we recognised that GAL needed to be able to set out reasonable expectations of what it requires from its partners in this area to ensure an effective whole industry response. We considered that, as far as possible, these expectations should be developed jointly and be agreed on a voluntary basis but that ultimately it should be up to GAL to understand the requirements of the airport and, as far as possible, its stakeholders during disruption and to take strong leadership decisions.

We noted that disruption can be caused by many different factors, including severe weather,<sup>1</sup> industrial action, security incidents, cyber attack, accidents at the airport or even incidents at facilities remote from the airport upon which the airport relies.<sup>2</sup> Therefore, the CAA would expect to see that GAL has risk assessments for the infrastructure under its control and for all the services it offers at the airport, with clear management processes and clear communication plans in place for remedying and dealing with the impacts of loss of that infrastructure or service. These processes and plans should also include dissemination of information to passengers and a provision of a 'backstop' level of passenger welfare where the airlines are slow or unable to do so. If these are in place, in the event of any investigation, the CAA would normally expect to concentrate on how well the company had reacted to, and managed the event. However, if the plans are not adequate, the CAA will take proportionate regulatory action, from requiring changes to the plans to taking enforcement action under the Act.

We said that where services were provided by a third party and GAL only acted as a landlord for the facilities (such as fuel supply or groundhandling services), we would not expect GAL to have contingency plans for ensuring continuity of supply of those services. However, we would expect GAL to have plans for the effect that disruption to those services would have on its own operations.

In particular, we said we would expect GAL to have contingency plans for the loss, for whatever reason, of:

- access to key infrastructure at the airport (such as the terminals, runway or airfield);
- IT systems;
- key suppliers; and/or
- key staff (including UK Border Force (UKBF)).

We also made it clear that, in order for resilience plans to work effectively within the high-pressure environment caused by disruption, they must be underpinned by solid day-to-day working relations, possibly through the development of formal business continuity models. We noted that the government's guidance on resilience<sup>3</sup> states that "business continuity management must be regarded as an integral part of an organisation's normal on-going management processes." Therefore, the requirement goes wider than times of disruption and we said we would expect GAL to maintain clear working arrangements with relevant parties. We noted that this will

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<sup>1</sup> For example, the flooding which caused disruption on Christmas Eve 2013.

<sup>2</sup> For example, an accident at a major oil storage depot or disruption to the fuel pipeline could have a significant effect on fuel supply to the airport.

<sup>3</sup> <https://www.gov.uk/resilience-in-society-infrastructure-communities-and-businesses>

be addressed by GAL's commitments to have a plan setting out how it intends to run an efficient and reliable airport to the levels required by the Core Service Standards or otherwise agreed with other service providers.

GAL has committed to having regard to any guidance we have issued. We stated that we considered that the preceding paragraphs constituted guidance on what we expected GAL to include in its resilience plans. We did not propose to issue further guidance at that stage, beyond what was included in the notice, but said we may do so if the need arises, for example following any recommendations from our review of GAL's report on the disruption on Christmas Eve 2013. In addition to issuing guidance, we considered that we should retain a right to require GAL to review and revise the plan if we considered that the plan was likely to fall short of meeting the high level outcome or has been found wanting following practical experience. We said we would expect GAL to make the required changes voluntarily in the first instance but, if necessary, may use our powers under the Act to either modify the licence or to take formal enforcement action.

We also noted that GAL's Commitments only required it to have regard to our guidance rather than to comply with it. In light of this we stated that, in the event of any enforcement action, we would take into consideration the extent to which GAL has had regard to any guidance we had issued.

#### *Additional guidance*

In March, following the serious disruptive event at Gatwick Airport on Christmas Eve 2013, we engaged consultants Steer Davies Gleave (SDG) to carry out a more detailed review of best practice in business and operational resilience. This review looked at practices in airports in Europe and the USA and in other sectors such as local government, health and rail, as well as reviewing GAL's current resilience plans. The SDG report is attached as an annex to this consultation. In addition to this SDG carried out a review of Gatwick's own report on the Christmas Eve incident and a review of on-going work on processes for demand and capacity reduction during disruption at Heathrow.

The SDG report recommends a number of areas where we should provide more detailed guidance to GAL on the content and format of its resilience plans. We agree that these are sensible recommendations and we are therefore including all the recommendations in the proposed guidance. We are also including some additional guidance on our expectations regarding passenger welfare and provision of information.

We note that GAL is already quite advanced in the production of its plans to be published by 1 October in accordance with its licence and is planning to consult on these plans shortly. We expect GAL to do all it can to incorporate any part of this additional guidance that is not already covered by its proposed plans, including discussing the themes of this consultation with stakeholders and us during its own consultation on its plans, to inform the final plans published in October. If, despite this, there are still some areas that need further development we would take account of this in determining our enforcement approach should this become an issue.

*Recommendations from the McMillan report and Transport Select Committee report.*

The McMillan report<sup>4</sup> and the Transport Select Committee<sup>5</sup> reviewed the events at Gatwick Airport on Christmas Eve 2013 and made a number of recommendations for GAL's resilience plans. We are pleased that GAL has committed to taking up the recommendations in the McMillan report and recommend that it should consider whether any of the recommendations in the Transport Select Committee report are relevant to its own resilience plans.

Yours faithfully,



Abigail Grenfell

**Regulatory Policy Advisor**

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<sup>4</sup> The McMillan report, published in February 2014, can be found at [http://www.gatwickairport.com/PublicationFiles/business\\_and\\_community/all\\_public\\_publications/2014/McMillan\\_report\\_Feb14.pdf](http://www.gatwickairport.com/PublicationFiles/business_and_community/all_public_publications/2014/McMillan_report_Feb14.pdf).

<sup>5</sup> The Transport Select Committee report published in April 2014, can be found at <http://www.parliament.uk/business/committees/committees-a-z/commons-select/transport-committee/news/gatwick-report---substantive/>.

## **Appendix 1: Draft revised guidance on Gatwick Airport Limited's operational resilience plans required under condition C1 of its economic airport licence and Condition 7 of its Conditions of Use.**

This revised guidance is issued in addition to the guidance issued in the notice granting an economic airport licence to Gatwick Airport Limited given on 13 February 2014 and is intended to strengthen and clarify that earlier guidance.

### ***Risk management***

GAL should involve other airport stakeholders in its risk assessments process (or at least to offer effective opportunities for those stakeholders to participate) where appropriate.

GAL should also plan (in consultation with relevant stakeholders) and undertake a programme of risk mitigation based on the risk assessments, as applicable, through:

- its capital programme (both maintenance and development capital expenditure); and
- improvements to its operational procedures.

There should be a formal process to manage risk (both assessments and mitigations) with a senior level meeting with relevant stakeholders taking place at least each year.

As part of the licence requirement to have clear processes and communications to remedy problems GAL should:

- provide an overarching contingency plan document that includes all the principles to be followed when a disruptive event occurs, with further plans and procedures documented with agreement sought from all relevant airport stakeholders<sup>6</sup>;
- establish clear rules for when the different Command levels should be triggered, including pre-emptive activation (i.e. in advance of any disruption) in situations where disruption could be expected, such as at key holiday periods;
- provide a formal training, practice and testing regime for Bronze, Silver and Gold Commanders and Deputies, including the requirement for operational experience and experience of managing incidents or practical exercises (this regime to be approved by the CAA);
- establish clear levels of authority for each level Commander, including appropriate spending authority, which provides the capability to make decisions at the necessary level;
- ensure that staff rosters are established to ensure that trained and qualified Commanders are always available;
- ensure that the involvement of key stakeholders, such as airlines, forms an integral part of the Command and Control processes and that there is live sharing of operational information between stakeholders during disruption events;
- ensure that facilities and equipment used for the Command and Control operations are tested at least annually;

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<sup>6</sup> stakeholders include the major airlines, with other airlines represented by the GACC, ground handling agents, NATS, the emergency services, fuel suppliers, local authorities etc.  
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- engage with stakeholders to discuss and if possible agree a programme of tabletop and practical exercises to test contingency plans, which should be undertaken so as to cover all major types of contingency every two years, considered to imply at least four major table-top exercises per year, as well as a major practical exercise relating to a non-emergency disruption situation every other year (complementing the mandatory emergency exercise which each airport is required to undertake every other year, so that a major practical exercise of one type or the other would be required once per year); and
- ensure that “wash-up” sessions are undertaken for all exercises, involving representatives from all organisations participating in the relevant exercise, and, where major stakeholders request, involving a neutral facilitator to collect the information.

### ***Passenger Welfare***

GAL should seek agreement with the airline community (e.g. through the AOC or individually with the larger airlines) on procedures for handling information dissemination and providing “backstop” support. Where agreement cannot be reached, GAL should be clear in its plans that, if it considers it necessary, it will be prepared to step in to offer welfare assistance and may recover its reasonable costs.

In particular GAL should:

- include in its plans obligations on airlines regarding dissemination of information to passengers in times of disruption;
- work with airlines to give due priority to giving passengers information about likely events, the relative likelihood and the potential or actual impact on flights, so as to enable passengers to take reasonable decisions about whether to go to the airport;
- establish this information provision in its plans as a high priority for airline and handling staff at times of disruption, relative to their own recovery activities;
- the airport should ensure that effective means of information provision are available in each terminal, for example diverting electronic displays from commercial advertising or performance reporting during times of disruption and extending free wifi provision, with plans in place to deal with IT and sound systems failures;
- understand what capabilities its airlines have to communicate with their passengers, including understanding airlines’ preparedness to deliver their obligations under EU 261 regarding information about passengers’ rights, and take account of this in its own planning;
- understand airlines’ preparedness to meet their obligations under EU 261 with regards to passenger welfare. GAL should ensure that it is fully indemnified by airlines for where it has to make backstop provision, and should consider whether, and to what extent, some penalty for such an outcome should be levied.
- subject to commercial confidentiality, identify and share best practice among its airlines with a view to ensuring a coherent and high-quality passenger welfare and information response.

### ***Learning Lessons***

GAL should carry out reviews of disruption incidents and of practice exercises held jointly with other stakeholders, as noted above. Reviews should be lead by an

independent reviewer, and the scope of each review should be discussed with stakeholders. Reviews should include as a minimum:

- details of both the cause of the incident and the response;
- the degree of stakeholder engagement and participation in the contingency management and recovery, including compliance with the rules of conduct required under the licence and compliance with processes set up for reductions in demand during times of reduced capacity;
- an assessment of the effectiveness of current plans and processes designed to manage disruption;
- the effectiveness of provision of welfare and information to passengers.

GAL should also demonstrate that it has instituted internal procedures to encourage the reporting of honest mistakes by staff and to include questions on the management of disruption in internal staff surveys, which should be confidential and held at least annually by an external organisation. GAL should also attempt to agree procedures for open discussion with other stakeholders on issues arising during disruption.

### ***Joint Business Continuity Planning***

GAL should establish a formal process involving all key stakeholders to consider all parts of the Business Continuity Planning process, from risk identification and assessment, through management of incidents on the day, training and exercising schedule for the next year to the lesson learning process. As noted above, this formal process should involve:

- at least one meeting of senior personnel annually;
- supporting meetings at the working level at least quarterly.

These meetings should be specifically focused on joint business continuity planning, but may use existing forums where appropriate. This level of additional Business Continuity Planning meetings will allow a balance to be found between maximising the operational resilience of the airport with the efficiency of day to day operations. The opportunity to participate should be offered to stakeholders from the following groups:

- Airlines (individually for those with based operations or through the AOC for other airlines);
- Ground handling agents;
- Air Navigations Service Provider (NATS);
- Other airport infrastructure operators (e.g. fuel farm operator);
- Emergency services (both on-airport and off-airport based);
- UK Border Force; and
- Local authorities and other members of the Local Resilience Forum.

Where key facilities on the airport are provided by other organisations (e.g. the fuel farm), the operators of these facilities should, so far as they are willing, be included in processes for Joint Business Continuity Management, which GAL should coordinate.

### **Processes for reducing demand during times of disruption**

GAL should agree with the airlines processes and protocols for agreeing reductions in demand during times of reduced capacity at the airport. GAL should facilitate the

process prior to and during disruptive events and monitor compliance with agreed levels of reduction following the event.

### **Findings of the report by Steer Davies Gleave for the CAA on operational resilience plans**

Chapter 6 of the Steer Davies Gleave report gives an assessment of GAL's current operational resilience plans. This sets out key strengths and weaknesses compared to best practice from identified from airports in Europe and the USA and other sectors. GAL should consider the findings from this report to build on those strengths and make improvements where there are weaknesses.

### **Monitoring of Adherence to Guidance**

GAL should compile by 1 October each year a brief monitoring report covering all aspects of operational resilience planning processes, from risk identification through to lesson learning.

The report should follow a structure set out at a high level by the CAA (ideally in compact, possibly presentation format), and the process for developing the report should include receiving formal feedback from key stakeholders, whose verbatim comments should be appended to the report. The report should identify any issues identified as problematic in any part of the operational resilience process, including any issues where there was disagreement between the airport and its stakeholders (or between different stakeholders).

GAL and relevant stakeholders may be asked to attend a briefing session with the CAA to present and discuss the report.