

Consumer Panel minutes

11:30 – 16:00, 20 October 2022,

Teams

Attendees

Consumer Panel

Jenny Willott (JW)	Panel Chair
Jennifer Genevieve (JG)	Panel Members
David Thomas (DT)	
Walter Merricks (WM)	
Jacqueline Minor (JM)	
Carol Brennan (CB)	
Helen Dolphin (HD) (item 4 onwards)	
Rick Hill (RH)	
James Walker (J Walker)	
Vaughan Williams (VW)	
Freya Whiteman (FW)	Secretariat
Sally Bland (SB)	

Invited Guests

Sir Stephen Hillier (SSH) (item 2)
Richard Moriarty (RM) (item 2)
Rhian Bishop (RB) (item 3)
Stuart Lindsey (SL) (item 6)
Kirsten Riensema (KR) (item 3)
Adelle Roberts (AR) (item 6)
Paul Smith (PS)
Rob Toal (RT) (item 5)
Anna Bowles (AB)

The meeting was held remotely via Teams.

Declaration of Interests

The register of interests, as circulated before the meeting, was taken as read and no further declarations were made. Members were reminded to let FW know of any updated interests.

1. Chair's Update

JW welcomed those present to the meeting and introduced two new members, Jennifer Genevieve and Vaughan Williams.

The minutes of the quarterly Panel meeting, held on 21 July 2022, were agreed subject to approval by the individual CAA presenters. An amended version would be circulated to Panel members if applicable.

JW went through the following points of business:

- The date for the April 2023 meeting would be revisited as a potential clash had come to light since the dates were circulated.
- The Panel's Work Programme had been published, along with a video put together by the CAA's Comms team. This had been sent to various media outlets and was being covered by some travel publications.
- The Panel's webpage had been updated with improved signage and FW was looking into developing an internal intranet page to promote the Panel across the CAA.

Other items of activity would be discussed later on the agenda.

2. CAA Chair and Chief Executive Update

Sir Stephen Hillier and Richard Moriarty joined the meeting to provide an update of recent activities of the CAA.

SSH introduced himself for the benefit of the new members and gave a brief overview of his background. He thanked JW for her presentation to the Board in June on the work of the Consumer Panel, including its latest Annual Report. SSH explained that the Consumer Panel plays a very important role in helping the CAA keep the consumer interest at the heart of all its decision making, by providing challenge, insight and advice as the CAA's critical friend.

SSH detailed the CAA's priorities in recent months. This included working with Government and industry to mitigate the impact on consumers from recent airport disruption and ensuring lessons were being learnt for next year. SSH also noted that the disruption experienced in 2022 further underlined the need for stronger CAA enforcement powers.

In terms of broader issues, SSH noted that the impact of the pandemic and disruption, the rising cost of living and environmental issues would be important factors impacting consumer choice and sentiment towards flying in coming months. SSH noted it would also be important to explore the impact of advanced air mobility, automation and other new technology on consumers including the challenges and opportunities this presents.

SSH noted that the CAA was undergoing a public review. He added that given the current political environment, it was important that the CAA provided stability in uncertain times and continued to work to have the trust and confidence of those who fly.

RM noted that over the next 12 months the industry would be continuing to recover from the effects of the pandemic in a fragile labour market (particularly for PRMs) and it was important to ensure consumer protection remained a core issue during that time. RM said unexpected issues, such as Air Traffic Control strikes in Europe, can have knock on effects on the aviation ecosystem which is why it is important to ensure stakeholders have good resilience and contingency plans, and realistic schedules, and to ensure that there is swift and effective consumer redress when needed.

RM noted that enhancing the CAA's enforcement powers was continuing to be pursued with Government, and welcomed ongoing Consumer Panel support in this regard.

RM said that accessibility would continue to be an important area of focus for the CAA, noting that he was pleased to see in the Panel's new work programme an emphasis on ensuring the public in its broadest sense are able to access aviation as the sector recovers from the pandemic. RM added that ATOL reform would be another key area of focus for the CAA where the Panel's input would be valuable, as well as the provision of clear, comparable and trusted environmental information to help inform consumer choices. He added that the Consumer Panel was a vital part of the organisation's infrastructure and was a valuable asset to the Board

The Chair thanked SSH and RM for their updates, and invited questions from members:

CB asked if RM was confident in the safety and accessibility of new technology including Advanced Air Mobility. RM explained that, despite the challenges new technology presents, he was confident in the high safety certification standards being put in place and the people in charge of managing them. RM added that innovators aspire to scale up their products to mass market and there is some recognition that in order to do this, their products need to be as accessible and inclusive as possible so that they can be used by the public in its broadest sense. The CAA's role is to hold innovators to account as they scale up, and ensure safety as a top priority and that new products are accessible. The Panel has an important role in working with the CAA and industry to ensure accessibility is factored in at a sufficiently early stage, and later on as companies scale up from prototype to mass market.

SSH added that new technology will rely more on autonomy and artificial intelligence, and that there is a need to explore how consumers respond to this and how to build consumer trust and confidence in the safety of new technology. CB responded that in due course there will need to be a careful campaign to build consumer confidence in respect of the safety of new technologies. It was also noted that better understanding of consumer acceptance in this area might be helpful.

JG also queried the extent to which the CAA was working to understand innovators' business models. RM explained that the CAA was trying to understand this and that there was a wide spectrum of short and longer term business models targeted at different consumer groups.

JM queried the types of journeys being planned, whether they would be short, domestic flights or international. KR had joined the meeting for the next agenda item, and added that due to limitations in battery technology, only short journeys were being planned at the current time, though this was likely to change in the future, and that the CAA would need to comply with relevant international ICAO regulations. SSH added that with a consumer perspective in mind, short journeys could be very beneficial in remote parts of the UK, particularly for consumers at risk of vulnerability and that there is huge potential social value to be unlocked from this technology.

In the context of the lifting of capacity caps at Heathrow at the end of October, RH queried whether industry stakeholders could scale up and meet expected demand without these being in place. RM explained that caps were a blunt instrument but that the CAA was supporting them at Heathrow for the time being until such time that there is confidence that the aviation ecosystem can support passenger demand. In this regard, RM added that industry resilience and recruitment planning was improving.

In relation to RM's comment above welcoming further Consumer Panel support on the need for stronger enforcement powers, WM noted that the Panel had been advocating for this since 2018 which is a message the Panel could reinforce. WM added that new powers should not be viewed as a bolt onto the CAA's existing powers but instead as a new vision for the CAA as a consumer protection regulator which would be important for Parliamentary Counsel to consider when drafting legislation. RM acknowledged WM's views and added that the CAA was not asking for different powers compared to other regulators and that there are benefits to replicating the approach in other sectors, as this provides a best practice template for legislative drafters to adapt. JW noted that the Panel could consider how else it could help strengthen the case for enforcement powers.

JW thanked SSH and RM for their comprehensive updates.

3. Advanced Air Mobility (AAM)

KR and RB attended the meeting to provide an update on the CAA's approach to Advanced Air Mobility. KR set out the CAA's 5 strategic priorities in this area including: Unmanned Aerial Vehicles (UAS)/drones; AAM; BVLOS (Beyond Visual Line of Sight) technology for drones; automation and artificial intelligence; and net zero propulsion.

KR provided members with background information on the CAA's Innovation Hub. The Hub is comprised of a gateway for innovators to contact the CAA in a quick and easy way; the innovation advisory team who offer innovators the ability to undertake sandbox activities¹; and a regulatory lab where learnings from sandboxes are further developed into "challenge" areas. AAM is an area which is more mature and closer to being implemented, and where cross CAA input is needed. KR leads on the coordination of that input as part of a CAA wide programme. KR explained that the objective of AAM is to enable the initial commercial operation of passenger carrying eVTOL aircraft by 2025, which is the date that some operators envisage they will be ready to operate in the UK. KR set out the different regulatory workstreams in the AAM programme, one of which is the application of the CAA's Consumer Principles.

RB referred members to the paper she drafted on how the CAA's Consumer Principles could apply to AAM. This paper drew on industry research and engagement to understand the extent to which innovators are currently considering the Principles, and to identify risks and gaps, as well as initial feedback from Panel members in an earlier workshop. RB provided a summary of the key findings in her paper for each principle:

- Access, representation, fairness and equity – companies are considering the Principles, and are customising operations around the communities they want to serve, and some have undertaken surveys. The current risk is that services offered are expensive, but when the technology is scaled up it should become more affordable.
- Education, information and choice – companies are intending to hold live show and tells and demonstrations for the public and most providers are considering a single app service for bookings, where users can choose the best option for them as part of an integrated end to end journey.

¹ Provides a safe space for innovators to test new technology and understand what is needed to achieve CAA certification, and to enable the CAA to gain a better understanding of future technology and identify potential regulatory gaps that might need to be addressed.

- Economic interest – AAM will create employment opportunities which could be particularly helpful in promoting regional connectivity (cheaper and more efficient links between regions and cities).
- Safety and quality – AAM needs to be safe according to the standards required by the CAA. Innovators will also need to participate in safety tests and develop a Safety Management System, which will help build consumer confidence in the safety of AAM.
- Sustainability – eVTOLs are a more sustainable form of transport and journeys will take the most direct routes which will save energy. Mitigations are being put in place for noise and visual pollution risks.
- Redress – there is currently a lack of information in this area, which is likely to develop further in due course. Any potential form of redress for AAM is likely to differ compared to commercial aviation as AAM will focus on short UK journeys, with relatively few passengers in the first instance. This is an area the CAA might need to look at in the future when the industry grows.
- Privacy – booking apps will hold customer data which needs to be safe and secure. Companies are looking at cyber security and resident privacy due to the risk of low flying vehicles.
- Accessibility for PRMs – operators are aiming for equity of access for those with reduced mobility and other vulnerable consumer groups, including the elderly, and are also considering the accessibility of apps.

A key takeaway RB noted was that current vehicles are still prototypes where safety is being tested, rather than the actual vehicles that will be operated. Therefore, the design is still being developed and there are opportunities to influence this. RB added that some firms are considering accessible cabin design solutions and how best to store wheelchairs, which is encouraging.

To conclude, RB explained that the industry was generally applying a Consumer Principles mindset to their operations and that safety, sustainability and accessibility from a cost perspective seemed to be the current focus. Potential gaps include accessibility for PRMs and consumer education.

RB outlined proposed next steps. Among other things this included: the CAA promoting the Consumer Principles on the CAA's innovation website; developing a checklist or guidance for industry on how to apply each principle; encouraging innovators to undertake direct engagement and consultation with consumers; and encouraging innovators to more clearly provide information on their websites setting out how their new technology will be accessible and inclusive. RB welcomed feedback from members.

Members provided a number of comments, which RB agreed to take away and consider:

- VW suggested the CAA should ensure an enforcement strategy is in place in the event some companies don't comply with relevant rules.
- J Walker noted that innovation has a risk of creating elements of failure in the market, which can impact consumer trust.
- CB welcomed KR and RB's work and queried whether the CAA could require rather than encourage firms to consult and engage with relevant consumer groups. She also suggested that while redress is some way off, automatic refunds might be easier to implement for AAM.
- JG suggested that choice should be considered in a broader sense. For example, choice of vertiports or eVTOL providers, and the services offered by apps.
- PS and JW agreed that it would be important to consider what modes of transport AAM is competing against, and that there might be better points of comparison than the aviation sector when developing a consumer protection framework, such as rail and taxis. JW also

noted that some aspects of current consumer protection legislation such as the airport accessibility framework don't necessarily read across to vertiports.

- WM noted that remote islands (for example in Scotland) receive Government subsidies which could be a useful starting point to trial the viability of AAM.

Actions: RB noted the questions raised by members and would respond in due course. JW and RB agreed that the Panel sub-group will help develop the AAM industry guidance.

JW thanked KR and RB for their efforts in taking this work forward and noted that the Panel was pleased with the significant progress that had been made.

4. CAA Update

PS provided a verbal CAA update to the Panel. He highlighted the following areas of work:

PRM performance – in August there was general improvements across airports who were moving in the right direction. September was more of a mixed month as some airports were above target, some were close to target but others had fallen. Overall, performance had improved but further improvements were needed.

ATOL-protected Refund Credit Notes (RCN) – during the pandemic, tour operators had offered refunds to customers whose holidays had been cancelled due to Covid, or vouchers (which were sometimes worth more). The Government had agreed that vouchers up to the value of the holiday would be ATOL protected until the end of September 2022. The CAA has been monitoring the value of outstanding Refund Credit Notes and a number of campaigns run were run in the media encouraging passengers to use them before the protection expired. However, around £30m were still unredeemed which, it was thought, were likely to be from deposits and other relatively small payments. Overall, it was felt that the RCN scheme had helped with consumer protection and had kept many businesses viable so had generally worked effectively.

Regulation 261 issues - AB had been working with airlines on recent 261 issues including outstanding compensation claims. There was also some discussion on a case being heard in the Supreme Court regarding crew sickness.

NR23 price control – The NR23 price control Initial Proposals would be published shortly, which had been discussed with the Panel.

5. H7 Update

RT provided a verbal update on H7. For the benefit of new Panel members, RT set out the purpose of economic regulation and some background around the H7 price control review. RT explained that the CAA had published its Initial Proposals in October 2021 and Final Proposals in June 2022. Stakeholders had now submitted detailed responses to the Final Proposals, raising a number of issues including on the passenger forecast, the WACC and estimates of efficient costs. In addition, recent changes in the macro-economic environment (such as levels of inflation and interest rates) also had to be factored into the price control process, which are important drivers of building block assumptions that the CAA makes.

In light of these developments, RT noted that the CAA Board asked the H7 team to undertake some further analysis and that he would update the Panel on next steps. RT welcomed views and observations from the Panel:

- In response to a query from J Walker, Rob confirmed that it was expected that there would be a discrepancy between Heathrow and the airlines on their proposed passenger forecasts.
- DT asked about the inflation mechanisms in place in the price control and the impact of higher inflation, given that most price controls in the last decade had been set during periods of low inflation. RT confirmed that the team was confident that its approach was consistent with best practice and regulatory trends, but that it might be an area tested by the CMA in the event that the CAA's decision is appealed.
- JG asked RT to expand on what was meant by improved governance arrangements and how they work in practice. RT explained that the governance process is called Constructive Engagement where HAL is incentivised to engage with airlines on price control building blocks. RT also explained how the traffic risk sharing mechanism works and the profiling of charges.

JW thanked RT for his update and explained that the Panel's economic regulation sub-group would be able to continue supporting the H7 price control review.

6. Airspace Modernisation

SL and AR joined the meeting to provide an update on the refreshed Airspace Modernisation Strategy (AMS).

SL provided some wider context on AMS. The Secretary of State gave the CAA the function to prepare and maintain a coordinated strategy and plan for the use of all UK airspace for air navigation up to 2040, including the modernisation of such airspace. In 2018, The CAA published its AMS initially focusing on the period to 2024.

SL explained the AMS vision to deliver quicker, quieter and cleaner journeys and more capacity for the benefit of those who use and are affected by UK airspace. SL added that there was a strong case for modernising as the UK's airspace was outdated and there were additional demands on already capacity constrained and congested airspace, including from drones and General Aviation. Other benefits of modernisation include its contribution towards the Government's Jet Zero commitments, and to better mitigate noise and air quality impacts on local communities.

Airspace modernisation also has a number of potential consumer benefits including more efficiency and resilience which could reduce delays that passengers experience (such as stacking). Another potential benefit is the additional capacity that could be created as a result of AMS efficiencies which may give passengers more choice and value.

In terms of delivering modernisation, DfT and CAA are co-sponsors and airspace modernisation needs to be delivered collaboratively by a range of stakeholders including ANSPs, airports, airlines, manufacturers and bespoke delivery bodies. NATS was required under its licence to create Airspace Change Organising Group (ACOG) as a separate and impartial unit to coordinate the airspace change masterplan with several airports that must make changes.

SL went on to explain the key changes in the 2022 refreshed AMS, which include extending the AMS focus from 2024 to 2040, taking account of the latest developments in innovation and technology, the need to align with the ICAO Global Air Navigation Plan and environmental factors becoming overarching principles throughout the AMS.

SL set out the AMS refresh timeline, and noted that the CAA had undertaken significant engagement with stakeholders receiving 114 responses from its most recent consultation.

SL invited the Panel's views on the following questions, and other feedback members might have:

- To what extent are current and future consumers of air transport services interested in the AMS?
- How can we better take their interests into account?
- What sort of media might we use for better comms on airspace modernisation?
- What might they be interested in and in how much (non-technical) detail?
- How do we make the content suitably inclusive and accessible?

In the context of potential consumer benefits from airspace modernisation such as more choice of destination, CB noted that it would be interesting to track this area over time which might be captured in future waves of the Aviation Consumer Survey. CB also queried whether the CAA would be able to measure improvements to reductions in emissions, which go some way to helping build consumer confidence in aviation, given that they are becoming more environmentally conscious. On CB's first point, SL said airspace modernisation has the potential to free up additional capacity and enable design options that aren't currently possible but then it would be up to industry stakeholders on how to take that forward. On the latter point, SL said ACOG has a remit to capture carbon savings.

RH noted that airspace modernisation provided a good news story for consumers which could be promoted, who would likely be pleased that the AMS was being used to create cleaner air and reduce emissions.

Building on RH's comment, J Walker agreed that this was a positive news story, and that there might be an opportunity to communicate more clearly with passengers the reasons for any potential delays they experience (for example, to avoid stacking and reduce carbon emissions), and that airspace modernisation creates more efficient use of airspace and reduces the risk of delay. This is a better message than simply stating that consumers are being delayed due to Air Traffic Control.

In response to a separate question from SH, SL clarified that the UK does not have a central airspace architect function, and that anybody is able to submit an Airspace Change Proposal if they are able to comply with the process. SL added that the UK's approach was not a common model.

WM suggested that it might be useful to develop some visual aids or videos to explain AMS and its benefits, which might attract more consumer interest. SL confirmed that some visual pieces of promotional work were being prepared.

JW thanked SL for his presentation and offered the Panel's input on how to engage with members of the public on a very technical area, including the use of plain English. SL welcomed JW's suggestion and agreed to follow this up in due course.

7. Member Updates

JW reported that a lot of work had been carried out since the July meeting. She highlighted the following areas:

- Regarding the NR23 price control, JW noted that the Panel's sub-group had held workshops and provided written feedback on the Initial Proposals.

- A sub-group had been involved in helping shape the latest wave of the Aviation Consumer Survey.
- The Panel has also been involved in DfT's aviation passenger charter and its groundhandling review.
- JW attended an Environmental Sustainability Panel meeting in September to introduce the Consumer Panel, where one member expressed an interest in working with the Consumer Panel on greenwashing issues.
- JW held monthly meetings with PS and AB, and had met with Tim Johnson. She would also be meeting with Jonathan Spence (head of the CAA's legal department) and Rob Bishton (the CAA's safety and airspace director) and was due to present at an upcoming Innovation Hub team meeting to introduce the Panel. JW also met with Tim Alderslade (Airlines UK) and Jeremy Newman in the context of the Public Bodies Review and would be participating in a Consumer Panel Chairs' meeting.

CB gave an update on the development of the Aviation Consumer Survey. The sub-group held some workshops with the CAA and its research agency to explore new questions in the survey, and further engagement took place with the Panel to refine draft questions in order to improve their effectiveness. The final questionnaire would be circulated in the near future.

WM queried whether there was a specific blueprint on what consumer enforcement powers the CAA wanted. PS referred to RM's update in agenda item 2, and suggested that FW asks Helen Swanbury to discuss this with the Panel.

8. Consumer Panel Impact and Visibility

FW referred members to the Consumer Panel impact and visibility paper, circulated prior to the meeting which built on suggestions provided at the Panel's Summer away day. FW noted that the paper set out the current approach to the Panel's impact and visibility, progress made in recent months and ideas to build on this in the future. In terms of recent progress, FW noted that a more service orientated approach that highlights the value of the Panel tailored to each policy area, seemed to be working so far (as demonstrated in the case of AAM), which can be extended to other areas. She invited comments and suggestions from Panel members.

CB thanked FW for the paper, and welcomed the work to raise the Panel's profile. She suggested that the proposed bulletin could provide concise highlights on the Panel's activities, which could be published on a quarterly basis aligned with Panel meetings. CB also suggested that issues the Panel highlights could be linked to relevant Consumer Principles, drawing on AAM as a recent example. CB added that the bulletin could welcome areas of interest from colleagues who are not currently engaged with the Panel.

VW asked if there was scope to involve individual members on specific issues tailored to specific expertise. JW thought this was a good way to make best use of the Panel's expertise, and suggested that it was good for members to develop relationships with relevant CAA colleagues.

In response to a query from J Walker, FW confirmed that there was not currently an intranet site for the Consumer Panel, which was a key area of focus in her paper. J Walker asked if there is scope to include members' contact details and expertise to the intranet page so CAA colleagues can contact them individually. JW noted that it was important to have a centrally coordinated function through the secretariat. FW added that it would be possible to highlight members' expertise on the intranet page.

RH said the engagement with the Consumer Panel was excellent, especially with the CAA's Chair and CEO, and that the critical friend role seems to work well.

WM thanked FW for the paper, noting that it was encouraging to see a comprehensive paper on the Panel's visibility and inclusion, and that it was good that the Secretariat saw it as her role to seek out opportunities for the Panel to contribute.

JG agreed that the level of engagement with the Panel was very good and suggested whether there was any scope for providing new joiners with greater visibility on the Panel's role. JW agreed this was a useful idea and added that Board members used to attend the Consumer Panel meetings, which could be an area to consider.

DT thanked FW for the paper, noting that it would be important for any bulletin to have a solid pipeline of items to report on, to avoid the risk of it losing momentum. JW agreed this as important.

JM welcomed FW's paper, and suggested that material from quarterly Panel meetings could be used in any future bulletin, which would provide transparency to CAA colleagues on the Panel's activities and help meet DT's point.

FW thanks members for their input and said she would progress the actions in the paper and additional feedback, and provide members with an update at a future meeting.

9. AOB/Actions

JW invited any other items of business and the following points were raised:

- WM highlighted the number of law firms taking claims against large organisations who were allegedly misleading consumers with greenwashing advertising.
- JW reminded those present that the January meeting would be held in-person and that there would be a joint session with the Environmental Sustainability Panel which would be a good opportunity to discuss ways of working, respective work programmes and opportunities for further joint work. Members agreed the idea of having a joint sub-group on specific areas was sensible. JW asked members to send her and FW other suggestions.
- Depending on further developments, JW also noted that it might be worth setting up a new Panel sub-group on the Retained EU Law Bill.

There was nothing further to discuss and JW thanked members for taking part. The meeting closed at 16.00hrs.