
CAA Consumer Panel

Annual Report for the year ended 31 March 2018



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About the CAA Consumer Panel

The CAA Consumer Panel acts as a non-statutory critical friend, giving expert advice to the CAA as policy is being developed, and making sure the consumer interest is central. The Panel's objective is to champion the interest of consumers. The Panel focuses on the interests of current and potential aviation consumers. Citizen issues, such as noise from flightpaths, do not fall under our remit.

The key activities of the Panel are to:

- Help the CAA to understand fully, and take account of, the interests of consumers in its policy development and decisions.
- Use existing CAA research, request the CAA undertakes new targeted research, and to gather intelligence, to understand the aviation consumer experience.
- Provide the CAA with feedback from a consumer perspective on the effectiveness of its policies and practices.

Chair's Foreword

This year has been one of renewal for the CAA's Consumer Panel, and I want to pay tribute to the work of Keith Richards and the Panel over the last six years. Huge progress has been made within the organisation and consumer interests are far more at the heart of the CAA's operations than when the Panel was formed. Amongst a number of successes, the Panel worked with the CAA to introduce the Aviation Consumer Survey, which gives a solid evidence base for both the CAA and the work of the Panel.

Following a review in Summer 2017, changes have been made to the way the Panel works and the focus of our work, and the recruitment of a number of new Panel members has given us a chance to put together a new work plan for the next 18 months, taking advantage of the experience of existing Panel members and the new perspective of the members joining this year. I want to acknowledge the excellent secretariat support provided by Harriet Gamper, and during the review of the Panel, by Anne-Marie Hopcroft.

In October 2017 Monarch Airlines ceased trading, leaving 110,000 customers overseas and in the region of 300,000 future bookings cancelled. The Government asked the CAA to charter more than 30 aircraft to bring back to the UK Monarch Airlines customers who were overseas. The Panel was enormously impressed with how the CAA rose to this challenge and saw the way the repatriation effort was set up as a testament to the CAA's focus on the consumer interest.

The main focus of our work in the second half of this year has been the Department for Transport's Aviation Strategy. This presents an opportunity to reshape a number of areas of aviation policy and we are pleased that the Department has placed the consumer interest as a key priority in the Strategy. We have been engaging with the Department's team to ensure the consumer voice is at the heart of the future strategy and we will continue to do so.

Much of our focus over the next year will be on the experience of consumers who complain to airlines and airports and how lessons are learned to improve services. We also look forward to continuing to build on our constructive relationship with the CAA so we continue to contribute to the organisation, working to help ensure consumers, both current and future, are at the heart of all its operations.



Jenny Willott
CAA Consumer Panel Chair

Chapter 1

Strategic themes

Our aims

We want to see markets and regulation that have the clear interests of existing and future consumers at their heart, that work effectively to ensure effective airline competition on price and service quality, airports that provide an affordable, good quality and consumer focused service, and empowered consumers making informed decisions about which companies to use. Airline services and airport environments should be designed and delivered to ensure accessibility to everyone, and people who may need extra help should be supported to make sure they can effectively access the market. And when things go wrong, consumers should have quick, fair and easy access to redress. This will in turn help the CAA to deliver its strategic objective of empowering consumers.

Our work is grouped under the following three strategic themes:

Access

What we want to see:

The experiences and needs of consumers at risk of vulnerability are well understood and taken into account in the design and delivery of services. Everybody who wants to do so is able to access the market and has a good experience when they do so.

Quality

What we want to see:

Airlines compete on both price and service quality, and consumers are able to make easy and accurate comparisons. Airports provide more transparency about service quality. Digital innovation is harnessed to positive effect for consumers. Information is transparent and easily available, including in formats which can be used by third parties to give effective advice and make accurate comparisons.

Redress

What we want to see:

When things do go wrong consumers should have quick, fair and easy access to redress, with equitable outcomes. Both airlines and airports use consumer complaints to learn lessons and improve service quality and provision. This will make things better for everybody, including those who do not complain. Reform of airline insolvency arrangements should be cognisant of consumer needs and ensure consumers are adequately protected.

Chapter 2

Our work

This report covers the year ending 31 March 2018. During this time the Panel has undergone a series of internal changes, including a new Chair, new members, and a new secretariat. Nevertheless, we have been keen to continue with our priority work areas and to keep the focus firmly on the consumer interest. This section sets out the cross-cutting work undertaken by the Panel throughout the year along with our work in our priority areas.

New faces

Over the year we said goodbye to our founding Chair, Keith Richards, as well as to founding Panel members Sarah Chambers, Robert Laslett and Anthony Smith. We welcomed our new Chair, Jenny Willott, in January 2018, along with five new members, who started across the year.

Recruitment required a substantial investment in terms of the Panel's time and resource. However, we are confident that the Panel continues to be in safe hands with our new members.

With a refreshed Panel, the time was right to review our priorities and set out a new Work Programme. We therefore held an away day with both existing and incoming Panel members, alongside CAA staff. We identified priority work areas and the outputs we plan to produce over the next 18 months. More information can be found below, and the full Work Programme was published in August 2018 and is available on the CAA website.

Panel review

As the Panel approached its fifth anniversary and a period of member turnover, the CAA felt that the time was right to reflect on the effectiveness of the Panel in supporting the CAA to deliver its strategy. A review was therefore launched in March 2017 and concluded in July 2017. This consisted of an effectiveness survey of Panel members and CAA colleagues who had recently engaged with the Panel alongside gaining external perspectives from other Consumer Panels and their associated regulators.

The Panel supported the review and its conclusions. We were pleased to see recognition of the positive contribution that the Panel has made overall to making the CAA more consumer focused. The review also recognised the Panel's impact in specific areas such

as the CAA's economic regulation activities, Alternative Dispute Resolution, building the evidence base, and issues relating to passengers with disabilities or reduced mobility.

The valuable inputs from the other Consumer Panels and regulators consulted established five main characteristics that the CAA wishes to reinforce in its own Panel:

- Sets priorities to produce targeted advice aligned with regulator business plans;
- Has a clear, constructive and visible relationship with regulator;
- Has a constructive, respectful and evidence based working style;
- Is able to measure and articulate impact; and
- Has sufficient capacity and calibre of secretariat.

A number of recommendations from the review have already been implemented and we will continue to integrate these further into our work and working style over the coming year.

Building the evidence base

We have continued to support the CAA in building its consumer evidence base, particularly through the Consumer Aviation Survey, which is now entering its third year. We provide ongoing advice and input on the survey design, as well as helping to ensure the results are user-friendly and easily understandable.

This longitudinal survey is key to helping the CAA target priority areas that will have the most impact on consumers and to support evidence based policy making. The Panel was instrumental in making the case for such a survey and giving input to its design and set up. We are pleased that it has now become a recognised high-quality basis on which policy is developed, and were particularly pleased to see the DfT make wide ranging use of the survey as part of its evidence base in the Aviation Strategy *Next Steps* document.

The survey is also a good way to pinpoint areas in need of deeper understanding. We have therefore, for example, recommended that further in-depth research is carried out into the consumer experience of making a complaint in aviation, as while the Consumer Aviation Survey points to potential issues, this area is currently not well understood or evidenced in-depth.

Access

One of the key areas for the Panel is ensuring that everybody has access to aviation, including those who don't currently fly, and those who may need extra help and assistance to do so. This can cover physical access, but is much broader in scope, and should also

have relevance to personal characteristics, market factors, and the way these can combine, which can render consumers vulnerable at different times and in different ways.

The CAA has a role to play in the enforcement of EU Regulation 1107/2006 concerning the rights of disabled persons and persons with reduced mobility when travelling by air, and has carried out a great deal of very positive and proactive work in this area. In the last year the Panel has input to the CAA's new '*Guidance for airlines on assisting people with hidden disabilities*', and to enhancements to the CAA's airport performance framework. In parallel, we have been pleased to see the progress made by airports following the CAA's assessment of the quality of assistance provided to disabled persons and those with reduced mobility. Panel members have also provided input to help improve performance at individual airports, as well as specialist advice on the carriage of assistance dogs on aircraft.

Panel members also met with staff at Great Ormond Street Hospital after they wrote to us to highlight that users (in particular children) of in-dwelling medical pumps such as insulin pumps may be treated inconsistently at airport security. We highlighted the issue internally and worked with the CAA's Aviation Security team to provide greater clarity on the CAA website for users of insulin pumps, including what to do at security, and highlighting consumers' rights to ask for a hand search if they do not wish to pass through security scanners because they use in-dwelling medical pumps.

The Panel would like to see a broader definition of vulnerability which recognises that vulnerability exists on a spectrum and may affect different people in different ways and at different times. We will be working with the CAA to explore how best to define this and to generate ideas to help the CAA adopt a wider approach in this area.

Quality

Whilst a key concern for aviation consumers is price, we are also keen to see useful, comparable information available on quality aspects so that consumers are able to make informed comparisons and vote with their feet. Where outcomes are regulated by the CAA, our aim is to ensure that the consumer interest is reflected throughout the design of the regulatory process.

We provided input to the CAA that helped to shape its '*Review of paid-for allocated seating*' from an early stage. We particularly focused on ensuring that those with accessibility needs are not disadvantaged by the way seats are advertised and sold, and were pleased to see this aspect reflected in the final report. We encouraged the CAA to engage directly with consumers, and note that over 1,000 individual consumers responded to the passenger engagement survey the CAA set up. Panel members also reviewed the draft report and were able to make detailed comments as the CAA developed its approach. This included ensuring a focus on whether consumers find it easy to compare

prices when they know they want to sit together as a group, and at what stage the information on costs relating to sitting together becomes available.

Throughout the year we have been consulted by CAA staff on various economic policy issues, including the price control review of Heathrow and the CAA's regulation of NATS (national air traffic services). We have helped the CAA economic regulation teams to ensure the consumer interest in these areas is well understood and will be reflected in the regulated outcomes, and have been impressed by their commitment to engaging with us. In addition, we have been asked to advise on aspects of the Aviation Strategy, including consideration of surface access and the welcome at the UK border.

Redress

This area is of fundamental importance. Not only should consumers be able to seek quick, fair and equitable resolutions when things go wrong, but complaints data should also be used by industry to help inform longer-term improvements. The Panel therefore focused the majority of its resource on complaints and redress during the second half of the reporting year on inputting to both the CAA and the ongoing work on the Aviation Strategy. We reviewed the existing evidence, considered the landscape in other sectors, and carried out a gap analysis. We identified the following issues:

- The complaints and redress landscape in aviation is currently fragmented, lacks a clear pathway to follow, and can result in consumers with the same/similar issues obtaining different outcomes. We support a more rational landscape with clear routes to redress and equitable coverage.
- We would like to see in-depth research into the complainant experience at both the first and second tiers (when consumers complain to their airline or airport and if they then escalate their complaint because they are not satisfied with how it was dealt with), to ensure that any remedies are well informed.
- Alternative Dispute Resolution (ADR) in aviation should become mandatory rather than voluntary to:
 - Simplify the currently complex landscape.
 - Provide the opportunity to close gaps in coverage.
 - Provide an opportunity to ensure that, consistent with other regulated sectors, decisions are binding and can be enforced.
 - Provide the opportunity to extend coverage from service contracts or sales contracts to cover the sector in a more holistic manner.
 - Allow the CAA to devote limited resources to ensuring that ADR runs smoothly and data is shared with the regulator and more widely, rather than trying to persuade a long tail of smaller airlines to sign up to ADR voluntarily.

- Recognising that any legislation in this area is likely to be some way off, the Panel also recommends that the authorisation standards for ADR providers in the sector are crucial and believes these could be improved in the meantime.
- There are opportunities that could be realised if the compensation system was improved through making clearer which flights are eligible for compensation and recognising the collective redress aspect.

We shared our research and recommendations with the CAA, which in turn helped to inform the CAA's engagement on the Strategy. We are particularly pleased that the CAA has supported our position that ADR should become mandatory in the sector, and has taken forward a number of the Panel's suggestions for improving passenger awareness of and uptake of compensation. We were also pleased to see that following our advice the CAA broadened its own policy review to take account of the complainant experience at the first tier in addition to considering the second tier.

In parallel, in February we met with the policy team at the Department for Transport responsible for developing the consumer section of the Aviation Strategy. Later in the year we co-hosted a consumer roundtable with the Aviation Minister where we invited other consumer organisations and stakeholders to discuss key elements of the Strategy, including complaints and redress. The session was useful and we trust that the views put forward will further inform the drafting of the Green Paper.

As the Aviation Strategy progresses we will continue to focus on this area, and we will respond to the Green Paper when it is published.

In addition to this, we have engaged with Peter Bucks, the Chair of the Airline Insolvency Review, and his team, and responded to the review's call for evidence. We agreed with much that was set out in the initial call for evidence and the subsequent interim report. We highlighted that:

- It would be unfair to expect consumers to accept risks they either do not know about or cannot reasonably be expected to manage. Consumers do not always have a choice of carrier, especially if they want to travel to or from a particular airport. We recommended the review team liaise with BEIS on how consumers use information and make decisions.
- The best solution to the repatriation of passengers in a failure scenario is likely to be for the airline fleet to be enabled to continue to fly to complete the repatriation. However, we recognise the limitations inherent in this approach.
- It would be helpful to acknowledge the issues that passengers would experience, particularly vulnerable passengers, if they have to wait for an alternative scheduled flight home. There could be issues with access to medication, accessible accommodation and accessible taxis, as well as problems for those travelling with children, for example, and we would like to see the review and any solutions also take account of these aspects.

As the review progresses two of our Panel members will continue to provide expert input to the review team to ensure the consumer interest is reflected in the final outcomes.

Chapter 3

Priorities for 2018-19

Our work programme, which runs from August 2018 to March 2020, is available on the CAA website. It focuses on our key priorities of access, quality and redress. We have committed to delivering key outputs in all of these areas. These include:

- Developing a definition of vulnerability as it relates to aviation consumers, considering the most useful language to use in this area, and setting out what the Panel believes the key vulnerability issues in aviation to be.
- Working with the CAA to explore how technology is changing the consumer experience, and to help map the data that is currently available to inform consumer choice, along with providing recommendations on other data that could be made available.
- Considering how consumers make use of information and the role of third parties in increasing informed choice.
- Exploring the differences between how passengers and industry perceive disruption, and, recognising that disruption can occur, produce recommendations for how it might be handled better to mitigate effects on consumers, with particular focus on the interface between airlines and airports.
- Providing input to both the CAA and the Aviation Strategy on the complaints and redress landscape in aviation, including highlighting gaps in the current evidence base and how these could best be addressed, focusing on the complainant experience at the first tier, the complainant experience at the second tier, and the complainant experience of compensation and options for improving uptake of compensation.
- Providing input to the Airline Insolvency Review, representing the consumer interest and highlighting the need for adequate consumer protections.

We will also continue to focus on our 'business as usual' work, including commenting on development of CAA policy and enforcement work at key stages, meeting with stakeholders, and pressing for research in relevant areas. There are a number of issues that we will continue to monitor and pick up when necessary, including Brexit and the Heathrow price control review 'H7'.

Chapter 4

Transparency

Expenditure

The Panel cost the CAA £79,784 in Chair and member fees and expenses in the year to 31 March 2018.

Panel meetings

In the year ended 31 March 2018, the Panel met formally four times. The minutes of these meetings are published on the CAA website (www.caa.co.uk/consumerpanel). In addition, various sub-groups of the Panel worked on individual work streams throughout the year.

Terms of Reference

The Panel's Terms of Reference are published on the CAA website (www.caa.co.uk/consumerpanel).

Working with stakeholders

The Panel primarily faces the CAA, providing advice and engaging with staff at all levels. In addition, in 2017-18, as part of its work with stakeholders the Panel engaged with:

- Airlines UK
- Airport Operators Association
- Baroness Dianne Hayter (Brexit and consumers)
- Brunel University
- Chair of the Airline Insolvency Review
- Chair of the Communications Consumer Panel
- Chair of the Financial Services Consumer Panel
- Chair of the Legal Services Consumer Panel
- Competition and Markets Authority
- Department for Transport
- Great Ormond Street Hospital
- Heathrow Airport Limited
- Heathrow Consumer Challenge Board
- Safer Tourism Foundation
- Thomas Cook Group plc
- Transport Focus
- UK Airport Consultative Committees

Chapter 5

Who we are

Chair

Rt Hon Jenny Willott OBE, Chair

Jenny was appointed to the Panel in January 2018. Jenny was Member of Parliament for Cardiff Central for ten years, serving as Consumer Affairs Minister, with responsibilities including consumer policy, competition policy and employment law, Women and Equalities Minister and as a Government Whip. She is now the Director of Enterprise and Innovation at St Mary's University, Twickenham, and a Non-Executive Director for the Independent Parliamentary Standards Authority. Prior to entering Parliament she worked in the voluntary sector, including as Chief Executive of Victim Support South Wales and Head of Advocacy for UNICEF UK.

Members

Carol Brennan

Carol is a Reader in Consumer Policy and Director of the Consumer Dispute Resolution Centre at Queen Margaret University, Edinburgh. Carol's research interests include consumer policy, complaint management, dispute resolution, consumer empowerment and customer experience. Carol is Chair of the Scottish Legal Complaints Commission Consumer Panel and is a member of the Office of Rail and Road Consumer Expert Panel. She is also Chair of the Qualifications and Awards Board for the Chartered Trading Standards Institute. Carol conducts research for consumer policy and dispute resolution organisations, and publishes regularly in academic journals. Carol draws on her research to influence new developments in strategy, policy and practice. She recently produced reports on consumer representation, the outcome of complaints and using complaints to transform services.

Sarah Chambers

Sarah was one of the founding Consumer Panel members, having been appointed to the Panel in 2012, and stepping down in September 2018. Sarah is an expert in regulation, competition and consumer policy. She was Chief Executive of Postcomm, the postal services regulator, and held various senior roles in the Department of Business Innovation & Skills (including Director of Consumer & Competition Policy) and the Department of Energy & Climate Change. She is currently a Panel Member and non-executive director of the Competition & Markets Authority, and has a number of other public appointments and non-executive roles, including as Chair of the Legal Services Consumer Panel.

Helen Dolphin MBE

Helen was appointed to the Panel in April 2018. Helen is a committed campaigner on improving transport for disabled people. After becoming disabled in her early twenties Helen trained as a journalist and worked for ITV Anglia News as a news reporter. She followed this by taking up the role of Director of Policy and Campaigns for a national disabled charity. Helen now works as an independent mobility specialist advising government, public, commercial and professional bodies on how to improve accessibility. She recently gained a degree in law and carries out equality law work for Fry Law. Helen is a member of the Disabled Persons Transport Advisory Committee (DPTAC), Chair of the Joint Committee on the Mobility of Disabled People (JCMD) and Chair of her local mobility assessment centre East Anglia Driveability (EAD).

Robert Laslett

Robert was appointed to the Panel in 2012 and stepped down in September 2018. Robert is an independent economist who retired in 2012 from being Executive Director at the Office of Fair Trading. He is a member of the Independent Governance Committee of Zurich Insurance, a member of the Council of the Pensions Policy Institute, a visiting senior lecturer at University College London, a volunteer adviser at Citizens Advice, and chair of the board of On Our Radar, a non-profit company undertaking citizen journalism. He was Chief Economist for Pensions at the Department for Work and Pensions, headed the London office of economic consultancy Charles River Associates, and worked as a country economist and risk specialist at the World Bank.

Trisha McAuley OBE

Trisha was appointed to the Panel in October 2015. Trisha is an independent consumer expert and an experienced Non-Executive Director. For over twenty years she was a senior executive in UK and Scottish consumer organisations and is the former Scottish Director of Consumer Futures. She was awarded an OBE for services to consumer affairs in 2015. Trisha is currently the Independent Chair of National Grid's RII02 Gas and Electricity Transmission Stakeholder Challenge Groups. She is also Independent Chair of two Electricity Code Governance Panels: the Grid Code Review Panel and the Connections and Use of Systems (CUSC) Panel. She is a Board Member of Northern Ireland Water, a Member of the Institute of Chartered Accountants Scotland Discipline Board, a Member of the Ofgem Gas Network Innovation Competition Panel, a Member of the Ofgem Consumer Progress Panel, a Member of the Office of Rail and Road Consumer Expert Panel, and a Member of the Heathrow Consumer Challenge Board. Trisha is also a Panel Member of the current Independent Review of Legal Services in Scotland.

Walter Merricks CBE

Walter was appointed to the Panel in April 2018. Walter's career over the past 20 years has involved work with ombudsman and complaint services, competition and consumer protection systems and regulatory bodies in the retail financial services, gambling, surveying and legal services, press, telecoms, energy, copyright licensing and ATOL protection sectors. He was the inaugural Financial Ombudsman and worked with the Financial Services Consumer Panel between 1999 and 2009. He recently served for six years on the board of the Gambling Commission, and now chairs the boards of IMPRESS (the Independent Monitor for the Press), and of JUSTICE, the law reform charity.

Jacqueline Minor

Following a short period lecturing in law at the University of Leicester, Jacqueline Minor joined the European civil service, first at the Court of Justice and subsequently at the European Commission. After more than 20 years' working on Internal Market issues, including a period as Director responsible for Consumer Policy, she served as Head of the Commission's Representation in the UK from 2013 until retirement in 2017. She is a member of the Board of Governors of the University of Brighton, an Honorary Senior Fellow of Regent's University, London and a Governor of the National Institute for Economic and Social Research. Jacqueline joined the Panel in October 2018.

Keith Richards

Keith was the inaugural Chair of the CAA Consumer Panel. He is currently Chair of the Disabled Persons Transport Advisory Committee (DPTAC), a member of the Financial Services Consumer Panel, and a member of the Competition and Markets Authority Panel. Keith is a barrister, arbitrator and commercial mediator. He has served as an independent member and non-exec director on regulatory bodies in a variety of sectors and specialises in professional/industry self-regulation, consumer rights and alternative redress.

Anthony Smith

Anthony was appointed to the Panel in 2012 and stepped down in September 2018. Anthony is the Chief Executive of Transport Focus. Having qualified as a solicitor, Anthony worked for five years as principal consumer lawyer for Which? This was followed by a year as the legal consultant for Consumers International, a worldwide federation of consumer groups. Prior to joining Transport Focus, Anthony was deputy and acting director of ICSTIS, the regulator of premium rate telephone services.

David Thomas

David is a chartered accountant and an economist. He was appointed a specialist panel member at the Competition and Markets Authority in 2017 and since 2016 has run his own consulting practice focusing on economics, regulation and disputes in the communications sector. David was a director of competition and regulatory finance at Ofcom where he had responsibility for, among other things, price controls. After leaving Ofcom he established and led KPMG's global economics and regulation practice. David joined the Panel in October 2018.

Claire Whyley

Claire was appointed to the Panel in October 2015. Claire is a professional researcher and policy analyst, focusing on consumer behaviour and decision-making, consumer protection and consumer-focused regulation. She specialises in user-led, evidence-based and impact-focused policy development, across a range of markets, with a particular interest in vulnerable and excluded consumers. She has delivered a number of research projects focussing especially on people with low or unstable incomes and customers in arrears. Claire is also a member of a number of other Boards and Consumer Panels, including the Advertising Advisory Committee, the Finance and Leasing Association Lending Code Board, and is a Trustee of the Money Advice Trust. Claire previously completed two terms

as a member of the Financial Services Consumer Panel and was Deputy Director of Policy at the National Consumer Council.