

Consumer Panel minutes

10:30 – 14:30 28 October 2021

CAA Gatwick offices

Attendees

Consumer Panel

Jenny Willott (JW)	Panel Chair
Trisha McAuley (TM)	Panel members (joined via Teams)
David Thomas (DT)	
Walter Merricks (WM)	
Jacqueline Minor (JM)	
Claire Whyley (CW)	
Carol Brennan (CB)	
Helen Dolphin (HD)	
Harriet Gamper (HG)	Secretariat

Invited guests

David Tait (DTait) Item 3	Head of Innovation Hub
Nina Singh (NS) Item 4	ATOL policy

Declaration of interests

None.

The Panel noted the minutes from the July meeting.

1. Chair's Update

JW updated on activities since the previous meeting. She had met with Richard Moriarty and Sir Stephen Hillier, as well as with Paul Smith, Kate Staples and Tim Johnson, for regular catch ups.

The Consumer Panel Chairs (from the legal services, aviation and financial services sectors) met in September specifically to discuss insurance issues and any cross-over between sectors.

A full meeting of the Consumer Panel Chairs (also including the communications sector) then took place in October. The Chairs discussed current research projects and potential for sharing of consumer vulnerability data.

Since the last meeting the Panel had:

- Submitted views to the CAA Board to inform the Board's discussion on the CAA's positioning around the environment. The Panel's views were discussed at the Board meeting and will be used going forwards.
- Submitted a response to the BEIS consultation on '*Reform of the Competition and Consumer Landscape*'. This focused on mandating ADR and supported the CAA call for civil enforcement powers.
- Submitted a response to the Transport Select Committee call for evidence on '*Airlines and airports: supporting recovery in the UK aviation sector*'. This reiterated and updated points made in the Panel's paper on '*Supporting consumer confidence*' and called for clearer information for travellers amongst other things.

Members also updated:

- CB attended a workshop hosted by BEIS on the Package Travel Regulations, where a range of questions were discussed including around how to improve consumer understanding and enforcement of rights.
- CW highlighted a CMA project on consumer vulnerability, which has identified insurance as an area which can increase risk of vulnerability.

2. CAA Toolkit on Consumer Vulnerability

HG introduced the draft CAA toolkit, stating the aim is to embed the concept of vulnerability across the CAA and help to bring what it means to life for staff. The Panel were supportive of the toolkit and wider work being done, noting that the workstream had originated with the Panel and is an area the Panel has consistently championed.

The importance of the toolkit being practical and useable to help staff get to good outcomes was underlined. The Panel asked that the work is given sufficient budget and resource by the CAA.

On the draft toolkit itself the following was recommended:

Drafting

- The definition of vulnerability should be included up front.
- The text should be more challenging, questioning whether staff are already taking vulnerability into account.
- The draft uses a Q+A format – as the aim is for people to get to the answers rather than getting stuck on the questions, the Panel recommended turning the questions into outcomes.

Illustrating different forms of vulnerability

- The Panel underlined the importance of using the social model of disability.

The role of the market

- The aviation market has a key role to play and this feature needs strengthening in the text.
- The use of examples is powerful in explaining the role/impact the market has (for example policies between airlines on issues such as carriage of liquid oxygen can differ and consumers would not necessarily know this or if they did know that policies differ, they might not be able to find the information they need as it is not always accessible).

Format

- Diagrams would be helpful as well as text – the Panel suggested various examples.
- Other ways to bring the issues to life included use of quotes and case studies. The examples of the Monarch and Thomas Cook repatriation exercises were highlighted by the Panel as areas where the organisation had really applied the concept of vulnerability.

Communication / awareness raising

- The Panel highlighted how important it is for staff to have the toolkit on their radar as a resource. Training and awareness will be key, as will the message that this is something which applies to everybody.
- Communication will be important and the Panel supported a launch from the top of the organisation, potentially including the Chief Executive. Panel members and the Panel Chair were also happy to support.
- The Panel suggested the CAA could launch alongside an update to its website, making the website more accessible.
- There was also a suggestion to work with charities and third sector organisations as part of the launch (for example in the format of roundtables).

Measuring impact

- The Panel agreed this was of fundamental importance. A baseline of awareness should be established now. This should then be measured periodically.
- The Panel also questioned which groups within the CAA are most important to target to achieve high levels of awareness and use of the toolkit. There was a suggestion it could be at SLT rather than Director/staff levels since ExCo have already supported the project and at working level colleagues are likely to be focused on providing a good consumer experience. The Panel suggested a PDC objective for CAA SLT members.

Actions:

- HG to update the draft toolkit.
- HG to update the Panel once the toolkit has been redrafted and the communications campaign is in place, and engage the Panel in the launch/communications campaign.

3. Paid-for innovation services

JW set the context: the request for Consumer Panel input came from a discussion she had with the CAA's Director of Strategy and Policy, Tim Johnson, around the increase in innovative new technologies and how the CAA regulates/prepares to regulate these.

DTait introduced the slides. Innovation is inherent to the aviation sector and the pace of technological change and new entrants has increased significantly over last few years. The CAA set up an innovation hub in 2019, but the volume of work that can be taken on through this is limited. The CAA Board had asked for a new organisational design and risk assessment to manage the potential risks arising from loss of regulatory independence and the possibility of regulatory capture as more and larger firms begin to seek the CAA's advice. The policy and strategy section of the innovation team will therefore be split from the innovation services section which faces industry.

The team continue to work through what this means in practice and are running a 12 month pilot project to start with. The team will continue to report to the CAA Board on progress.

Discussion

The Panel asked for examples of *paid for* versus *free* innovation services. DTait gave the following examples:

- A sandbox to test the capabilities of a large RPAS firm – the firm will fund this.
- Detect and Avoid systems that provide suitable safety mitigations – to date no one has been able to demonstrate this. So here the CAA has set up sandbox to develop solutions, the ultimate output of which will be to formulate a safety standard.

One of the above is focused on supporting a specific entity, the other is to set a new technology standard that will ultimately help the CAA formulate policy.

Some small disruptive firms will have ideas that will bring huge benefit to lots of consumers – how does CAA make sure these firms (which may not have lots of readily available cash) get a chance to develop their services? Could the model prove a barrier to smaller companies? DTait replied that actually the CAA has seen mostly small companies coming forwards, smaller companies have been given most support via the sandbox, and have progressed fastest.

The Panel queried what exactly is meant by a sandbox in this context. DTait clarified it means a safe relationship between the regulator and what may end up becoming a regulated entity, allowing the entity to progress a new/novel technological proposition. This helps to build the evidence base, companies can progress towards getting regulatory approvals, whilst the regulator gets information and evidence to establish policy positions and rules.

The Panel highlighted the consumer principles which the Panel produced and published. These may be helpful, and in particular as companies go through the sandbox process they could reflect on the principles, while the CAA could use the principles to challenge how consumer focused a firm is. DTait is aware of the principles and has used them in the past, he highlighted for example the CAA's social licence publication. The principles align very much with the approach the CAA is articulating to industry. DTait confirmed there is a definite need to consider consumers and other interest groups as they develop systems so those considerations are core.

DTait confirmed how the new process will avoid confirmation bias – there will be innovation advisers whose job is to understand the proposal from the firm, and they will then work with specialists across the CAA. Entry into the sandbox does not guarantee an approval and the adviser or those who have engaged at early stages will never be involved in regulatory decision making.

Actions

DTait to revert to Panel later in the 2021-22 financial year with horizon scanning and for discussion on emerging technologies and potential consumer impacts.

4. Project Rampart

NS introduced the subject, the CAA has consulted on '*ATOL Reform: Assessment of funding arrangements and the protection of customer money*'. The Panel was engaged pre-consultation and

responded to the consultation itself so is well informed. The CAA is currently in the process of reading and analysing responses to the consultation.

NS confirmed that there will be no change to the level of consumer protection – the minimum will remain in place and consumer monies paid in advance should end up better protected. The different options, and combinations of them, are being worked through as part of the impact assessment process. Changes to financial security are also being considered. The changes are not linked and could be carried out independently of one another.

Discussion

The Panel has in the past raised the possibility of driving unintended outcomes if there was to be a move towards variable APC rates (which are made public) and NS confirmed that the CAA would not look to mandate publication of rates in this case to avoid driving consumer behaviour.

NS confirmed that alongside the Panel other consumer organisations had also raised the fact there are several different reviews ongoing including the BEIS reforms to competition and consumer policy and the DfT review of the package travel regulations. NS said the CAA does speak regularly to both departments.

The Panel had asked for detailed consumer research covering what consumers know about ATOL and how much they are willing to pay for it, which should inform the CAA's impact assessment and allow the regulator to generate the best option for both industry and consumers (in other words the biggest number of consumers being protected with ATOL holders not being priced out of the market). The CAA is in the process of appointing a market research company to carry this out.

CB highlighted *Which?* findings that showed 4 in 10 consumers that buy a flight think they are protected when they are not. NS responded that part of reason for doing the research is to understand what people do and don't understand about ATOL so we can better educate consumers. Do consumers understand the nuances and how can we best communicate them.

The Panel underlined that the research needs to be relatively explorative, qualitative and in depth to truly explore these issues. NS and HG (who has input to the tender process) reassured the Panel that research will be qualitative, and likely be deliberative in nature to address. Once a provider is appointed the Panel will be involved.

The Panel questioned whether consumers have become more risk averse as a result of the pandemic, and if so will this impact behaviour, at least over short-medium term? HG said that questions on this have been included in the variable module of the Aviation Consumer Survey – initial results are due shortly and will be circulated.

The CAA is currently modelling the impacts on the market depending on which options are selected. Modelling will look at impacts on choice and cost, something to which the CAA has always been alive. NS also underlined that the regulator is alive to potential unintended consequences and will track understanding of the market (for example via volume of sales of package holidays and if they remain stable in non-pandemic years).

Actions

NS to involve Panel in development of ATOL research and get Panel input as to how results can best be used.

5. Any Other Business

This meeting was the last for Claire Whyley and Trisha McAuley, both of whom have reached the end of their second term with the Panel. JW thanked CW and TM for their many contributions over the years and highlighted some of the areas where they have had particular impact, including in putting the issue of consumer vulnerability firmly on the CAA's agenda. CW and TM thanked the Chair, and recognised how well the Panel has become embedded within the CAA.

JW closed the meeting.