Consumer Panel Minutes
11:00 – 16:00, 4 July 2024
Earhart Meeting Room and Teams

Attendees

Consumer Panel
Panel Chair - Jenny Willott (JW)

Panel Members
Carol Brennan (CB)
David Thomas (DT)
Helen Dolphin (HD)
Jacqueline Minor (JM)
James Walker (JWalker)
Jennifer Genevieve (JG)
Rick Hill (RH)
Vaughan Williams (VW)

Secretariat - Freya Whiteman (FW)
Alison Harris (AH)

Invited Guests
Sir Stephen Hillier (SSH) (item 2)
Rob Bishton (RB) (item 2) (Teams)
Anna Bowles (AB) (item 2 onwards)
Tim Johnson (TJ) (items 3 & 4) (Teams)
Briar Mulholland (BM) (items 3 & 4) (Teams)
Selina Chadha (SC) (item 4) (Teams)
Stu Lindsey (SL) (item 6) (Teams)
Trevor Metson (TM) (item 6) (Teams)
Michael Budge (MB) (item 8)
Cecile Durand-Agbo (CDA) (item 8)
Stewart Carter (SCarter) (item 9)
David Milford (DM) (item 9)
James Wynn-Evans (JWE) (item 9) (Teams)

Declaration of Interests and Minutes

The register of interests, as circulated before the meeting, was taken as read and no additional declarations were made. RH will contact FW regarding an update to the register.
The Minutes of the April meeting were approved. JW asked for any comments to be emailed to FW.

1. Chair's Update

JW welcomed members to the meeting and welcomed back FW after her sabbatical. She provided an update on the key developments since the last meeting, including the Panel's input to the CAA's annual report and growth duty report, as well the drafting of the Panel's own annual report which was presented to the Board in June.

JW added that the publication of the annual report had been delayed due to the announcement of the General Election. She provided a brief overview of the key points from the Panel's annual report that were discussed in the June Board meeting, and noted that the CAA's consumer strategy and dashboard were also discussed.

JW provided an overview of her engagement with members of the CAA's Senior Executive over the last quarter and with the Consumer Council for Northern Ireland (CCNI). She also set out her upcoming meetings with other senior CAA colleagues including the CAA's Head of Future Safety and Innovation and the new Head of Sustainability as well as the Chair of the CAA's Environmental Sustainability Panel.

2. CAA Chair and CEO Update

JW welcomed SSH and RB to the meeting.

SSH provided a strategic update to the Consumer Panel on recent developments, including the impact of the General Election and the latest developments with the CAA's Senior Executive. This includes the appointment of a new Director of CMG (Selina Chadha) who would be joining in late August, the recruitment of a permanent position for Group Director of the Safety and Airspace Regulation Group (SARG) and various changes to the Board/Non-Executive Directors. SSH also discussed the CAA's attendance at the Annual General Meeting of the Royal Aeronautical Society, and there was a discussion on whether it might be useful for consumer representatives to attend in the future.

RB added to SSH's update by setting out the CAA's key priorities. There was a discussion on the CAA's key consumer priorities and the NATS Independent Review. This was followed by a discussion on the potential priorities for any new Government that is elected, including potential legislative change to benefit aviation consumers.

3. NATS Independent Review (IR)

TJ and BM thanked the Panel for adding the NATS IR to the agenda for their meeting and noted that the Panel's views, as the CAA's critical friend, would be reflected to ExCo and the Board. JW clarified that the purpose of this agenda item is to discuss the CAA's proposed draft implementation of relevant NATS IR recommendations.

There was a discussion on the consumer focussed recommendations, including the recommendation that the "Government should consider the appointment of a statutory consumer body to collect, research and represent the views of air passengers and air freight users. [R24] Options may include strengthening the status , powers and resources of the CAA Consumer Panel…" There was a discussion between Panel members and TJ and BM on the potential benefits and drawbacks of the CAA Consumer Panel's status changing from voluntary to statutory, with some members drawing on their experience of other regulators' Consumer Panels.

There was further discussion around the practicalities of implementing some of the recommendations, and members suggested the CAA explores whether there are alternative ways to implement the spirit or intent of relevant recommendation where possible.

There was general agreement that greater resilience planning across the industry would be essential in avoiding similar disruptive events. There was also a discussion on the Panel's role in monitoring or supporting the CAA's impact evaluation against relevant CAA recommendations. Members were happy to be involved, but considered the Panel's role would need to be carefully defined to have maximum impact and reflect the Panel's limited resources. JW thanked TJ and BM for their presentation.

4. CAA Update

SC joined on Teams to introduce herself to the Panel, as she would formally be joining the CAA towards the end of August. SC noted that she looks forward to meeting the Panel properly at the next meeting in October.

TJ provided an update on the CAA's priorities for legislative reform, including airspace modernisation, as is a key enabler of greater efficiency and resilience in the context of capacity constraints, and the integration of new technology into airspace. TJ also set out that the CAA is updating its website in line with the Public Bodies Review, with the first priority to update consumer facing aspects.

There was a discussion around the lack of information gathering and enforcement powers for the CAA (including mandatory ADR) and agreement that the CAA should continue to press for this with the new elected Government. TJ confirmed that this continued to be on the CAA's priority list for legislative reform. In the meantime, members considered the CAA should continue to explore how it could make best use of its existing limited powers, including the use of reputational incentives. Members also noted that unsuccessful enforcement action by the CAA due to the limitations of its powers could help strengthen the case for legislative reform.

AB provided an update on recent activities in her team, including the airports accessibility report, consumer strategy/dashboard and other planned work.

5. Member Updates

Members provided updates on the Panel's activities over the last quarter including:

- The Panel's input to the NATS IR interim report.
- A workshop with the Law Commission in early June on their consultation on autonomy in aviation, which included a discussion on the Panel's planned response, which FW was progressing with the innovation sub-group.
- AI strategy workshop: members met James Bell on 28 June to discuss the Panel's view on the CAA's emerging AI strategy. There was a really good discussion on implications for the CAA and consumers, and a request for the CAA to undertake consumer research to understand better consumer acceptance of AI in aviation.
- An update on the new DMCC Act and what it might mean for the CAA's powers. JW confirmed the CMA was due to hold a workshop on the DMCC Act on 18 July which JWalker and JG planned to attend.

JW provided an update that the next wave of the Aviation Consumer Survey would be starting shortly, and FW would be in touch with the research sub-group to seek

their input. Also, the next stage of the CAA's environmental information to consumers consultation would be launched soon, to which the Panel is likely to respond.

6. Airspace Modernisation Strategy (AMS) and Single Design Entity (SDE) update

JW welcomed SL and TM to the meeting. SL provided an overview of AMS. This included:

- Why AMS is needed
- A brief recap of progress on AMS since 2013
- The key benefits of AMS
- The structure of AMS – parts 1,2 and 3
- The Pilot Common Project (PCP)

SL outlined the top priority objective for AMS, is to maintain and where possible improve the UK's high levels of aviation safety while delivering:

- integration of new technology;
- simplification of the UK's highly complex airspace design; and
- environmental sustainability benefits, which is an overarching principle applied to all AMS activities.

He added that the benefits of modernising airspace include: helping reduce aviation's climate change impacts; enabling airspace capacity; and creating opportunities for airports to better manage noise impacts.

SL explained the structure of AMS (parts 1, 2 and 3). He also provided an overview of AMS part 3 (the Deployment Plan), which describes the CAA's activities between 2023 -2040 and links to enabling programmes, and identifies areas of future work. SL explained there was a complex mapping process around the key elements of the AMS which correspond to various programmes (and projects contained within), two-thirds of which sit with the CAA.

SL provided an overview of the PCP, which came into force in the UK after Brexit, and identifies a set of Air Traffic Management (ATM) functionalities to be deployed in a timely and coordinated manner to achieve essential operational changes from the European ATM Master Plan.

Regarding the SDE, SL noted this is a joint project between DfT and the CAA to develop options for a SED to deliver holistic and modernised airspace design. The project team brought together a range of key challenges facing the Airspace Modernisation programme, including:

- Skills, Capability and Expertise
- Masterplan interdependencies
- Complexity within the London Cluster
- Funding
- New users and the future of aviation

The first stage of the SDE project is now complete, with the next stage of the process due to go out for consultation next month.

JW thanked SL for the update and welcomed comments from members.

Members asked SL to expand on the key challenges around AMS and airspace change. SL said the main challenge was thinking about airspace change and design strategically and holistically including how relevant changes fit together. Another challenge was around balancing competing interests as part of AMS, including resilience and efficiency, environmental concerns and noise concerns.

JW thanked SL for his presentation.

7. Consumer Panel Away Day

FW outlined that the Panel's away day would take place on 25 July to discuss ideas for the Panel's new work programme. FW provided an overview of the proposed agenda and welcomed feedback from members. Proposed agenda items included an update from Savanta on the latest trends around consumer sentiment, strategic updates from the CAA on innovation and sustainability and sessions around the Panel's impact, visibility and ways of working.

Members thanked FW for the update. FW asked members to share any items of horizon scanning material to feed into the pre-reading for the away day.

8. ATOL Update

MB and CDA joined the meeting to provide an update on the latest ATOL market trend data. Among other things, the key trends discussed include:

- Total forward booked passenger volumes for the following 12 months as of end of May 2024 were stronger than at the end of May 2019 and May 2023 respectively, which was driven by strong sales in volume since March.
- Increase in passengers compared to 2023 was driven by strong demand in online bookings.
- Prices on forward bookings were still increasing slightly for summer, reverting to 2022 levels for winter (although it was still early in the booking cycle).
- Prices for June were higher than in 2023 with July and October only slightly up on the prior year.

MB and CDA provided an overview of key trends and outlook for the UK airline sector including:

- UK seat capacity had continued its recovery post pandemic.
- Following a strong summer 2023 performance, the financial profile of most airlines has markedly improved.
- Airline revenues have been boosted by surging ticket prices.
- Signs of further consolidation within the sector.
- Stronger pipeline of new entrants and upcoming applicants seeking UK Operating Licences
- Travel disruption likely to be an ongoing feature.

There was a discussion around whether Office for National Statistics (ONS) data could be incorporated, and members suggested it might be useful to explore the shift in consumer behaviour around package holidays and the split between leisure and business travel. JW thanked MB and CDA for their update.

9. Economic Regulation Update

SCarter, DM and JWE joined the meeting. SCarter and DM outlined there were two separate items to update the Panel on:

1) Approach to setting price controls for HAL and NERL
2) The HAL Outcome-Based Regulation Mid-Term Review

1) Approach to setting price controls for HAL and NERL

SCarter set out that the CAA had completed the price control review for H7 and NERL in 2023 and are currently undertaking a review of the CAA's approach to setting future price controls. While the CAA was doing this work on its own initiative, SCarter noted that it was also recommended in the CAA's Public Bodies Review. SCarter noted that the CAA published its consultation on this topic in February, which was focused on process and governance issues and the price control's key building blocks.

SCarter provided an overview of the key messages from stakeholders received in March in respect of process and governance issues and the core building blocks. DT queried whether consumer bodies had responded to the consultation. SCarter noted that they hadn't received any responses from consumer bodies but had tried to involve them as part of the H7 process. SCarter noted that Heathrow Airport has a passenger forum, who were consulted.

SCarter noted that an independent Advisory Panel provided expert advice as part of the process. The CAA also commissioned two independent studies on international and cross-sector approaches to regulation. There was a discussion with members on the key findings from the studies.

SCarter went on to provide an overview of the draft themes the CAA proposed to focus on in its approach to setting future price controls. This would include more emphasis on consumer research as part of the price control process and understanding the views of consumers.

CB asked whether the Panel could help the CAA with its business plan guidance with a focus on consumer research and service quality, and provide advice on the role of consumer research as part of the business planning process. SCarter welcomed the suggestion and said he would consider how best to feed the Panel's views into the process. Members also raised the Blue Marble research conducted as part of the previous NATS price control review and suggested it might be useful to undertake future research earlier on in the process.

RH noted that Northern Ireland and Scotland have consumer bodies who could engage with airlines and conduct surveys to ascertain passenger's experience at particular airports, which could provide useful data.

2) OBR Mid-Term Review

DM provided an overview of the OBR framework, which was introduced as part of H7 and builds on the previous service quality regime by introducing reputational incentives in areas which are not fully in HAL's control. The OBR framework includes outcomes, measures, targets and incentives. It also includes a 'continuous improvement' approach that allows the OBR framework to be updated during H7, an airport/airline self-modification process as well as a mid-term review. DM noted that the CAA had written to stakeholders in April to confirm the scope of the mid-term review:

- Unresolved issues from H7 Review including carbon measure, arrivals/departures management targets
- Any issues arising from new measures and targets
- Changes as a result of new H7 investment
- Granularity of targets – whether measurement should be monthly or daily
- Any changes for security queue measures and targets
- Changes to the application of asset availability targets
- Possible increases in specific targets

DM noted that the more detailed work on targets measurement may take longer, and that the team was looking to appoint a consultant to lead on this.

JW thanked SCarter and DM for their presentations and said the Panel would be happy to help with future work on the price control process and the OBR mid-term review.

10. AOB/Actions

There was nothing further to discuss and JW thanked members for taking part.