

# Unit 4: Inter-relationships Within the UK Aviation Industry

<b>Unit code:</b>	<b>A/504/2279</b>
<b>QCF Level 3:</b>	<b>BTEC Nationals</b>
<b>Credit value:</b>	<b>6</b>
<b>Guided learning hours:</b>	<b>36</b>

## ● Aim and purpose

The aim of this unit is to give learners knowledge and understanding of how and why the organisations within the UK aviation industry link together to form an aviation system.

## ● Unit introduction

The aviation industry is a system that provides air transport between airports. The organisations that make up the industry strive to provide a safe, secure and seamless system for users and, to this end, they have been extremely successful. The 'glue' that holds the system together is the inter-relationships between the different organisations involved in the aviation industry. These inter-relationships are built on three cornerstones – legal, commercial and mutual benefit.

Legal relationships have the force of law to bind the parties together should it be needed, as non-compliance can have serious consequences for the organisation if it does not fulfil its legal obligations to the required standards. For example, in extreme circumstances a non-compliant airport could find that its operating licence has been revoked.

Commercial relationships can take a number of forms, which can be complex and diverse. A terminal retail outlet might have a concession agreement or a tenancy agreement with the airport; one has a rent based on turnover the other a rental agreement based on shop area. Whichever pathway is chosen, the commercial agreement will involve a contract based on financial payments and be backed up by the possibility of legal redress.

Organisations also work together for mutual benefit. The obvious example is trade associations, where organisations primarily decide to work together to promote their interests to government or policy makers. Organisations can have all these inter-relationships and could quite easily have all three with the same organisation.

## ● Learning outcomes

**On completion of this unit a learner should:**

- 1 Know the structure of the UK aviation industry
- 2 Understand the legal impact of regulatory bodies on aviation organisations
- 3 Understand the commercial relationships between aviation organisations
- 4 Understand why aviation organisations work together for mutual benefit.

# Unit content

---

## 1 Know the structure of the UK aviation industry

The structure of the UK aviation industry (key areas and their sub-components):

- airports
- airlines
- regulatory and trade bodies (international, European, UK)
- general aviation (GA)
- ancillary organisations

Key interrelationships within the structure of the aviation industry:

- legal
- commercial
- mutual benefit
- combinations, e.g. legal and commercial

## 2 Understand the legal impact of regulatory bodies on aviation organisations

Organisations that have a legal impact on the entire structure:

- The Civil Aviation Authority (CAA)
- Department for Transport – Security Department (TRANSEC)
- Health and Safety Executive (HSE)

Organisations that have a legal impact in specialist areas:

- UK Border Agency
- police
- local planning authorities
- Port Health
- Food Standards Agency (FSA)

Impact of legal operational obligations on aviation organisations:

- cost of compliance, e.g. staff, equipment
- inconvenience, e.g. increased waiting times, additional procedures
- uncertainty, e.g. procedures can change in response to the level of threat
- cost of non-compliance, e.g. fines, closure, bad publicity, accidents
- safer environment

### 3 Understand the commercial relationships between aviation organisations

Key commercial relationships:

- commercial contracts, e.g. between airport and airline on landing fees
- concession, e.g. handling agent, duty free shop, catering
- legal contracts, e.g. tenancy agreement for airline office

Scope of commercial agreements:

- type of agreement, e.g. product, service
- variety in the purchasing scale of commercial agreements, e.g. airline orders from baggage labels to new aircraft
- the range of commercial agreements, e.g. airport with every tenant, airline with every passenger
- penalties for non-compliance, e.g. legal, commercial

### 4 Understand why aviation organisations work together for mutual benefit

Methods organisations use to work together for mutual benefit:

- trade associations
- airport users committees
- airline alliances

Advantages of organisations working together for mutual benefit:

- influence government policy
- remove or improve industry regulation
- improve facilities and services, e.g. airport, NATS, access to greater route networks
- reduce charges, e.g. airport landing fees, navigational charges
- standardise and agree operating procedures, e.g. IATA standards, slot allocation
- increase route network size and scope
- improve safety and security

## Assessment and grading criteria

In order to pass this unit, the evidence that the learner presents for assessment needs to demonstrate that they can meet all the learning outcomes for the unit. The assessment criteria for a pass grade describe the level of achievement required to pass this unit.

Assessment and grading criteria		
To achieve a pass grade the evidence must show that the learner is able to:	To achieve a merit grade the evidence must show that, in addition to the pass criteria, the learner is able to:	To achieve a distinction grade the evidence must show that, in addition to the pass and merit criteria, the learner is able to:
<b>P1</b> Outline the structure of the UK aviation industry	<b>M1</b> Evaluate the most important inter-relationships that exist between aviation organisations	<b>D1</b> Analyse the consequences of not complying with security regulations
<b>P2</b> Identify the key inter-relationships within the structure of the aviation industry		
<b>P3</b> Summarise key regulatory relationships that exist within the aviation industry	<b>M2</b> Explain how legal obligations might impact on regulatory and commercial inter-relationships	
<b>P4</b> Explain the impact of legal operational obligations on aviation organisations [IE]		
<b>P5</b> Review key commercial relationships that exist within the aviation industry		
<b>P6</b> Discuss the scope of commercial agreements within the aviation industry		
<b>P7</b> Analyse the methods used by organisations to work together for mutual benefit	<b>M3</b> Discuss how organisations have worked together to influence decisions	
<b>P8</b> Analyse the advantages of organisations working together for mutual benefit [CT]		

**PLTS:** This summary references where applicable, in the square brackets, the elements of the personal, learning and thinking skills applicable in the pass criteria. It identifies opportunities for learners to demonstrate effective application of the referenced elements of the skills.

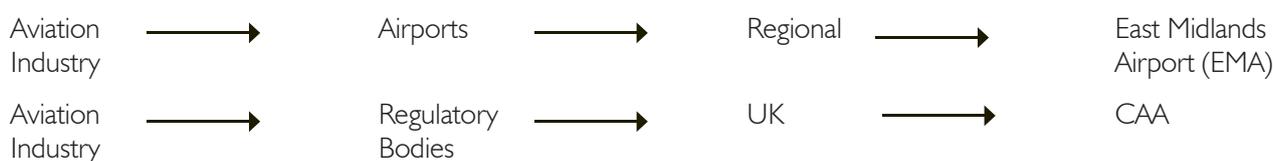
<b>Key</b>	IE – independent enquirers	RL – reflective learners	SM – self-managers
	CT – creative thinkers	TW – team workers	EP – effective participators

## Essential guidance for tutors

### Delivery

This is by nature a 'dry' topic and, whilst learners should be able to understand the relevance of interrelationships within the aviation industry the topic can be placed into contexts within everyday life; we all have similar inter-relationships for example mobile telephone contract, abiding by the law, friendship groups. The difficulty is putting the importance of these interrelationships into context and explaining them in an interesting and topical fashion. Visits and guest speakers will help, but perhaps the most useful tool might be some of the 'fly on the wall' documentaries that show everyday life at the airport, as it will enable learners to observe how the different organisations work together.

Learning outcome 1 can be achieved by exploring the industry structure (see *Unit 1: The UK Aviation Industry*) and drilling down to individual organisational level. For example:



At this level, it is clear that EMA has a regulatory obligation to comply with CAA regulations. The CAA carry out inspections at EMA on a regular basis to ensure compliance and any shortfalls will be identified by the CAA, along with a timescale for rectification. The CAA has the same link with every airport and similar links with other aviation organisations. EMA has similar links with other regulatory bodies and many of the other aviation organisations. An exploration of the structure of the aviation industry at this level will identify a spider's web of interrelationships.

Learning outcome 2 is an extension of *Unit 2: Health and Safety in the Aviation Industry* and *Unit 3: Security in the Aviation Industry*, as it explores in more depth the interrelationship between the regulatory bodies and the organisations they regulate. This interrelationship is built on the force of law and the consequences of non-compliance. Learners will need to explore this interrelationship by examining the sanctions available to the regulatory bodies. Guest speakers from the CAA or HSE would aid learner understanding.

As with a number of units in this qualification there are no textbooks covering the topic of interrelationships. Textbooks that give an overview of the law of contract in relation to commercial operations will help with learning outcome 3. Learners will need to explore the type of commercial and legal agreements entered into by airports and airlines and the legal obligations they impose on the two parties. These commercial and legal agreements are not unique to the aviation industry; they are generic as similar agreements exist in all private and public sectors.

Learning outcome 4 enables learners to consider how organisations work together for mutual benefit. As with the previous two learning outcomes, this could apply to all private and public sectors although learners will need to place it in the context of the aviation industry. Tutors might like to start with a general discussion on working together and teamwork before considering those topics in relation to the organisations that make up the aviation industry. Airline alliances can be researched and the advantages are listed in a number of textbooks; trade associations and their influence and impact can be researched by referring to their websites. The work of an airport's user or operator committee is not as easily researched, but you might like to invite the chairperson of your local airport's user committee to talk to learners or alternatively request copies of the minutes of meetings. If this is not possible learners will need to consider the benefits that might accrue if the main airport users were to work together and the type of results they might be able to achieve.

## Outline learning plan

The outline learning plan has been included in this unit as guidance and can be used in conjunction with the programme of suggested assignments.

The outline learning plan demonstrates one way of planning the delivery and assessment of this unit.

Topic and suggested assignments/activities and/assessment
Introduction and overview of the unit and the four learning outcomes.
A review of the unit assessment methods, along with timescales and hand-out and hand-in dates.
Discussion about the structure of the aviation industry.
Tutor input on the component parts of the aviation industry and how they all fit together to form a seamless system.
DVD on docusoap Airport followed by a discussion.
Assignment workshop to research P1, P2, M1.
<b>Preparation for assignment</b>
<b>Assignment 1: The Structure of the Aviation Industry and the Key Interrelationships</b> (P1, P2, M1)
<b>Feedback on assignment</b>
Investigation into key regulatory relationships.
Class discussion on the impact of legal operational obligations on aviation organisations.
Guest speaker from the UK Border Agency.
Investigation into key commercial relationships.
Class discussion on the scope of commercial agreements within the aviation industry.
Investigation into the different types of commercial agreement.
DVD on docusoap Airport followed by a discussion.
Tutor input and discussion on how legal obligations might impact on regulatory and commercial interrelationships, followed by a case study on TRANSEC.
Assignment workshop to research P3, P4, P5, P6, M2, D1.
<b>Preparation for assignment</b>
<b>Assignment 2: The Key Regulatory and Commercial Relationships</b> (P3, P4, P5, P6, M2, D1)
<b>Feedback on assignment</b>
Class discussion on how and why organisations work together for mutual benefit.
Tutor input on how and why aviation organisations work together for mutual benefit.
DVD on docusoap Airport followed by a discussion.
Investigation into where and when organisations have worked together to influence decisions made concerning aviation and how they have influenced the decisions.
Assignment workshop to research P7, P8, M3.
<b>Preparation for assignment</b>
<b>Assignment 3: How Aviation Organisations Work Together for Mutual Benefit</b> (P7, P8, M3)
<b>Feedback on assignment</b>
Review of the unit

## Assessment

A variety of assessment methods could be used for this unit, although learning outcomes 1 is ideally suited to a presentation (group or individual learner).

### **P1 – P2 – M1**

To achieve P1, learners will need to map out, in diagrammatic format, the UK aviation industry structure to four levels. P2 requires learners to identify the key interrelationships within that structure. It would be too onerous and time consuming to list them all and learners should be directed to pick one airport and one airline and identify (for example LHR and BA, LBA and Jet2.com) their key interrelationships. The emphasis should be on the word key and learners are not expected to spend time identifying minor interrelationships with ancillary organisations. However, they would be expected to identify areas that are critical to the organisation, for example an airline's contract with an engineering company for the maintenance of their aircraft. Learners will need to identify why these interrelationships are key.

M1 develops P2 further by asking learners to evaluate the most important interrelationships. For example, an airport will have numerous interrelationships with organisations within the aviation industry and learners need to identify an airport's three most important interrelationships. Learners must explain in detail why they are the three most important interrelationships and whilst they are free to choose and justify any three interrelationships their choices must be realistic.

### **P3 – P4 – P5 – P6 – M2 – D1**

To achieve P3, learners need to summarise the regulatory relationships that exist in the aviation industry, this can be in broad terms although all the organisations mentioned in the unit content must be covered, even those that have a legal impact in specialist areas. P4 requires learners to explain the impact of legal obligations on aviation organisations; learners need only explain this from an airport and airline viewpoint.

P5 can be achieved by reviewing the key commercial relationships. The emphasis is on key commercial relationships and learners are not expected to discuss all commercial relationships. Key commercial relationships would involve either large-scale operations or considerable financial outlay, some examples are listed in the unit content and learners will need to give at least 10 examples. The discussion would need to cover the type of commercial relationship that is likely to be in place, for example a concession. P6 asks learners to discuss the scope of commercial agreements. These are listed in the unit content and, as with P5, learners will need to give at least 10 examples and the likely penalties for non-compliance will need to be included. For example, if Boeing are late delivering a new aircraft to BA what are the likely penalties Boeing will have to pay BA.

Regulatory and commercial interrelationships have legal obligations and, to achieve M2, learners will need to explain these legal obligations and how they might impact on an interrelationship. There is a difference between a regulatory interrelationship and a commercial interrelationship, and learners must explain what these differences are.

To achieve D1, learners must analyse the consequences of not complying with security regulations. Learners will need to analyse the interrelationship between TRANSEC and an airport. Learners will need to comment on the cost and inconvenience security regulations create and whether or not the sanctions available for non-compliance are appropriate.

### **P7 – P8 – M3**

P7 requires learners to analyse the methods organisations use to work together for mutual benefit, this can be generic but learners will need to give specific examples from the aviation industry. To achieve P8, learners must analyse the advantages that can accrue from organisations working together. These are listed in the unit content and, as with P7, learners can analyse these issues generically before giving specific examples using airports and airlines.

M3 asks learners to discuss how organisations have worked together to influence decisions. To achieve M3, learners will need to give two examples of where working together has led to a successful outcome; learners must explain in detail how this was achieved.

### Programme of suggested assignments

The table below shows a programme of suggested assignments that cover the pass, merit and distinction criteria in the assessment and grading grid. This is for guidance and it is recommended that centres either write their own assignments or adapt any Edexcel assignments to meet local needs and resources.

Criteria covered	Assignment title	Scenario	Assessment method
P1, P2, M1	Assignment 1: The Structure of the Aviation Industry and the Key Interrelationships	You are working for an airport operator. You have been asked to produce training materials for new employees to introduce them to the structure of the industry and the key interrelationships.	PowerPoint presentation
P3, P4, P5, P6, M2, D1	Assignment 2: The Key Regulatory and Commercial Interrelationships	You are working for an airport operator. You have been asked to write a report on the key regulatory and commercial interrelationships.	Report
P7, P8, M3	Assignment 3: How Aviation Organisations Work Together for Mutual Benefit	You are working for an airport operator. You have been asked to give a presentation on how aviation organisations work together for mutual benefit.	Presentation

### Links to other BTEC units

This unit forms part of the BTEC aviation sector suite. This unit has particular links with the following unit titles in the aviation suite.

#### Key

\* indicates unit from the *Edexcel BTEC Level 2 Certificate in Aviation Operations on the Ground (Knowledge) (QCF)* qualification

\*\* indicates unit from the *Edexcel Level 2 Certificate in Introduction to Cabin Crew (QCF)* qualification.

Level 2	Level 3	Level 4
Unit 1: Health and Safety within Aviation*	Unit 1: The UK Aviation Industry	n/a
Unit 2: Aviation Security*	Unit 2: Health and Safety in the Aviation Industry	
Unit 2: Airline Health, Safety and Security**	Unit 3: Security in the Aviation Industry	
	Unit 14: Airport and Airline Commercial Operations	
	Unit 16: Airline and Airport Economics	

## Essential resources

Learners must have access to published resources and the internet.

## Employer engagement and vocational contexts

It would help learners if they were able to listen to and question a number of guest speakers who have expertise in this field, for example UK Border Agency, Airport Operators Committee.

## Indicative reading for learners

### Textbooks

Doganis R – *The Airline Business* (Routledge, 2006) ISBN 978-0415346153

Thorpe and Bailey – *Commercial Contracts: A Practical Guide to Deals, Contracts, Agreements and Promises* (Kogan Page, 1999) ISBN 978-0749428426

### Journal

*Flight International* – Reed Business Publishing

### DVDs

*Airport* – selected episodes

### Websites

[www.aoa.org.uk](http://www.aoa.org.uk)

Airport Operators Association (AOA)

[www.baa.com](http://www.baa.com)

BAA Airports – airport operator

[www.britishairways.com](http://www.britishairways.com)

British Airways – airline

[www.caa.co.uk](http://www.caa.co.uk)

Civil Aviation Authority – UK aviation regulator

[www.nats.co.uk](http://www.nats.co.uk)

NATS – air traffic management

[www.oneworld.com](http://www.oneworld.com)

oneworld – international airline alliance

[www.ryanair.com](http://www.ryanair.com)

Ryanair – airline

## Delivery of personal, learning and thinking skills

The table below identifies the opportunities for personal, learning and thinking skills (PLTS) that have been included within the pass assessment criteria of this unit.

Skill	When learners are ...
<b>Independent enquirers</b>	exploring the impact of legal operational obligations on aviation organisations
<b>Creative thinkers</b>	analysing the advantages of organisations working together for mutual benefit.

Although PLTS are identified within this unit as an inherent part of the assessment criteria, there are further opportunities to develop a range of PLTS through various approaches to teaching and learning.

Skill	When learners are ...
<b>Independent enquirers</b>	reviewing key commercial relationships between aviation organisations
<b>Self-managers</b>	managing the assessment of the unit
<b>Effective participators</b>	discussing regulatory relationships that exist within the aviation industry.

## ● Functional Skills — Level 2

Skill	When learners are ...
<b>ICT — Use ICT systems</b>	
Select, interact with and use ICT systems independently for a complex task to meet a variety of needs	researching and presenting information on the inter-relationships within the structure of the UK aviation industry
Use ICT to effectively plan work and evaluate the effectiveness of the ICT system they have used	planning and producing the assessment
Manage information storage to enable efficient retrieval	storing and retrieving research on aviation organisations to include in assessment
Follow and understand the need for safety and security practices	ongoing practice of using passwords and trusted sources
Troubleshoot	as required.
<b>ICT — Find and select information</b>	
Select and use a variety of sources of information independently for a complex task	researching the structure of the aviation industry and the inter-relationships through a range of websites
Access, search for, select and use ICT-based information and evaluate its fitness for purpose	researching the structure of the UK aviation industry and the inter-relationships through a range of websites.
<b>ICT — Develop, present and communicate information</b>	
Enter, develop and format information independently to suit its meaning and purpose including: <ul style="list-style-type: none"> <li>• text and tables</li> <li>• images</li> <li>• numbers</li> <li>• records</li> </ul>	illustrating the key inter-relationships within the structure of the UK aviation industry in a variety of forms such as diagrams, images and text
Bring together information to suit content and purpose	presenting an outline of the structure of the UK aviation industry and the key inter-relationships that exist
Present information in ways that are fit for purpose and audience	presenting information in a visually appealing manner for a presentation
Evaluate the selection and use of ICT tools and facilities used to present information	selecting the most appropriate ICT tools to present the information visually
Select and use ICT to communicate and exchange information safely, responsibly and effectively including storage of messages and contact lists	e-mailing and uploading the presentation for assessment purposes.

Skill	When learners are ...
<b>English</b>	
Speaking and listening – make a range of contributions to discussions and make effective presentations in a wide range of contexts	discussing the advantages of working together for mutual benefit from different organisational viewpoints
Reading – compare, select, read and understand texts and use them to gather information, ideas, arguments and opinions	researching legal obligations and analysing the impact on aviation organisations
Writing – write documents, including extended writing pieces, communicating information, ideas and opinions, effectively and persuasively	writing a report on the key regulatory and commercial relationships within the aviation industry.