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**Information from alternative dispute resolution (ADR)  
entities approved by the Civil Aviation Authority (CAA)  
Department for Transport: Civil Aviation Authority (CAA)  
RPC rating: **validated****

### **Description of proposal**

The Civil Aviation Authority (CAA) introduced new guidance targeted at Alternative Dispute Resolution (ADR) businesses that fall under the remit of the CAA. The guidance specifies the data they need to provide to the CAA. The data is needed so that the CAA can fulfil its role as a competent authority for ADR in aviation and meet its legal obligation to report back to the European Commission. There is no new regulatory activity introduced as a result of the proposal. There are four areas that the guidance covers:

1. Data items – the specific data that needs to be reported to CAA (which includes basic data about the complaint)
2. Complaint type categories – how to categorise complaint types
3. Outcome codes – how to categorise the outcome of the complaint
4. Reports required – the types of reports that the CAA requires under the Regulation and terms of CAA approval.

### **Impacts of proposal**

The data that are in scope of the guidance are based on airline clients. The assessment states that there are currently three businesses in scope of the guidance but one of these has not yet recruited airline clients. A business needs to have clients in order to be in a position to handle consumer disputes. Estimated costs are included for the two businesses that have clients and therefore data to report.

The costs are small for each business and are associated with reading and data production time. Each business provided a different estimate of their one-off costs but both were considered to be reasonable. The annual costs for both businesses had a wider spread in the difference and that was due to one of the businesses setting up a template system.

	<b>Business 1</b>	<b>Business 2</b>
One off costs	£1,331.40	£1,743.50
Annual costs	£2,884.70	£1,014.40
<b>Total Costs</b>	<b>£4,216.10</b>	<b>£2,757.90</b>

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of £0.0 million. This will be a qualifying regulatory provision that will score under the Business Impact Target.

## Quality of submission

The assessment provides detail of the familiarisation costs to businesses. The analysis uses information from previous impact assessments (IA) issued for two similar businesses, in those cases by the Department of Transport. The cost of reading time from those IAs is £31.70 and the assessment calculates the total reading time for their 4400 word document to be around 36 minutes. This is based on 120 words per minute reading speed. The total cost of familiarisation for the three businesses is then £57.06.

In justifying the assumption that one person per business would be responsible for reading the guidance, the CAA has assumed that the person leading on data production per organisation would be the appropriate person to read the guidance. Given the scale of the measure this level of support is reasonable.

The RPC notes that the CAA was able to engage with all relevant stakeholders to obtain cost estimates and provided a reasonable explanation of why the third business wasn't affected.

## Departmental assessment

<i>Classification</i>	Qualifying regulatory provision (IN)
<i>Equivalent annual net cost to business (EANCB)</i>	£0.0 million
<i>Business net present value</i>	£-0.04 million

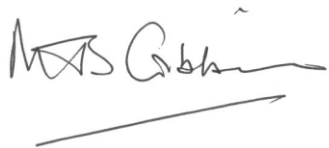
## RPC assessment<sup>1</sup>

<i>Classification</i>	Qualifying regulatory provision (IN)
<i>EANCB – RPC validated</i>	£0.0 million
<i>Business Impact Target (BIT)</i>	£0.0 million

<sup>1</sup> For reporting purposes, the RPC validates EANDCB figures to the nearest £100,000.

Opinion: EANDCB validation  
Origin: domestic  
RPC reference number: RPC-3664(1)-DFT-CAA  
Date of implementation: May 2016

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**Michael Gibbons CBE**, Chairman