



CONSUMER CHALLENGE BOARD (CCB) CHALLENGE LOG VERSION 4 – 21/12/18

Ref	Area	CCB Challenge	Response and Follow Up	Status
Comments on HAL's Work				
1	Quality of Heathrow Airport Limited's (HAL) Consumer Engagement Strategy	<p>Following the establishment of the CCB in early 2017, HAL began the development of its Consumer Engagement Strategy. This sets out how it will undertake research and engagement to drive its business planning, including H7 and expansion.</p> <p>Version 3 was issued in June 2018. CCB considered that this was a considerable and further improvement. Version 4 has just been issued and CCB looks forward to reviewing it.</p> <p>Since June, CCB recognises further progress, and increasingly effective implementation of the strategy. Work streams have been identified and fleshed out, and delivery is now at pace. A particular highlight is the synthesis, developed by an independent 3rd party (Blue Marble), of engagement carried out to date. Also of especial note is the establishment of the on-line consumer panel ("Horizon"), which is being used widely and effectively to engage with consumers on a wide variety of topics. CCB also welcomes HAL's investment in more senior resource in this area.</p> <p>Embedding the strategy across the business is making good progress, but there is still more to do. Sections below note where the CCB has still to see strong evidence that consumer engagement is fully driving all aspects of business planning.</p>	<p>CCB recommends that it would be helpful to link the work packages listed in the Consumer Engagement Strategy to fully demonstrate how they are influencing business plans.</p> <p>CCB recommends an analysis of the Blue Marble synthesis work in order to help identify and articulate where gaps may exist in the overall engagement programme.</p> <p>Reflecting that HAL is in a unique position in its sector, in terms of regulatory regime, CCB recommends that more proactive engagement with other regulated entities outside aviation could be helpful in identifying innovative techniques of consumer engagement. For example, all water companies have now published their business plans, which go into granular detail about the types of engagement methods they have used. Water CCGs will have strongly encouraged water companies to be both innovative and extensive in their consumer engagement, and HAL may benefit from a broader consideration of</p>	<p>Green →</p>

Red means CCB has not seen sufficient information nor has confidence that this area is being addressed.
 Amber means CCB has some concerns but has seen evidence that progress is being made to address this area.
 Green means CCB has no immediate concerns and is confident that this area is being addressed.
 Blue means the CCB is satisfied with developments in this area and this challenge had been closed.
 Arrow direction indicates progress since last CCB Challenge Log dated 02/07/2018.

Ref	Area	CCB Challenge	Response and Follow Up	Status
			thinking in this/other regulated sectors.	
2	Quality of HAL's consumer research and engagement driving master-planning and expansion plans	<p>CAA has formally extended CCB's Terms of Reference to include scrutiny of HAL's consumer engagement into the third runway expansion, and specifically to report on how consumer engagement is driving HAL's expansion master-plan.</p> <p>CCB recognises that HAL's expansion planning commenced before the establishment of the CCB. Therefore, while a number of general principles and learnings from consumer engagement were recognised, and have fed into expansion planning, these were not at the time systematic or thoroughly documented. CCB welcomes the efforts now underway to trace expansion plan elements back to any earlier engagement.</p> <p>There was a previous misunderstanding among some at HAL, that Consultation 1 (targeted at local communities) represented consumer engagement. This was an example of the confusion that tended to exist at HAL in differentiating between different stakeholder groups. In fact, the interests of local communities, while of course important, are not identical with those of consumers, and in some instances may be opposed. CCB has identified that HAL has had, for understandable reasons, an approach primarily focused on the DCO process, rather than a consumer-driven mindset.</p> <p>HAL has responded to this CCB challenge and is now putting in place more systematic engagement with consumers around elements of master planning: for example through use of the Horizon panel, and through the innovative one-day consumer workshop which involved a diverse group of consumers. This has led to a number of identified consumer priorities, such as a strong consumer dislike of busses for on-campus transport, which are now being included into master-planning thinking.</p>	<p>CCB recommends that the retrofitting back to earlier consumer engagement that has informed the master planning be completed and fully documented. The plan to put together a "Consumer Benefit Report" to accompany the masterplan itself, is welcomed and CCB looks forward to reviewing when complete.</p> <p>While recognising that some elements of master-planning – for example, river re-routing – are not one in which consumer engagement is likely to be of great relevance, the CCB would still expect to see more evidence that consumer priorities are fully understood and driving master-planning. Consumer engagement should inform and drive any trade-offs between, on the one hand, infrastructure quality, and on the other, earlier capacity release enabling new routes and airline offerings.</p> <p>CCB understands that HAL will have completed sufficient master-plan detail by mid-January 2019, to enable CCB to put together a more comprehensive report on the way in which the master-plan is</p>	Amber →

Ref	Area	CCB Challenge	Response and Follow Up	Status
			driven by consumer engagement.	
3b	Assessment of WTP outcome and application, and the Aggregate Benefit Study	<p>The CCB also has continuing questions on the WTP aggregate valuations across all service attributes when compared to the current departing passenger charge.</p> <p>Concerns persist over the external validation of the WTP valuations and the implications for Cost Benefit Analysis. The CCB queries the limited scope of the external validation.</p> <p>The CCB has provided written comments on the External Validation exercise and on the proposed Aggregate Benefit Study. Of particular concern is the reconciliation of the results of the Aggregate Benefit Study with the original WTP results.</p>	<p>Systra/HAL responded to the CCB's request for clarification on issues arising from the draft report.</p> <p>HAL shared an updated presentation on the planned Cost Benefit Analysis.</p> <p>Airlines received a presentation of the WTP results.</p> <p>HAL has commissioned a further piece of work – the Aggregate Benefit Study</p> <p>The results of this study will test the robustness of the original WTP attribute level valuations at the aggregate level.</p>	<p>Green</p> <p>↑</p>
Issues for HAL to consider				
4	Appropriate reflection of vulnerable consumers in HAL's business planning	<p>CCB aims to ensure effective consumer engagement underpins HAL's business planning process and considers the needs of a wide range of consumers who are potentially vulnerable when using the airport. This includes those with hidden disabilities as well as Passengers with Reduced Mobility (PRMs), and other groups of consumers that struggle to access or obtain a satisfactory level of service at the airport.</p> <p>The CCB notes considerable and welcome progress in this area, including progress on HAL's definition of vulnerability and the development of a number of workstreams. The CCB welcomes HAL's revised definition of vulnerability, which includes hidden disabilities, situational and environmental factors, and recognises that vulnerability</p>	<p>Going forward, it is critical that HAL's engagement on vulnerability is reflected fully in its business planning and - especially – expansion planning. The CCB expects HAL to be able to fully articulate the link between its understanding of vulnerable consumers and the decisions and trade-offs that are made in the business plan, and the outcome measures against which</p>	<p>Green</p> <p>↑</p>

Red means CCB has not seen sufficient information nor has confidence that this area is being addressed.
 Amber means CCB has some concerns but has seen evidence that progress is being made to address this area.
 Green means CCB has no immediate concerns and is confident that this area is being addressed.
 Blue means the CCB is satisfied with developments in this area and this challenge had been closed.
 Arrow direction indicates progress since last CCB Challenge Log dated 02/07/2018.

Ref	Area	CCB Challenge	Response and Follow Up	Status
		<p>can be temporary as well as longer term. A wide range of internal and external stakeholders have been engaged as part of the development of HAL's definition and the CCB notes a commitment to ongoing stakeholder engagement in this area.</p> <p>CCB is particularly pleased to note that HAL has delivered a work package, utilizing the Horizon panel, exploring consumers' views of the language used to describe vulnerability and has amended the terminology in its definition of vulnerability and ongoing engagement. The new terminology signals a move away from a focus on extra care and recognises that people can be made vulnerable by a range of situational and environmental factors, including airport design and procedures.</p> <p>HAL has also commissioned a significant research project to explore how it can offer 'the best airport service in the world' to passengers who might experience vulnerability at the airport and/or require support with their journey. The CCB notes that this workstream explores the barriers that people face in using Heathrow and the scope for the airport service and design to reduce or remove these barriers. It will identify passengers' needs, priorities and the economic value they place on these improvements.</p>	<p>success is measured. The CCB also expects to see the understanding of vulnerability that has been developed as part of the H7 process fully embedded in HAL's engagement and decision-making around expansion.</p>	
5	Quality of consumer engagement and research to inform surface access plans	<p>HAL has made significant progress in both undertaking and demonstrating to the CCB consumer engagement regarding surface access. However, HAL's approach is less a holistic view of what present and future consumers want, than how to fit consumer engagement into the requirements stipulated in the June 2018 National Policy Statement (NPS) – specifically, that passenger journeys to the airport should be at least 50% via public transport by 2030, and that construction and operation of R3 should not violate the UK's ability to meet air quality obligations. HAL recognises that the NPS requirements are a catalyst for refocusing surface access on the consumer perspective: HAL will need to understand what surface access consumers are willing to support and pay for; where consumer preferences are aligned with or trade off against other constraints; and how to improve consumer outcomes within and among various transport modes.</p> <p>CCB encourages HAL to:</p>	<p>Past – HAL has undertaken extensive consumer research and engagement on the past and current surface access provision. This is supplemented by research outside HAL's aegis related to currently provided infrastructure and projects which have been under long-term development. Past research tends to focus on feedback on the transport mode already used. HAL has summarised for CCB the extent of its research and the significant outputs being utilised. This summary, while substantive, is not as comprehensive and</p>	<p>Red →</p>

Ref	Area	CCB Challenge	Response and Follow Up	Status
		<ul style="list-style-type: none"> • Pull together research by HAL and others into a comprehensive road map • Identify gaps and a potential timetable for addressing them • Include on-airport transport in its analysis • Feed consumer engagement results into consultations on projects headed by other bodies • Be able to track a “golden thread” showing where consumer views have been addressed, or not, in near-term, medium term and long term surface access planning 	<p>wide-ranging as HAL’s synthesis of its general consumer research.</p> <p>Current – In the last 12 months, HAL has instigated over 20 insight projects related to surface access. Learnings are being applied to near-term improvements (eg airport parking, arrivals onward travel way-finding, competitive choice among tube, Crossrail and HEX) and the longer term surface access strategy HAL will move through the 2019 consultation stage. A notable current project is consumer engagement on the more general issue of perception and value of surface access options in choice of airport and choice of mode.</p> <p>Future -- On the Western Rail Link, HAL has moved from responding to Network Rail’s consultation to undertaking qualitative and quantitative research on potential use. CCB looks forward to HAL proactively preparing to sound out consumer views on the Southern Rail Link. HAL is initiating consumer research on potential access and emissions charges to influence motor vehicle use.</p>	
6	Quality of consumer research and	The most recent consumer engagement carried out by HAL shows that the arrivals experience continues to be important and the current experience remains unsatisfactory, particularly with regard to waiting times, way-finding, environmental factors (welcoming/comfortable) and the information provided on waiting times.	CCB discussions with HAL, Border Force, and airlines indicate that there is a potential for HAL to use consumer engagement and an outcomes-focused	Red →

Red means CCB has not seen sufficient information nor has confidence that this area is being addressed.
 Amber means CCB has some concerns but has seen evidence that progress is being made to address this area.
 Green means CCB has no immediate concerns and is confident that this area is being addressed.
 Blue means the CCB is satisfied with developments in this area and this challenge had been closed.
 Arrow direction indicates progress since last CCB Challenge Log dated 02/07/2018.

Ref	Area	CCB Challenge	Response and Follow Up	Status
	engagement to inform consumer priorities on the arrivals experience	<p>Recent progress to address the arrivals experience includes the Government budget announcement in October 2018 to open e-gates to travelers from a number of non-EU countries. In addition, HAL are investigating opportunities to update SLAs with Border Force and ensure consistent achievement of current SLA standards as well as maximise queue flow through immigration and provide improved communications to passengers.</p> <p>CCB remain concerned that HAL has not yet undertaken any dedicated consumer research to understand how consumers would like to see things improved. CCB would like to see a work stream focused on understanding how HAL can improve the arrivals experience and for HAL to be more proactive in determining priorities for action it can take to improve the experience as part of the H7 process.</p> <p>CCB encourages HAL to include Border Force in the engagement process and welcomes the acknowledgement that Border Force insights is a gap in HAL's knowledge.</p>	<p>approach to look beyond current Border Force constraints, working with all parties to better meet consumer needs.</p> <p>HAL has previously agreed to review if there is a specific piece of focused research that could be done to look at improving the arrival experience.</p> <p>HAL has identified Border Force as a stakeholder in its latest V3 Consumer Engagement Strategy with a view to delivering a programme of initiatives with Border Force.</p>	
7	Airport operational resilience	<p>As required by the CAA, HAL's resilience plans are produced in collaboration with airlines and other organisations operating at the airport to ensure passenger inconvenience is minimised during disruptions.</p> <p>CCB is seeking to understand what resilience related consumer engagement is carried out in the development of HAL's business plans.</p> <p>This also pertains to the proposed interim (2 runway) expansion from 480k to 505k ATMs, around which there does not appear to have been any consumer engagement to date.</p> <p>CCB has also not seen a plan for HAL to do any consumer engagement around airspace strategy.</p> <p>The CCB has not seen any substantive evidence to date that consumer engagement has been a central part of HAL's approach. The CCB did receive a presentation on resilience that focused around the existing airport resilience plan. This document was dated 2015 and the CCB saw little evidence of consumer engagement in its</p>	<p>HAL has informed the CCB that a brief for resilience is under development.</p>	<p>Red →</p>

Red means CCB has not seen sufficient information nor has confidence that this area is being addressed.
 Amber means CCB has some concerns but has seen evidence that progress is being made to address this area.
 Green means CCB has no immediate concerns and is confident that this area is being addressed.
 Blue means the CCB is satisfied with developments in this area and this challenge had been closed.
 Arrow direction indicates progress since last CCB Challenge Log dated 02/07/2018.

Ref	Area	CCB Challenge	Response and Follow Up	Status
		development or its content. The CCB also received a presentation on how consumer benefit valuations will be used alongside the resilience work to assess the additional ATMs		
11	Engagement with future Consumers	<p>HAL should ensure that research and engagement is proactive and seeks to determine consumers' needs, wants and priorities. This should include the views of those consumers who do not currently use the airport, and the needs of future consumers. For example, the increase in capacity post-expansion should economically result in a reduction in overall ticket prices, as a result of increased competition. In turn, this may attract new and different consumers (more budget-minded) to use Heathrow.</p> <p>Expansion will also likely open up new destinations and HAL should consider whether consumers from these geographies are likely to have different requirements from the current destination mix.</p> <p>Those of current school age will be consumers of the future, though there will also be more older travelers as the population ages.</p> <p>CCB expects HAL to engage more widely with bodies representing for instance the different demographic, economic and geographic characteristics of future consumers to understand their requirements.</p> <p>The CCB is encouraged that HAL are initiating research on younger potential consumers.</p>	<p>HAL's existing research and engagement does cover work with non-users of Heathrow (Brand Tracking, CAA Passenger Survey, Under 25 Airport Decision making, Heathrow Uniqueness and Sustainability 2.0).</p> <p>The CCB have also inputted into a Generation Z research brief</p>	<p>Amber →</p>

Red means CCB has not seen sufficient information nor has confidence that this area is being addressed.
 Amber means CCB has some concerns but has seen evidence that progress is being made to address this area.
 Green means CCB has no immediate concerns and is confident that this area is being addressed.
 Blue means the CCB is satisfied with developments in this area and this challenge had been closed.
 Arrow direction indicates progress since last CCB Challenge Log dated 02/07/2018.

Ref	Area	CCB Challenge	Response and Follow Up	Status
12	Quality of Consumer Engagement driving outcomes-based framework	<p>HAL is making progress on developing the outcome-based approach to service quality regulation. This framework should be informed by robust consumer research. HAL commissioned a comprehensive synthesis of its own and airline consumer insights and has used the key themes arising from the synthesis to formulate preliminary outcomes for passengers and other key stakeholder groups.</p> <p>At the 17/12/18 CCB/HAL meeting HAL presented their 'Updated Preliminary Outcomes'. The previous 'silo' based approach has been replaced by a new schematic placing 'consumer outcomes' at its centre. The outcomes, and language used, have been refined by thorough consumer testing. Other stakeholders, Colleagues, Airlines, etc, form the outer circle.</p> <p>The CCB is encouraged by HAL's redesigned consumer focused schematic (circular as opposed to previous columns), and assumes that it reflects HAL's actual working approach. We are also pleased to see the extent to which HAL used direct consumer engagement to test the language and outcomes amongst its customer base. We are encouraged that the OBR/SQRB regime is developing in a way which is consistent with consumers' values and priorities.</p>	<p>HAL has responded to the CCBs concerns on the silo/segmented passenger outcome based approach.</p> <p>HAL presented to the CCB a new OBR/SQRB consumer focused schematic that places consumers at its centre.</p> <p>The content and language of the schematic has been tested amongst HAL consumers.</p> <p>CCB continues to follow the development of the OBR/SQRB framework.</p>	Amber NEW

Ref	Area	CCB Challenge	Response and Follow Up	Status
10	Quality of engagement from airlines in respect of consumer engagement	<p>In June, the CCB recognised the positive evolving relationship between the airlines and HAL. Of note in this context is the highly successful work package producing a synthesis of airlines' consumer insights, in which a number of airlines provided a third party agency with access to consumer data collected for their business on a confidential basis. The resulting report was rich and comprehensive, ensuring that the valuable knowledge that airlines have developed from interactions with their customers has added value to HAL's own consumer engagement programme.</p> <p>The CCB notes, however, that airlines still appear to lack the resource and governance structure required to facilitate ongoing and timely input to HAL's research and engagement programme. For example, airlines' input to the Consumer Engagement Strategy V3 was later than is ideal, as was the case in relation to previous iterations of the strategy.</p>	<p>The full and enthusiastic cooperation and involvement of the airline community in ensuring the maximum input from consumers into HAL's business planning and the development of OBR undoubtedly remains of major benefit to consumers. The CCB recommends that airlines allocate greater resource to engagement with HAL's business planning and consider whether the current governance arrangements are optimal. The CCB will continue to monitor and encourage timely and constructive engagement between HAL and the airline community.</p>	Amber →
Closed Challenges				
3a	Quality of Willingness To Pay (WTP) Survey	<p>HAL's major qualitative and quantitative WTP engagement early in its Consumer Engagement Strategy has progressed well. CCB commented on the quality of the research design, influencing a Passenger Prioritisation Survey to identify the 15 attributes to be ranked in the WTP.</p> <p>CCB would expect that the research programme and WTP support the development of the business plan, and can assist in identifying potential cost increases and reductions to assist in the prioritisation process.</p>		Blue
8a	Structure of HAL working with the CCB	<p>CCB welcomes HAL's implementation of a more consistent and timely approach to CCB meetings and improvement in its tracking, sharing and management of information and feedback.</p>		Blue

Red means CCB has not seen sufficient information nor has confidence that this area is being addressed.
 Amber means CCB has some concerns but has seen evidence that progress is being made to address this area.
 Green means CCB has no immediate concerns and is confident that this area is being addressed.
 Blue means the CCB is satisfied with developments in this area and this challenge had been closed.
 Arrow direction indicates progress since last CCB Challenge Log dated 02/07/2018.

Ref	Area	CCB Challenge	Response and Follow Up	Status
8b	Clarifying respective role in the constructive engagement process	The role of the CCB in the Constructive Engagement phase has still to be finalised. The CCB is concerned that there could be alteration of the outcomes from consumer engagement that the CCB reviewed in the initial business plan. HAL and CAA are open to understanding how CCB can have an enduring role to drive a culture of consumer engagement.	Ongoing dialogue with CAA established. CCB to propose how best it can support the Constructive Engagement process.	Blue
9	Consumer input post business planning	CCB has identified a potential risk that consumer input does not extend beyond agreement of the business plan and price control with the CAA and, as a result, proposals can be changed without consumer input.	CCB plans to clarify this risk with CAA. CAA has not yet defined a policy, however, is aware of this risk and open to reviewing the future role of CCB.	Blue