

CONSUMER CHALLENGE BOARD (CCB)

**MONDAY 24 JULY 2017
10.00 – 15.00 AT CAA HOUSE**

Minutes

Present	Apologies	Guests
<ul style="list-style-type: none"> ▪ Jeff Halliwell (JH) - Chair ▪ David Holden (DH) ▪ Isabel Liu (IL) ▪ Jayne Scott (JS) ▪ Claire Whyley (CW) ▪ Trisha McAuley (TM) ▪ Amy Breckell (AB) - Secretariat 	N/A	<ul style="list-style-type: none"> ▪ Beth Corbould (BC) – CAA – Agenda Item 4 ▪ William Webster (WW) – CAA – Agenda Item 4

Summary of Open Board Meeting Actions

Action ID	Origin	Status	Date Identified	Owner	Action	
CCB_A005	Board Meeting	001	New	14-Jun	JH & AB	Develop MOU between CCB and CAA Consumer Panel.
CCB_A008	Board Meeting	001	New	14-Jun	AB	Publish expenses policy once finalised on the CCB section of the CAA website
CCB_A010	Board Meeting	001	In Progress	14-Jun	AB	Liaise with stakeholders (e.g. HAL) to make them aware of our presence on the CAA website and suggest that they have a link on their own website to the CCB page.
CCB_A014	Board Meeting	001	New	14-Jun	CW	Talk to CAA Consumer Panel about engagement with persons with reduced mobility (PRM)
CCB_A022	Board Meeting	002	In Progress	10-Jul	JH	Seek engagement with a low cost carrier
CCB_A023	Board Meeting	002	New	10-Jul	JH	Seek engagement with Border Force
CCB_A024	Board Meeting	002	In Progress	10-Jul	JH	Seek engagement with a non-UK airline that has experience operating out of another hub airport
CCB_A025	Board Meeting	002	In Progress	10-Jul	JH	Seek engagement the CAA Board
CCB_A028	Board Meeting	003	New	24-Jul	JH	Seek engagement with Citizens Advice.
CCB_A029	Board Meeting	003	New	24-Jul	AB	Understand if HAL have an accessibility director and request more information from HAL on PMRs

1. Minutes from the last meeting

- a. The CCB approved the minutes from CCB-002 on the 10/07/17.

2. Admin

2.1 Website

- a. The CCB website is now live. The link is www.caa.co.uk/h7ccb

2.2 Expenses Policy

- a. The CCB have agreed to adopt another public body's expenses policy and have proposed this to the CAA. The CCB are waiting to hear back.

3. Meeting update

- a. DH and IL informed the CCB about their meeting with HAL's Head of Regulatory Performance. It was agreed by all that the timeline extension was a good opportunity for HAL to develop a robust consumer engagement plan. HAL confirmed the consumer engagement plan would be ready by August. HAL will present this to the CCB on the 11th Sep meeting to be held at HAL.
- b. JH informed the CCB about his meeting with the Heathrow Airport Consultative Committee (HACC) to explain the role of the CCB and update on progress. At this meeting it was explained that the CCB's role relates to consumer input to the economic regulation of Heathrow, its business plan, and the charges levied on passengers via airlines to pay for it. Issues such as local traffic congestion best handled through other channels and are not in the CCB's terms of reference.
- c. JH informed the CCB about his meeting with the Passenger Experience Sub Committee to explain the role of the CCB and update on progress. The board noted that this is a subcommittee to discuss issues around current passenger experience at HAL.
- d. JH informed the CCB about his meeting with HAL's Regulation Economics and Strategy Director. JH reinforced the message delivered by DH and IL to HAL's Head of Regulatory Performance. It was noted that HAL appreciated the CCB's view and opportunity created by the extra time to do more consumer engagement.
- e. JH noted that he was also going to be meeting HAL's CEO, and Regulation, Economics and Strategy Director on the 25th July, HAL's Board on the 26th July and HAL's Executive Committee on the 15th August, to reinforce the same message that opportunity exists for much greater future consumer engagement.
- f. The CCB discussed that CBI had produced a general position paper on the third runway at Heathrow.
- g. The CCB are seeking engagement with Citizens Advice.
- h. It was noted that the CAA is forming a vulnerable consumer policy. The CCB recognise that persons with reduced mobility (PRM) need to be considered systematically and should consider circumstances while travelling, not only disability.
- i. The CCB expect that HAL will perform a general review of all published evidence regarding consumers that struggle to access particular markets and consider if

issues could read across i.e. mental health engaging with financial services and debt collection.

ACTION JH to seek engagement with Citizens Advice.

ACTION AB to understand if HAL have an accessibility director and request more information from HAL on PMRs

4. New capacity consultation

- a. The CAA provided an update on the consultation, timetable and the initial discussion on affordability.
- b. Ex-ante cost incentives were discussed. In response to the CAA reporting they were going to undertake some costs assessments internally, the CCB challenged that the responsibility lies with HAL to understand and demonstrate realistic costs. The CAA recognised this challenge and supported this view, however explained some initial cost assessments are required to understand if ex-ante cost incentives are feasible and how robustness of the process will be measured.
- c. The CCB suggested the CAA should look at and consider lessons learnt from other sections regarding ex-ante cost incentives i.e. the rail sector.
- d. The CCB inquired about the procurement policy. The CAA reported that they are reviewing possibilities and impacts. In December 2017 the CAA expect to publish more thinking about affordability and finance-ability.
- e. It was highlighted by the CCB that the costs associated with expansion are social costs. This means that the degree of development and consultation is bespoke to this expansion. The CAA recognised this and said that no options had been closed off yet and ex-ante cost incentives are being explored fully.
- f. CAA reported they have employed cost consultants Arcadia.
- g. The Arora Heathrow expansion proposal was discussed. It was noted that costs are reduced in the main due to a lot less land being used. The CAA reported that they are seeking to engage with Arora to understand the proposal fully.
- h. The CAA expects HAL's RAB to double over the course of the investment in expansion, requiring significant expenditure in H7 and H8.
- i. The CAA explained they have not adopted a TOTEX approach for H7. In other sectors CAPEX and OPEX are seen as substitutes for each other, whereas the CAA do not consider that this is a significant issue for HAL at this time, given the likely capital intensive nature of the R3 development.
- j. The CCB highlighted that TOTEX equalises human (OPEX) solutions with capital solutions, therefore might have a place in terms of baggage and check-in etc.
- k. The CAA reported that if the national policy statement (NPS) was not out in the first half of 2018 that the extension might be for 2 years.
- l. In terms of how to extend Q6 further, airlines consider traffic forecasts should be reset as they have been exceeded. It was noted however that in Q4 and Q5 the traffic forecasts had not been met. The CCB asked how passenger forecasts are reached. The CAA said passenger forecasts are reached through tripartite constructive engagement, airlines generally use seat forecasting and airports use top down forecasting.
- m. The impact of the Q6 extension on the CCB was discussed. The CAA and CCB both welcomed the extension and agreed that this means an elongation of the

initial work plan and an opportunity for HAL to update their work plan for consumer research and outcomes approach.

- n. CAA talked the CCB through the process and timeline for aligning with the political and planning process.
- o. The CAA noted that the CCB was not a regulatory function and supported the CCB view that it needs to be dynamic and integrated in terms of its engagement with HAL.
- p. On affordability the CCB noted the range of outcomes assumes a single passenger charge. The CCB highlight that some might want a range of charges based on service requested. It was discussed whether the CBB need to challenge HAL charging everyone £21 flat rate. The CAA explained the £21 is a per passenger envelope for aircraft parking, landing and the passenger. How much the passenger pays of the £21 is up to the airline.
- q. The CCB discussed whether charges could be different for passengers using the airport as a connection vs. those using it as a departure or destination, and/or graduated according to the cost of the ticket. The CAA said that they are not prescriptive on how this is managed and noted that there is already a discount for connecting passengers.
- r. The CCB also questioned the CAA's suggestion in the consultation document that that it may consider carrying out its own consumer research. The CCB made clear they thought it was HAL's responsibility to do consumer research. The CAA stated that at this point they are not planning on doing any consumer research.

5. Future meeting dates and locations

- a. The following meetings are planned:
 - 25th July JH to meet HAL's CEO, and Regulation, Economics and Strategy Director at HAL
 - 26th July JH to meet HAL's Board at HAL
 - 2nd Aug JH to meeting Which? Which's Head of Campaigns at their offices in Paddington
 - 7th Aug the CCB to have a Board meeting at CAA House
 - 5th Sept JH to meet HAL Executive Committee
 - 11th Sept the CCB to meet HAL to talk about Resilience and Future untapped demand at HAL
 - 28th Sept the CCB to meet British Airways (BA) to share an update on progress so far, at BA Waterside
 - 28th Sept the CCB to have a Board meeting at BA Waterside

6. AOB

- a. N/A