

CAA CAP 2618

SETTING FUTURE PRICE CONTROL – REVIEW OF APPROACH

Response from Council for the Independent Scrutiny of Heathrow Airport (CISHA) and the Heathrow Passenger Forum (HPF)

(1) Overview

This response is based on CISHA and the HPF's understanding of the price control process and agreement with the CAA's belief that the process can be enhanced to ensure more thorough engagement and consideration.

(2) Who We Are

Under the direction of Section 35 of the Civil Aviation Act every commercial airport is required to have facilities for consultation with stakeholders and the community. In recent years, Heathrow's Airport Consultative Committee has evolved to better reflect changing circumstances, to enhance dialogue and to bring together different groups to provide a more effective basis for discussion, deliberation, and response.

The Heathrow Airport Consultative Committee (HACC) became the Heathrow Community Engagement Board (HCEB) around the time of the last period of airport expansion consultation activity. That was a decision made by the HACC in consultation with both Heathrow Airport Ltd and the Department of Transport to create an organisation which would deliver a variety of engagement techniques to reach a wider and more diverse audience.

In 2022 the HCEB, which remains the legal entity, morphed into the Council for the Independent Council for the Scrutiny of Heathrow Airport (CISHA). This was a response to key learnings from HCEB's operation prior to the pandemic and a recognition that there was greater community and stakeholder strength in pulling together all the representation structures under one, independent umbrella.

CISHA is block funded by Heathrow Airport Ltd. It shares an annual budget plan with Heathrow but its strategic direction and day-to-day activity is entirely independent as are all of its consultation responses and contributions to debate. It is led by an independent chair, with several non-executive directors and a support staff of two. All are employed by the HCEB Ltd.

The Heathrow Passenger Forum (HPF) is one of six stakeholder engagement groups under the CISHA umbrella although it has enhanced status as a named representative body of the ACC. The HPF monitors the end-to-end passenger experience. It considers any issue in connection with Heathrow Airport that would impact passengers and reports its conclusions and recommendations to CISHA and the airport. The group does this in four ways:

- Monitoring the procedures and facilities available to passengers and making recommendations for their improvement to Heathrow Airport.
- Holding quarterly meetings to receive briefings and opinions from Heathrow Airport stakeholders and external experts and using the outcomes and insights to make recommendations to CISHA and the airport.
- Providing a passenger perspective on airport developments.
- Contribute to government and CAA consultations that impact the Heathrow passenger.
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The Heathrow Passenger Forum is comprised of independent members who represent a broad range of passengers along with a representative from each of the following organisations: Which?, ABTA, the Business Travel Association, and the Airline Operators Committee.

(3) Response

This response focuses on three elements of the 'review of approach' questions – those being the most relevant for input by CISHA.

When the Consumer Challenge Board was established the then Heathrow Community Engagement Board and the then Passenger Services Group had concerns that it would fail to engage with key stakeholder groups. Whilst the purpose and goals of the CCB were important elements of the delivery of Heathrow's expansion plans and the H7 price control process, despite early outreach to the CCB's chair this proved to be the case.

It was a missed opportunity to build on existing structures and expertise to widen and deepen engagement and deliver an approach to price control which was more balanced and better understood.

2.24 Constructive Engagement

Questions for the review: do you have any suggestions on how to improve constructive engagement for H8 and NR28 ? Do you have any suggestions for how the regulated entities and airline customers could best work together and engage effectively in future reviews ?

2.32 Governance around price controls

How should we ensure that consumer views are understood and reflected in our approach to setting price controls ? How could the CAA improve its engagement with stakeholders for H8 and NR28 ?

It is our view that the Heathrow Passenger Forum represents an existing and proven entity which could be used to provide another source of independent and passenger focused views for future price controls. It has several attributes which make the suggestion compelling.

- It is independent – its membership ensures broad coverage of travel type (including 'extra care'), airlines and terminals.
- It is expert – as regular travellers the membership has high visibility of global airports.
- It is informed – its quarterly meetings with Heathrow Airport Limited and deep dives cover key issues such as punctuality, connections, extra care, baggage, and security.

In many respects the membership has a unique perspective – understanding the balance between value for the consumer (they ARE the consumer) and delivery of the customer proposition. Engaged without being involved, they represent a valuable perspective and understanding of the importance of balance to ensure passenger expectations are met.

If this is something which has potential the HPF would recruit a sub-committee which was able to focus on economic regulation. Given the CAA's consultation notes the importance of independent input into the process, and the need to seek expert input on how best to make sure price controls reflect consumer priorities – HPF could be a useful conduit.

In addition, we also believe that in future price controls that the CAA needs to put a greater focus on 'extra care' passengers, similar to that seen in other regulated sectors (e.g. Rail). 'Extra Care' passengers are the most vulnerable consumers and as an aviation industry greater focus needs to be put into overcoming the current barriers they have to travel. This means considering a wider definition than just consumers with physical circumstances where the CAA have focused in their H7 price control.

3.1 Broader Strategic Issues

Economic regulation does not only have an impact on passengers and airlines, but also a range of stakeholders and communities on both sides of the perimeter fence. Representing and reflecting their priorities and views is a key aspect of Heathrow's future business plans that are subject to economic regulation. We cannot help but therefore think there is a role for CISHA here which already brings together the broadest range of groups and stakeholders.

We also believe that engagement with CISHA will help remove some of the unproductive discussions around the price control process. At present when it does break into the public arena it is a binary debate between Heathrow Airport Limited and usually one of the larger airline operators or airline groups. Neither passenger nor community voices are adequately included in the debate.

(4) Conclusion

We believe that there is a more formal role within the future price control process for CISHA and, in particular, for the HPF in representing the wants and needs of Heathrow's wider stakeholders.

The CAA also needs to pay greater attention to the needs of Extra Care passengers in future price controls.

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www.cisha.org

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