



30th March 2015

Iain Osborne  
Group Director, Regulatory Policy  
Civil Aviation Authority  
CAA House  
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London  
WC2B 6TE

Dear Iain

### **Modification of Statement of Standards, Rebates and Bonuses**

When we last wrote to you we indicated that we would be writing again with a specific request for a Licence modification. Therefore, in accordance with Part D1.6 of Heathrow's Q6 Licence we are writing to jointly request that the CAA modifies the delivery date for an automated per passenger security queue measurement and the date for the move to a harmonised security queue standard in T2 and T4 in the Statement of Standards, Rebates and Bonuses ("the statement") with immediate effect. At this stage this letter does not refer to the dates for Harmonisation in T3 and T5.

Heathrow, the Airline Operator's Committee (AOC) and airlines are aligned in our desire to implement automated per passenger queue measurement across Heathrow's terminals in line with Heathrow's Licence. We are also agreed that an automated per passenger measurement system which is non intrusive is in the best interests of passengers and would place Heathrow on the leading edge of customer experience. However, we both are also agreed that the work to get to a fully developed solution has not yet reached a level that meets our joint requirements by April 2015. An automated per passenger queue measurement system is in the interests of passengers, better represents the passenger journey, provides the tools to further improve the security operation and enables the fastest possible introduction of the end state system. Therefore, in order to allow time for the development of a suitable per passenger measurement solution we are requesting that the licence is modified to reflect the impact on the planned delivery of an automated per passenger queue measurement solution and the introduction of a harmonised security queue standard in T2 and T4.

In the meantime, subject matter experts from Heathrow, the AOC and airlines are continuing to work closely together and have been making positive progress in developing the requirements for a per passenger measurement solution. A 'Request for Information' (RFI) was issued in December 2014 in order to assess the capabilities of various suppliers. The conclusions from which were that the AOC, Airlines and Heathrow jointly agree that, whilst several technologies appear to have potential for development, there is currently no 'off the shelf' solution that can meet Heathrow's Licence obligations by April 2015. Airline experience suggests that systems are rarely introduced entirely off the shelf and it is reasonable to expect some development of an existing product to enable it to meet operational needs.

Therefore, the next steps for the project are to seek further clarity from some of the companies which responded to the RFI and then identify options.

We have jointly agreed that the strategic governance of this process will be managed through the Passenger Experience Board (PEB) with the Joint Steering Board (JSB) providing the oversight and agreement of any Licence modifications. As the project is not yet in a position to communicate the detailed solution and definitive associated delivery timescales with any surety, we have together identified a number of key milestones to provide the Airlines and CAA assurance, and communication, of the project progress and Heathrow's commitment to look to continually improve the passenger's experience through security, with a focus on both connecting and direct passengers.

We propose that in order to allow Heathrow and the airlines time to jointly progress solution development and reach a point where an informed decision can be made on delivery timescales, a new interim date of 11<sup>th</sup> June be included in the Licence. The milestones below form a pathway towards the 11<sup>th</sup> of June date, and ensuring that sufficient progress is made to enable both a G2 date decision and a milestone plan towards delivery by this point. AQM rebates will become payable from 11<sup>th</sup> June, if the milestone deliverables of a G2 date and a project milestone plan with a G3 date have not been completed. Recognising that any delivery date set before G3 is indicative, any further milestones or changes to the date or deliverables for rebate purposes will be advised to and discussed with the CAA by an update to this letter. We expect the next update to be made in June.

## **Key Milestones**

| <b>Milestone</b>                                                                    | <b>Due date</b> |
|-------------------------------------------------------------------------------------|-----------------|
| <b>Hub Connections Steering group given AQM/harmonisation initiatives briefing,</b> | April 2015      |
| <b>Options presented for agreement at the PEB</b>                                   | 11th May PEB    |
| <b>Update to Airlines and CAA on PEB outcome and options being taken forward.</b>   |                 |
| <b>HCSG present shortlist of initiatives to PEB for endorsement to proceed.</b>     | 01st Jun PEB    |
| <b>Selected options programme of work presented for agreement</b>                   | 01st Jun PEB    |
| <b>G2 date set with a milestones plan to a G3 date</b>                              | 11th June       |

In addition, Heathrow and the Airlines recognise that the improved transfer performance standard which would have been in place through harmonisation, is in the interests of passengers and contributes to achieving our joint vision of promoting hub operations. Therefore, we have also jointly established a cross community group, the HUB Connections Steering Group, chaired by Heathrow that focuses specifically on connecting passengers. As part of this Heathrow is prepared to commit to agreed initiatives specifically designed to improve the security experience of connecting passengers and discussions will be held on these within the monthly Connections Steering Group. This work will be undertaken in parallel to the AQM development, and as part of this commitment, any recommended initiatives from this work will be presented at the 01<sup>st</sup> June PEB for endorsement to proceed.

Therefore it is requested by Heathrow and the AOC, that the following changes are made:

#### **Changes to the delivery date of a per passenger queue measurement**

To the 'Metric' for Elements 7-a and 8-a in Tables 2b, 3b, 4b, 5b and 10b as follows:

1. The metric 'Delivery of automated security queue measurements by 1 April 2015' should be replaced with 'Delivery of an automated security queue measurement by a date agreed by Heathrow Airport and the Airline Community'

To the 'Standard' for Elements 7-a and 8-a in Tables 2b, 3b, 4b and 5b as follows:

2. The standard 'By 1<sup>st</sup> April 2015 ' should be replaced with 'By a date agreed by Heathrow Airport and the Airline Community'.'

#### **Changes to the date for the move to a harmonised security queue standard**

To reflect the change to the delivery of an automated per passenger security queue measurement, the following changes are requested by Heathrow and the AOC to the delivery date for automated per passenger queue measurement. We will together revisit the delivery of harmonisation and update the CAA in June. .

For footnotes: 65 under table 2b and 69 under table 4b, we request the following changes:

3. The reference 'The standards for central and transfer search (elements 7 and 8) take effect on 1 April, upon the introduction of automated security queue measurements (planned delivery by 1 April 2015). Prior to that, the standards for central and transfer search (interim) (elements 7-i1, 7-i2 and 8-i1) remain in effect. Additional monthly rebates (elements 7-a and 8-a) are payable every month from the 1 April 2015 until the month in which automated queue measurements are introduced' should be replaced with:

'The standards for central and transfer search (elements 7 and 8) take effect upon the introduction of a automated security queue measurement and on a date agreed by Heathrow Airport and the airline community. Prior to that, the standards for central and transfer search (interim) (elements 7-i1, 7-i2 and 8-i1) remain in effect. Additional monthly rebates (elements 7-a and 8-a) are payable upon the failure to set a G2 date with a milestone plan to a G3 date by 11<sup>th</sup> June 2015 until a plan is agreed. In June stakeholders will engage with the CAA and HAL on the determination of the next steps and subsequent treatment of the rebate associated with the delivery of an agreed automated per passenger queue measurement system.

For footnote: 67 under table 3b we request the following changes:

4. The reference to 'The standards for central and transfer search (elements 7 and 8) take effect on a date no later than 1 June 2016, upon the introduction of automated security queue measurements (planned delivery by 1 April 2015) and

delivery of additional search capacity on a date not later than 1 June 2016. Prior to that, the standards for central and transfer search (interim) (elements 7-i1, 7-i2 and 8-i1) remain in effect. Additional monthly rebates (elements 7-a and 8-a) are payable every month from the 1 April 2015 until the month in which automated queue measurements is introduced' should be replaced with:

'The standards for central and transfer search (elements 7 and 8) take effect following the introduction of a automated security queue measurement and on a date agreed by Heathrow Airport and the airline community . Prior to that, the standards for central and transfer search (interim) (elements 7-i1, 7-i2 and 8-i1) remain in effect. Additional monthly rebates (elements 7-a and 8-a) are payable upon to failure to set a G2 date with a milestones plan to G3 by 11<sup>th</sup> June 2015 until a plan is agreed. In June stakeholders will engage with the CAA and HAL on the determination of the next steps and subsequent treatment of the rebate associated with the delivery of an agreed automated per passenger queue measurement system.

For footnote: 71 under table 5b we request the following changes:

5. The reference to 'The standards for central and transfer search (elements 7 and 8) take effect on a date no later than 1 April 2016, upon the introduction of automated security queue measurements (planned delivery by 1 April 2015) and delivery of additional search capacity on a date not later than April 2016. Prior to that, the standards for central and transfer search (interim) (elements 7-i1, 7-i2 and 8-i1) remain in effect. Additional monthly rebates (elements 7-a and 8-a) are payable every month from the 1 April 2015 until the month in which automated queue measurements is introduced' should be replaced with:

'The standards for central and transfer search (elements 7 and 8) take effect following the introduction of a automated security queue measurement and on a date agreed by Heathrow Airport and the airline community . Prior to that, the standards for central and transfer search (interim) (elements 7-i1, 7-i2 and 8-i1) remain in effect. Additional monthly rebates (elements 7-a and 8-a) are payable upon the failure to set a G2 date with a milestones plan to G3 by 11<sup>th</sup> June 2015 until a plan is agreed. In June stakeholders will engage with the CAA and HAL on the determination of the next steps and subsequent treatment of the rebate associated with the delivery of an agreed automated per passenger queue measurement system.

#### **Publication of security performance times**

For footnotes: 75-77 under table 10b we request the following changes:

6. Footnote 75: 'Until air transport services for the carriage of passengers cease at T1; until the delivery of automated security queue measurement by 1 April 2015 in T2 and T4; until the planned delivery of additional capacity on a date not later than 1 June 2016 in T3; until the planned delivery of additional capacity on a date not later than 1 April 2016 in T5' should be replaced with:

'Until air transport services for the carriage of passengers cease at T1; following the delivery of automated security queue measurement and on a date agreed by Heathrow Airport and the Airline Community in T2, T3, T4 and T5.'

7. Footnote 76: 'Upon the planned delivery of automated security queue measurements by 1 April 2015 in T2 and T4; upon the planned delivery of

capacity on a date not later than 1 June 2016 in T3; upon the planned delivery of additional capacity on a date not later than 1 April in T5' should be replaced with:

'Upon the planned delivery of automated security queue measurement and on a date agreed by Heathrow Airport and the Airline Community.'

8. Footnote 77: 'Additional monthly rebates (elements 7-a and 8-a) are payable every month from the 1 April 2015 until the month in which automated queue measurements is introduced in the relevant terminals' should be replaced with:

'Additional monthly rebates (elements 7-a and 8-a) are payable every month upon the failure to set a G2 date with a milestones plan to G3 by 11<sup>th</sup> June 2015 until a plan is agreed. In June stakeholders will engage with the CAA and HAL on the determination of the next steps and subsequent treatment of the rebate associated with the delivery of an agreed automated per passenger queue measurement system.

9. For elements 7-a and 8-a, table 10b: 'Quarterly update on the website for delivery by 1 April 2015. The first update is due 1 April 2015' should be replaced with:

'Quarterly update on the website beginning from a date agreed by Heathrow Airport and the airline community.'

If you require any further information please do not hesitate to contact us.

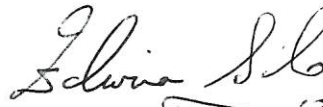
Yours sincerely

Tom Willis



Director Security  
Heathrow Airport Limited

Edwina Silo



General Secretary  
Heathrow AOC

