

Guidance on Other Regulated Charges (ORC) protocols and dispute resolution for Heathrow Airport

CAP2591

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Contents

Contents	3
About this document	4
Introduction and background	5
The CAA's consultation on draft Guidance	6
High level principles for the ORC protocols	7
Summary of stakeholders' views	8
Our response to stakeholders' views	10
ORC Protocol Principles	13
Principles for ORC dispute mechanism process	15
Summary of stakeholders' views	15
Our response to stakeholders' views	17
The high level dispute resolution principles	18
Next Steps	20

About this document

Our Final Decision for the price review (“H7”) of Heathrow Airport Limited (HAL) requires HAL, in consultation with airlines and other stakeholders, to develop a new set of protocols for Other Regulated Charges (“ORCs”) including setting up an independent dispute resolution scheme for disputes on ORCs.

Alongside our Final Decision we issued a consultation on our draft guidance on the ORC protocols and dispute resolution process designed to aide HAL and airlines develop the new arrangements.

Having considered the responses to that consultation, this document contains our guidance on the development of the new ORC arrangements.

Introduction and background

1. In our Final Decision¹ on the H7 price review (“the Final Decision”) we noted that weaknesses in the current governance processes and dispute resolution mechanisms for Other Regulated Charges (“ORCs”) needed to be addressed.² A number of stakeholders had highlighted differences in interpretation of the current ORC protocol and expressed concerns about how HAL can be held to account for delivery of arrangements that are consistent with ORC principles.
2. In response, we said that we would require HAL, in consultation with ORC users to design and develop a new set of ORC protocols (the new protocols). The new protocols, underpinned by HAL’s licence, would be based on the long-established ORC principles of:
 - cost pass through;
 - user pays;
 - transparency of costs and service provision; and
 - high quality and effective collaboration including on consultation and engagement.
3. We also said that the new protocols should include provisions for an effective and binding dispute resolution function.
4. In the draft guidance we published alongside the Final Decision,³ we set out our view that anchoring the new protocols in HAL’s licence was a necessary, targeted and proportionate approach to driving good governance, accountability and transparency in the provision of ORC services by HAL to ORC users. This is in the interests of consumers of air passenger services in ensuring that ORC activity continues to deliver benefits to consumers and to avoid disputes between HAL and airlines (and other ORC users) ending in deadlock.
5. As part of the Final Decision we amended Condition F1 (Consultation and Governance conditions) in HAL’s licence so that it sets out more detailed requirements for HAL to develop and agree the relevant arrangements for consultation and governance. Our approach still leaves the content and structure of those arrangements largely up to HAL, airlines, and other ORC users to work

¹ See Economic regulation of Heathrow Airport Limited: H7 Final Decision CAP2524: [Final and Initial proposals for H7 price control](#) | [Civil Aviation Authority \(caa.co.uk\)](#)

² See the Final Decision at chapter 8 in CAP2524C.

³ H7 Final Decision: Consultation on ORC guidance. See www.caa.co.uk/CAP2524F

out, save that HAL is required to follow any guidance from the CAA. Where agreement is not possible, there is a provision that will allow the CAA to step in to resolve these differences.

The CAA's consultation on draft Guidance

6. As noted above, we published draft guidance on the ORC protocols and dispute resolution for consultation alongside the Final Decision. We invited comments on the key principles that should frame the development of the new ORC protocols and dispute resolution mechanisms.
7. We received responses from the following stakeholders;
 - Heathrow Airport Limited (HAL);
 - AOC/LACC (the airline community);
 - IAG;
 - Arora Group;
 - Licensed Taxi Drivers Association (LTDA); and
 - Padox.
8. We have reviewed the comments that have been put to us and where appropriate updated our guidance. This document constitutes guidance for the purposes of Condition F1 of HAL's licence on ORC protocols and dispute resolution.
9. Non-confidential versions of the stakeholder responses have been published alongside this guidance document. The issues raised in the consultation, stakeholders' responses and our views on those responses are summarised below.

High level principles for the ORC protocols

10. In the Final Decision, we decided to modify HAL's licence to strengthen ORC governance to give certainty to HAL, the airline community, and other ORC users over what is expected by the CAA in the interests of consumers as they work together to develop a new ORC protocol.
11. Our view remains that there is a pressing need to ensure greater clarity, consultation and transparency across the ORC governance process. Underpinning the ORC protocols in HAL's licence creates a strong incentive on HAL to do this. However, it is in the interests of all parties to make the ORC governance process work to ensure that the right costs are allocated to the right parties, which is ultimately in the interests of consumers. To that end, we expect all ORC users to agree to a set of ORC conditions in the new ORC protocol.
12. In developing these principles, we reviewed the current ORC protocol ('existing protocols'), a document that was drafted in 2014 after the conclusion of the Q6 Price Control Review.
13. Although the existing protocols explained in detail the various committees and oversight groups set up in the ORC governance process, our assessment was that they fell short on issues such as:
 - how ORC service requirements are established, procured, and agreed;
 - how ORC charges can be (transparently) challenged by the users of those services, the level of independent assurance over cost allocation and how adjustment mechanisms are developed and implemented;
 - the description of the appropriate consultation arrangements;
 - ORC users' rights of recourse when things go wrong in the provision of ORC services, including payment of penalties and rebates; and
 - access to an independent dispute resolution process (see below for further discussion on this).
14. The draft guidance on ORC protocols that we published alongside the Final Proposals sought to address these issues by setting out high level principles⁴ covering collaboration, consultation, governance, transparency, equivalence and independent assurance.

⁴ See CAP2524F Consultation on ORC guidance, para 25 for full summary of high-level principles

Summary of stakeholders' views

15. Overall, there was general support and agreement with the draft principles from stakeholders. We also received comments from some stakeholders which were not related to the ORC draft principles but to decisions that we had taken in the Final Decision generally around the costs of ORC charges. We do not repeat these comments in this document other than to refer those respondents to the Final Decision for H7.⁵
16. We have considered comments and feedback and have adapted the principles appropriately where we consider points raised reasonable. The main points raised from the responses have been summarised below.

Collaboration

17. HAL agreed with the principle of collaboration and stated that the existing Q6 ORC protocol already provided a strong basis for successful collaboration and engagement and that it would like to build on this to ensure proportionate and effective governance for the remainder of H7. HAL said that the protocols should be binding on all parties.
18. Airlines agreed with the principle of collaboration, and said that any changes to the ORC's should be jointly agreed by all users and, if this cannot happen, then either party should have the right to escalate.
19. Hotel operators, including Pandox and Arora, said that all ORC users including airlines and non-airlines should be given equal weight and be involved in all ORC processes, including the development of the ORC protocols.

Consultation

20. HAL supported the principle that the ORC protocol should adopt best practice in consultation and engagement. It went on to explain that it currently engages extensively with airlines and, in addition, has commenced regular engagement with non-airline users to promote further transparency of ORC costs.
21. Airlines agreed with the consultation principles and said they want to be partners in the procurement process for ORC's used by HAL, having full visibility of contracts (under a non-disclosure agreement) and for any changes to be jointly agreed. IAG welcomed our view that the consultation principle will require HAL to apply a proportionate approach when considering the views of affected parties so that one party is not disproportionately affected. IAG also felt that HAL should not treat consultation as a 'tick box' exercise and if agreement between parties is not reached then either party should be able to escalate a matter to the CAA.

⁵ See CAP2524C Chapter 8.

22. Hotels, including Pandox and Arora, wanted the protocol to be clear that all ORC users including airline and non-airline users should be involved in the process as well.
23. LTDA welcomed the principle of enshrining effective (best practice) consultation principles in the ORC protocols. It suggested that this would ensure that HAL moves away from its practice of giving LTDA members little or no time for discussion or input to one that fully takes into account the views of all ORCs users within clear timescales and processes conducted in a fair and open manner.

Governance

24. HAL and Airlines agreed with our principle that the protocol should facilitate clear, effective and accountable governance. HAL felt that the current ORC framework does this and proposed that any further developments should build on the existing governance arrangements. Airlines suggested that there were deficiencies in the current arrangements. IAG, in particular, expressed disappointment that CAA was not convinced that a structural separation of HAL's ORC business is a necessary or proportionate step and continued to argue that it would ultimately be in the interest of consumers. Airlines also proposed that any changes to ORC governance processes must be agreed by both parties.
25. LTDA agreed with this principle but wanted clear and easy governance processes to follow and engage with as necessary, particularly with regard to charges setting.

Transparency

26. HAL supported the principle of ensuring reasonable transparency but said that, under the existing arrangements, it provides large volumes of detailed information which goes above and beyond its licence obligations. HAL requested additional information on what level the CAA considers to be reasonable transparency.
27. Airlines, on the other hand, said that they want full transparency of cost information and ORC service performance with data and information being made available to the airline community. Airlines also feel that all data requests should be dealt with in a timely manner.
28. Hotels, including Pandox and Arora, said that HAL should have to prove that it has procured services efficiently, and that 'reasonable' transparency is too vague and that HAL should not be able to determine the level of transparency.
29. LTDA strongly agreed with our principle of transparency, especially in relation to how ORC charges are challenged, the level of independent assurance on cost allocation and how adjustment mechanisms are developed and implemented.

Equivalence

30. HAL supported the principle of equivalence in ensuring services are fit for purpose and service the interests of consumers where existing contractual mechanisms exist. However, HAL suggested that, if service levels and compensation are to be required for those ORC services that HAL provides directly to ORC users (for example the staff ID centre), then this will have an impact of increasing ORC charges to reflect the additional risk taken on by HAL.
31. Airlines agreed with equivalence and wanted to be partners in agreeing service levels, and costs. Airlines wanted an agreed level of service and compensation if this service should fail.
32. Hotels, including Pandox and Arora, said they were unsure what “fit for purpose” means but agreed that there should be compensation when the service was not properly delivered.
33. LTDA supported the principle of equivalence stating that this should provide greater assurance to its members that HAL will meet its obligations and provide a service that its members pay for as part of the taxi feeder park at Heathrow.

Independent Assurance

34. HAL did not support the concept of a periodic review, and said that its licence obligations should assure the CAA that HAL will adhere to ORC principles and a periodic review will do nothing other than add administrative burden. HAL said that, if the CAA did choose to implement a periodic review, it should be well-defined and fit for purpose.
35. Airlines wanted an annual review to ensure the process is fit for purpose, independent of HAL and ORC users and that the body carrying out the review should have relevant expertise in order to avoid overreliance on HAL or airlines.
36. Hotels, including Pandox and Arora, agreed with a periodic review and that it should be independent from HAL.

Our response to stakeholders' views

37. We welcome the general support and feedback from HAL, airlines and non-airline ORC users on the draft high level principles for the ORC protocol published in March 2023. Our views on each of the broad areas raised by stakeholders are set out below.

Collaboration

38. The CAA's intention is for all parties to collaborate on the development of the protocols and jointly “own” them going forward. Consistent with such joint ownership, we would expect all parties to agree to follow and be bound by the protocols and the dispute resolution function in them. Similarly, any changes to

the protocols should be agreed with each party. Where agreement is not possible, either party may refer a specific clause to the CAA.

39. In relation to HAL's point about the importance of binding other parties to the protocols, we note that the CAA does not have 'legal levers' to bind airlines and other ORC users to the protocols. Our view is that it is for HAL, in consultation with ORC users, to determine the most appropriate option for putting the protocols and the dispute resolution function in place. Options that could be considered include, but are not limited to, individual agreements with ORC users, amending HAL's Conditions of Use to reflect new arrangements, and adopting different arrangements for different groups of users.
40. We welcome the airlines agreement on the principle that the protocols and dispute resolution scheme should be binding.
41. We note that, in other regulated sectors there have been examples of voluntary sign up by stakeholders to ombudsman/dispute resolution schemes, such as in the early stages of the Gas and Electricity ombudsman scheme and, more recently, on the Business Banking Resolution Service.

Consultation

42. We welcome the support for the consultation principle from all respondents. We agree with the Arora Group that the consultation principles should be applied by HAL to all ORC users. We reiterate that there does need to be a sense of proportionality when consulting and seeking agreement across the wide range of ORC stakeholders. In this respect, HAL will need to keep in mind the impact any changes/new proposals have on individual ORC users when determining the extent of consultation and engagement required.
43. We refer to Condition F of HAL's licence which sets out clear process and timescales that HAL is required to follow.

Governance

44. We welcome support from stakeholders on the Governance principle. The CAA's expectation is that all parties should agree any changes to the Protocols. Protocols have to be discussed, developed, agreed, and owned by all ORC users and HAL. We note that Licence Condition F1 requires HAL to use reasonable endeavours to consult all relevant parties on the ORC protocols: clearly, this should involve meaningful consultation rather than a 'tick box' approach. We would expect HAL to follow the same principles of high quality, focussed and proportionate consultation when consulting on the ORC protocols and any changes in governance.

Transparency

45. In response to requests for further guidance on what is considered to be 'reasonable' transparency, the CAA's view is that the appropriate level of transparency should be determined on a case by case basis. Given the varied nature of ORC services, a "one size fits all" approach is unlikely to work or be appropriate. HAL will need to discuss information requirements with ORC users for each individual ORC service.
46. If there are commercially confidential issues in a contract, then HAL is not expected to share them. That said, our expectation is that HAL should:
 - transparently explain the key costs and cost drivers within a contract;
 - at a minimum, explain to ORC users what they are being asked to pay for and the service level they should expect to receive in return; and
 - clearly explain why costs have changed, what options HAL considered to keep costs down and why it has pursued its preferred option.
47. Furthermore, we see no reason why HAL cannot redact confidential information within a contract and share the key elements of it if that transparency assists ORC users understanding of the service provision including costs/charges. In the event that there is a dispute over contractual costs/charges then we would expect HAL to fully disclose information to the dispute resolution scheme operator and/or CAA in order for any disputes to be properly resolved.

Equivalence

48. In response to comments on the equivalence principle, we welcome the fact that HAL is willing to work on equivalency. We expect equivalency to work with transparency. Where there are changes or service failures in relation to services that HAL provides through third party contractors for which HAL itself receives compensation, then where appropriate this compensation should be passed onto the relevant ORC users in a transparent manner.
49. HAL and ORC users should, in the first instance, enter into discussions around service quality and service levels for all ORC services provided directly by HAL or by third parties and seek to agree on service levels and compensation levels. However, the base level for these services should be provided by HAL on a non-discriminatory basis to ORC users. Where HAL provides a service for both its own needs and to ORC users this will usually mean that the same level of service should be provided.

Independent Assurance

50. The primary aim of the periodic review should be to provide assurance on cost allocation to ORC users on a forward looking basis. This is not to be confused

with the Independent Review of ORC costs provided for in the Final Decision and provided for in Condition C2.4 of HAL's licence. The Independent Review is a review of HAL's ORC cost allocation methods between airline and non-airline users in support of the move to marginal cost pricing. The CAA will set the scope of the Independent Review following consultation with HAL and ORC users.

51. The CAA does not expect the periodic reviews to take place every year, but expects ORC users and HAL to agree on the scope and frequency of the reviews and, in particular, would expect HAL to give due prominence to what type of review would give assurance to ORC users. Any review needs to be well-defined and fit for purpose and agreed by ORC users and HAL.
52. Such a periodic review of ORC pricing may also feed into assurance that the CAA would reasonably seek when setting ORC forecasts for the next price control (H8) and, as such, the CAA expects to be consulted on the scope of this review by HAL.

ORC Protocol Principles

53. Bearing the above discussion and comments from respondents in mind, we confirm the following principles to help guide the development of the new ORC protocols. The Principles have been developed from the ORC framework that is built on collaboration, consultation, transparency, governance and fairness:
 - **Collaboration:** The new protocols are to be jointly developed and owned by HAL and all ORC users and must be binding on all parties. This is particularly important for the dispute resolution function described below.
 - **Consultation:** The new protocols should adopt best practice in consultation and engagement, so that HAL demonstrably takes into account the views of both airlines and non-airline ORC users. Licence Condition F.1 (Consultation and Governance conditions) contains the consultation requirements that HAL is expected to follow.
 - **Governance:** The new protocols should have clear frameworks for governance groups and terms of reference (including governance committees and their respective roles) for decision making and processes, and should contain:
 - relevant rules, principles and processes for decision making and charge setting including year-end adjustments; and
 - clear and unambiguous processes to support the above rules and principles for decision making.
 - **Transparency:** Linked to governance above, the new ORC protocols should:

- facilitate transparency of cost information so that ORC users understand the charges that they are asked to pay and any changes to ORC's should be clearly communicated to ORC users;
 - enable consultation of ORC service users on the scope of any ORC-related procurement so that they have clear visibility of what is being purchased, and that services are fit for purpose;
 - drive transparency and accountability by HAL over ORC service and performance levels; and
 - be written in plain English, to bring clarity and avoid disputes over interpretation.
- **Equivalence:** The new protocols should ensure that 'fit for purpose' ORC services are delivered to ORC users and that they are in the interest of all parties, in particular to consumers. ORC users, who pay for a particular service should benefit from an appropriate level of service, including compensation when services do not meet an existing contractual standard.⁶
 - **Independent assurance:** The new protocols should build in periodic reviews, which should:
 - ensure ORC pricing is done on a reasonable basis adhering to ORC principles, including providing assurance of cost allocation to ORC users; and
 - be timed appropriately so that the outcome of such reviews are available in a timely manner to inform the CAA's price control review processes and decisions.

⁶ Different arrangements may apply to those services already covered under the OBR framework or where there are existing legal and regulatory standards (such as PRM services).

Principles for ORC dispute mechanism process

54. In the Final Decision, we said that it was our preference for HAL and ORC users to agree how a dispute resolution function should work and to build that into the new governance arrangements. To that end, we set out some high-level principles around which an independent dispute resolution function should be based.
55. We said that in the context of ORCs and the challenges that had been raised over the last two years, it had become increasingly apparent that there had been significant disagreement largely around costs and pricing. We said that we remained of the view that there is a need to allow the CAA the opportunity to intervene where genuine disputes exist including in establishing the new ORC protocols themselves but where meaningful commercial negotiations between the parties have broken down.
56. We set out our view that timely resolution of disputes in an agile and reasonable manner is in the interests of consumers and, in particular, settling disputes and removing any deadlock situations between HAL and ORC users on a fair and reasonable basis. We reiterated our views that we do not see the need to limit who may raise an issue with us for resolution, provided that they are currently a user of a service that falls within the scope of ORCs and have agreed to be bound by the decisions made by the Independent Scheme Operator.

Summary of stakeholders' views

57. We welcome feedback and overall support from HAL, airlines and non-airline ORC users on the dispute resolution principles and process that we consulted on in March 2023.

Appointment of an independent dispute resolution Scheme Operator

58. On the issue of who should be the independent dispute resolution scheme operator (the "Scheme Operator"), HAL, the Airlines and LTDA all expressed interest in the CAA filling this role due to our previous experience working with the parties, our knowledge of the issues and positive experiences working with us historically.
59. The Arora Group expressed a wish for someone other than the CAA to undertake this role but did not indicate who it should be.
60. HAL and Airlines welcomed the concept of clear timelines for decision making to help mitigate uncertainty and delays. HAL in addition said that transparent

timescales should apply equally to the CAA (or the Scheme Operator) when it is asked to resolve disputes.

Scope of the dispute resolution function

61. HAL said that it understood the need to be flexible and agile in decision making but considered this must not come at the cost of strong and compelling evidence. It also said that the dispute resolution function should only be required to resolve disputes solely relating to procedural matters, (that is, whether HAL followed the ORC protocols), citing additional costs to airlines and end users due to added complexity and inefficiency from widening the scope of disputes. HAL has requested examples from other regulated industries of dispute resolution processes which allow commercial and operational concerns to be raised.
62. The Airlines, Arora Group and LTDA opposed the dispute resolution function being used for only procedural matters and supported the CAA's position that procedural, operational, and commercial disputes should be addressed. LTDA noted that most of the recent issues between the taxi trade and HAL have been operational or commercial in nature and so to exclude these would be detrimental to passengers using their services.

Transparency of outcomes and avoiding repeated disputes

63. HAL supported a "gating" process to eliminate any frivolous escalations but also argued that any escalations must be targeted and only related to procedural matters. It considered that an assessment should be made on whether it has followed procedures, the protocol and that it has met its transparency condition.
64. The airline community and HAL expressed their support for a dispute resolution process where genuine disputes are raised and the option for the Scheme Operator to refuse to hear disputes if it deemed the issue to be immaterial. All respondents welcomed full transparency in the dispute resolution process and especially in terms of learning lessons from disputes and avoiding repeated disputes on the same issues.
65. The Arora Group opposed the proposal to allow the Scheme Operator to refuse to hear certain disputes but welcomed the transparency principle and suggested that information gathering powers be extended to ORC users to access information from HAL in case of a dispute.

Facilitate evidence-based decisions and outcomes which are binding on both parties

66. HAL raised the question of how conclusions from the Scheme Operator will be made binding on all ORC users if there are no legal levers to hold other parties accountable.

67. The Arora Group advocated for the option to review the decision of the Scheme Operator if they found the result to be unsatisfactory.

Our response to stakeholders' views

Appointment of an independent dispute resolution Scheme Operator

68. The CAA is keen that all parties agree to appoint an independent Scheme Operator other than the CAA. Our view is that an independent Scheme Operator will offer greater benefits to stakeholders by having the technical expertise, experience and capacity to manage disputes in the most efficient manner within the required timescales. We note that there are multiple alternative dispute resolution ("ADR") providers in the market who have access to technical experts from various sectors and have expertise in applying flexible modes of dispute resolution (for example, negotiation, mediation and formal decision making). The CAA reserves the right to appoint a Scheme Operator on behalf of the parties if no agreement can be reached.
69. We agree that there should be clear timescales across the entire dispute resolution function, including timescales on the Scheme Operator, whether this is the CAA or not. As with all dispute resolution schemes, there will need to be an ability to extend timescales due to exceptional circumstances to allow for reasonable flexibility.

Scope of the dispute resolution function

70. We reiterate our position that the dispute resolution function should not be limited to procedural matters. To do so, would risk leaving some significant issues in deadlock, remaining unresolved and would run counter to the purpose of having a dispute resolution function. The dispute resolution function is intended to deal with disputes on ORCs, whether operational, commercial, or procedural (including in relation to whether the ORC protocols have been followed). Complaints relating to matters concerning HAL's compliance with its licence will be dealt with by the CAA under the relevant investigation and enforcement procedures under the Civil Aviation Act 2012 ("CAA12"). In response to HAL's request for examples from other regulated industries, we refer HAL to the various dispute resolution schemes in the financial services, gas and electricity sectors. Information on these schemes can be found on the respective organisations' websites.

Transparency of outcomes and avoiding repeated disputes

71. Under the transparency principle, HAL should facilitate transparency of cost information so that ORC users have a clear understanding of the charges they are asked to pay and any changes that are made to them. Provision of information needs to be accurate and timely for all parties. We do not agree with the Arora Group's view that ORC users should be afforded information gathering

powers (nor do we consider that any such powers could be put in place by the CAA). In any case HAL is required to provide information in a transparent and accessible format to all ORC users barring any commercially confidential information, In the event of a dispute, all relevant information should be passed onto the Scheme Operator.

72. In relation to whether the Scheme Operator could refuse to hear disputes, we emphasise that this will only be the case when the issue is deemed immaterial and/or subject to certain thresholds. Any issue that where there is evidence that it may have a material impact on the parties should be dealt with substantively by the Scheme Operator.
73. We expect all parties to have taken reasonable steps to avoid disputes in the first instance and this includes demonstrating the involvement of senior management in negotiations prior to referring any dispute for resolution.
74. We would also expect parties to have entered into meaningful negotiations prior to raising a dispute and respond to information requests from other parties in a true and complete manner. There will be a need for the Scheme Operator to have rules on dismissing frivolous disputes, and timelines within which to submit a dispute.

Facilitate evidence-based decisions and outcomes which are binding on both parties

75. Although the CAA does not have legal levers over airlines and other ORC users, we note that in other regulated industries, parties have voluntarily entered into agreements to be bound by the decisions of an independent dispute resolution scheme. We expect all parties who wish to raise a dispute with the scheme operator to have agreed on a voluntary basis to be bound by its decision. The means by which this might be done are discussed in paragraph 39 above.
76. We do not agree with the Arora Group's view that final decisions by the Scheme Operator should be open to review as a matter of course. To do so, could lead to a situation where issues remain in deadlock for a protracted amount of time. We expect that there will be a high burden of proof upon any party requesting a review of the Scheme Operator's final decision and that these should be limited to errors of material fact rather than allowing a challenge on the judgement expressed by the Scheme Operator.

The high level dispute resolution principles

77. Bearing all of the above in mind, we confirm the following high-level principles for a dispute resolution function should:
 - create a framework under which the Scheme Operator should be independent of either party raising a dispute;

- allow the Scheme Operator to issue guidance on the process that it will follow with the process being quick and relatively inexpensive when compared to regulatory investigation/determination;
- facilitate evidence-based decisions (made on a 'fair and reasonable' basis) which are binding on both parties;
- ensure an accessible, transparent, and proportionate process from raising a dispute, right through an enquiry/investigation process and the final decision;
- allow the Scheme Operator to refuse to hear certain disputes (for example, on the grounds of materiality and/or subject to certain thresholds below which the issues are to be considered insignificant so as not to be appropriate for it to determine);
- facilitate outcomes that are transparent so that lessons can be learned and repeated disputes on the same issue(s) avoided where possible;
- enable the timely, efficient, and effective resolution of disputes backed by appropriate time limits (for example, within which disputes should be raised and logged with the dispute resolution scheme); and
- allow the Scheme Operator to consult with the CAA on matters where there maybe significant interaction with the regulatory framework, and consider any advice or guidance provided by the CAA.

Next Steps

78. This guidance is to be used by HAL and the airline community to develop the new ORC protocols and a dispute resolution function.
79. To this end, we expect the parties to come to agreement on, and appoint, the Scheme Operator. If the parties are unable to identify a suitable organisation, the CAA will appoint one of their behalf.
80. We expect HAL and the airline community to work in collaboration on the high-level principles set out in this guidance document, to agree:
 - (1) a clear set of new ORC protocols;
 - (2) an agreed set of scheme rules for the dispute resolution function;
 - (3) an agreed dispute resolution Scheme Operator; and
 - (4) a plan for implementing (1) and (2), including how airlines and non-airline users will be bound by the ORC protocols and decisions under the dispute resolution scheme.
81. We expect the above to be presented to the CAA by 24 November 2023.
82. We expect HAL and ORC users to work together constructively on the new protocols, however, we understand that disagreements may arise. Should HAL and ORC users be unable to resolve any disagreements on the development of the new ORC guidance and dispute resolution function, then they may escalate the dispute to the CAA for resolution. In the event that the CAA is asked to resolve a dispute, any decision(s) that we make will be informed by our duties under CAA12. In this context, this guidance should serve as an indicator of what we consider should constitute the forming principles for the new ORC protocols and dispute resolution function. It should, however, be noted that this guidance is not binding on the CAA. Our decision(s) on whether to intervene to resolve a dispute(s) will be made on a case-by-case basis and in accordance with our statutory duties under CAA12.