

**Regulatory Policy Group**

Heathrow Airport Limited

Heathrow AOC

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

23 September 2014

Dear Sir / Madam

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

On 13 February 2014 we issued a notice under section 15 of the Civil Aviation Act 2012 granting a licence to Heathrow Airport Limited (HAL), including a requirement in Condition D2 to secure the availability and continuity of airport operation services at Heathrow Airport, particularly in times of disruption. HAL is required to publish plans setting out how it will do this and those plans are to include any guidance issued by us. Condition D2 allows for us to revise the guidance from time to time, following consultation with HAL and other relevant parties. We included high level guidance in the 13 February notice and, in July this year, we consulted on revised guidance which builds on the existing guidance. We are now issuing the guidance having taken into account the responses to that consultation.

*Existing guidance*

Our existing guidance was set out in paragraphs 2.85 to 2.90 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 HAL to take on this responsibility and associated accountability, we recognised that HAL 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 HAL 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, 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>1</sup>. We said we would expect to see that HAL has risk assessments for the

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<sup>1</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.

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 the loss of that infrastructure or service. These 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, we said we would normally expect to concentrate on how well the company had reacted to, and managed the event. However, if the plans are not adequate, we were clear that we would take proportionate regulatory action, from requiring changes to the plans to taking enforcement action under the Act.

We also stated that where services are provided by a third party and HAL only acts as a landlord for the facilities (such as fuel supply or groundhandling services), we would not expect HAL to have contingency plans for ensuring continuity of supply of those services but we would expect HAL to have plans for the effect that disruption to those services would have on its own operations.

In particular, we said that HAL should 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; 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>2</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 HAL to maintain clear working arrangements with relevant parties.

In addition, we said we would be content for HAL, in consultation with relevant parties, to develop terminal specific plans and rules so long as these are proportionate and do not distort competition.

We considered that HAL is best placed to assess the detail of what is needed in its plans to meet the outcomes required under this condition. We considered that the preceding paragraphs constituted guidance on what we expected HAL to include in its resilience plans and did not at that time plan to issue any further guidance, although we indicated that we may do so if the need arises.

#### *Additional guidance*

In March, following a 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

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<sup>2</sup> <https://www.gov.uk/resilience-in-society-infrastructure-communities-and-businesses> CAP 1151.  
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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 HAL'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 HAL 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.

Condition D2.5 requires HAL to include as a minimum those elements set out in any relevant guidance issued by us, as revised from time to time. We note that HAL 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 HAL 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>3</sup> and the Transport Select Committee<sup>4</sup> reviewed a significant disruptive event at Gatwick Airport on Christmas Eve 2013 and made a number of recommendations for Gatwick Airport Limited's resilience plans. We commend those reports to HAL and recommend that it should consider whether any of the recommendations in them are relevant to its own resilience plans.

Yours faithfully,



**Stephen Gifford**

**Head of Economic Regulation,**

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<sup>3</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>4</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 Heathrow Airport Limited's operational resilience plans required under condition D2 of its economic airport licence.**

This revised guidance is issued in addition to the guidance issued in the notice granting an economic airport licence to Heathrow Airport Limited given on 13 February 2014 under section 15 of the Civil Aviation Act 2012 and is intended to strengthen and clarify that earlier guidance.

### ***Risk management***

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

HAL should also plan (in consultation with relevant stakeholders) and undertake a programme of risk mitigation based on the risks 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.

A part of the licence requirement to have clear processes and communications to remedy problems HAL 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>5</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;
- 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>5</sup> stakeholders include the major airlines, with other airlines represented by the AOC, ground handling agents, NATS, the emergency services, fuel suppliers, local authorities etc.  
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HAL should develop 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. HAL should decide, in accordance with its risk assessment processes, the nature and number of exercises of each type necessary to ensure it fulfils its licence obligations to secure the availability and continuity of airport operation services, particularly in times of disruption.

- at least 4 tabletop exercises per year are recommended;
- at least one practical exercise relating to a non-emergency disruption situation every other year is recommended;
- where stakeholder coordination, passenger management, information and welfare responses are tested as part of the mandatory emergency exercise which each airport is required to undertake every other year under CAP168, such exercises can be considered to contribute to the fulfilling of the operational resilience condition;
- live events will also be considered to contribute to the fulfilling of the operational resilience condition, provided that full post-incident reviews have been carried out;
- as far as possible the planning and exercising of the programme should be done in collaboration with relevant stakeholders. Where stakeholders are unable or unwilling to engage or agree, any identified limitations on HAL's ability to carry out full and effective exercises will be taken into account in any future related regulatory action; and
- HAL should ensure that "wash-up" sessions are undertaken for all exercises, inviting representatives from relevant organisations to participate.

### ***Passenger Welfare***

HAL should be clear in its plans that, if it considers it necessary during a disruptive event, it will be prepared to step in to offer a backstop level of welfare assistance and information and may recover its reasonable costs. Details of the types of assistance that might be provided should be made clear in its plans and may be agreed with airlines individually or through the AOC in advance.

In particular HAL should:

- include in its plans (including the rules of conduct required under the licence) optimum requirements for 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 or the rules of conduct as requiring a high priority by airline and ground handling staff at times of disruption, relative to their own recovery activities;
- 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 airlines' preparedness to meet their obligations under EU 261 with regards to passenger welfare. HAL should ensure that it is fully indemnified by airlines for where it has to make backstop provision, and should be clear about how it will recover its costs;

- develop an understanding of 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, to inform its own planning about the likelihood that it may have to step in to offer backstop provision of welfare or information;
- 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***

HAL should carry out reviews of disruption incidents and of practice exercises held jointly with other stakeholders, as noted above. Where the CAA reasonably requests it, reviews of disruption incidents should be lead by an independent reviewer and, in any case, the scope of each review should be discussed with stakeholders. Reviews should include as a minimum:

- details of the cause of the incident or the purpose of the exercise 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.

HAL 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. HAL should also attempt to agree procedures for open discussion with other stakeholders on issues arising during disruption.

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

HAL 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 HAL should coordinate.

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

HAL should agree with the airlines processes and protocols for agreeing reductions in demand during times of reduced capacity at the airport. HAL 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 HALS' 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. HAL should consider the findings from this report to build on those strengths and make improvements where there are weaknesses.

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

HAL 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).

HAL and relevant stakeholders may be asked to attend a briefing session with the CAA to present and discuss the report. The format and attendance of these sessions will be agreed on a case by case basis as necessary.