

**CIVIL AVIATION AUTHORITY  
MINUTES OF THE 485<sup>th</sup> BOARD MEETING HELD ON  
WEDNESDAY, 20 MAY 2015,  
CONFERENCE ROOM 1, AVIATION HOUSE, GATWICK**

**Present:**

<b>Dame Deirdre Hutton</b>	<b>Chair</b>
<b>Mr Andrew Haines</b>	
<b>Mr David Gray</b>	
<b>Mr Michael Medlicott</b>	
<b>Mr Iain Osborne</b>	
<b>Mr Mark Swan</b>	
<b>Mr Richard Jackson</b>	
<b>Mr Graham Ward</b>	
<b>AVM Richard Knighton</b>	
<b>Miss Chris Jesnick</b>	
<b>Mrs Kate Staples</b>	<b>Secretary &amp; General Counsel</b>

**In Attendance:**

<b>Mr Peter Drissell</b>	
<b>Mr Richard Stephenson</b>	
<b>Ms Manisha Aatkar</b>	
<b>Mr Tim Johnson</b>	
<b>Mr Peter Gardiner</b>	
<b>Mr Ian Russell</b>	<b>Minute taker</b>
<b>Mr Dan Edwards</b>	<b>For item VI</b>
<b>Mr Jonathan Sharratt</b>	<b>For item VI</b>
<b>Captain Tim Sindall (CHIRP)</b>	<b>For item VII</b>
<b>Mr Ian Dugmore (CHIRP)</b>	<b>For item VII</b>
<b>Mr Padhraic Kelleher</b>	<b>For item VIII</b>
<b>Mr Jeff Butler</b>	<b>For item IX</b>
<b>Mr Paul Belock (AON Hewitt)</b>	<b>For item IX</b>

## **I Apologies**

1. Apologies were received from Mr David King.

## **II Previous Minutes and Matters Arising**

2. The minutes of the April Board meeting were approved.
3. Clarification was made to action 12, (Remote Piloted Aircraft Systems' (RPAS) brief for AVM Knighton), being still in progress, rather than being complete as listed.

## **III Chair's Update – by Dame Deirdre Hutton**

4. The Chair briefed the Board on her meeting, along with Mr Gray, with John Cridland, the Director General of the CBI. The Chair explained how there was agreement on the need for more airport capacity in the South East of England and that strong support for this from the business sector would be required. There was also a common understanding on the importance of airspace modernisation to support any future airport capacity.
5. The chair also updated the Board on her meeting with Greg Clarke, chair of the Met Office.
6. The Chair updated the Board on the progress of the recruitment of an additional non-executive director to the CAA Board. A long-listing meeting had occurred and interviews would take place in June.

## **IV. Chief Executive's Report - Doc 2015-054 by Andrew Haines**

7. Mr Haines asked the Board to approve the appointment of Mr Ross MacDonald as a member nominated director (NATS section) of CAAPS<sup>1</sup> Trustee Ltd, in its capacity as principal employer of CAAPS. The appointment would run from 20 May 2015 to 30 September 2018. **The Board approved the appointment**
8. Mr Haines asked the Board to approve the appointment of Mr Michael Clarke as director of ASSI<sup>2</sup>, for the period of 20 May 2015 to 19 May 2018, in the CAA's capacity as sole shareholder of ASSI. Mr Clarke would replace Dr Adam Simmons. **The Board approved the appointment.**

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<sup>1</sup> Civil Aviation Authority Pension Scheme

<sup>2</sup> Air Safety Support International

9. Mr Haines asked the Board to approve three Memorandum of Understandings (MoUs). The first MoU related to bringing the MoU with the CMA<sup>3</sup> for the CAA's enforcement work under Part 8 of the Enterprise Act in to line with other regulators. The second MoU for approval was with the NAFN Data and Intelligence Services database so that the CAA can access the database to assist with information on scams and fraud. The third MoU was between the CAA and Citizens Advice Bureau to gain access to their intelligence on consumer issues and to offer them ad hoc advice on aviation issues. **The Board approved all three MoUs and delegated Mr Osborne the power to sign them in final form.**
10. Mr Haines informed the Board that Lord Ahmad of Wimbledon had taken on responsibility for aviation security following the General Election.
11. Mr Haines briefed the Board on the meeting that he and Mr Swan had had with Margus Rahouja, the new Director of Aviation at the European Commission and with members of his management team. He explained that they had a wide ranging conversation and was pleased that the Commission's thinking on the regulation of RPAS, was in line with the CAA's position. The Commission team had also commended the quality of engagement that the Commission has with CAA secondees and CAA chairs of international groups.
12. Mr Haines informed the Board that the Airports Commission had launched a three week consultation on local air quality. He told the Board that at this time it was unclear whether this will add a delay to the final announcement from the Airports Commission.
13. Mr Haines updated the Board on the progress of the Transformation Programme.
14. The Board asked for clarification on why the CAA was not changing its policy on Regulation EU261 following the Manchester County Court ruling that found in favour of a Thomas Cook passenger whose flight was delayed more than five hours by a bird strike incident. The Board were informed that County Court rulings do not set precedents and that it did not therefore provide a sound basis for changing CAA policy.

## **V Update on NATS Enquiry – by Mark Swan**

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<sup>3</sup> Competition and Markets Authority

15. Mr Swan updated the Board on the results of the NATS system failure (12<sup>th</sup> Dec 2014) independent enquiry. The final report would be published on Thursday 21<sup>st</sup> May. Mr Swan reported that the report had found no failings in the CAA's oversight role of NATS that contributed to the system failure but had made some recommendations where it considered that further action from the CAA would be of value. These included measures for more active engagement by the CAA in the oversight of the NATS investment programme, bringing the interests of passengers more explicitly into the regulatory regime, requiring NATS to submit and maintain a resilience plan and commenting on NATS' remuneration policy. Mr Swan informed the Board that the panel had recommended that, to aid the CAA in achieving these improvements, the CAA should be given additional enforcement powers that are in line with other regulators. This would include the power to fine NATS.
16. The Board thanked Mr Swan for his update and for his contribution as a panel member. The Board welcomed the chance to have a further discussion at the July Board once they had read the published report.

## **VI Strategic Plan 2016-21: Planning our future strategies – Doc 2015-055 by Iain Osborne**

17. Mr Osborne informed the Board that the purpose of this session was to confirm the scope and nature of discussions on the future strategic plan at the June Board Away Day. He asked the Board to consider four key points. First, had the team interpreted the previous month's discussion correctly? Second, were there additional matters that should be included in the horizon scanning exercise? Third, whether the proposed cross-cutting themes within the strategy are the correct ones? And finally, what further steps could be taken to challenge the analysis thus far and what further analysis would be helpful to inform the Board.
18. The Board confirmed the summary of the April Board discussions as correct. The Board also requested that the value of and need for learning be more explicitly highlighted, to identify where the CAA has learnt from its own past experiences and the experiences of stakeholders.
19. As regards horizon scanning, the Board suggested that the emerging technology of 3D printing could have implications for airworthiness regulation,

so should be included in the analysis of external events and trends. The Board also recommended that the strategies be designed to be responsive to all potential scenarios, noting that the recent election result had underlined the difficulty of being certain about future events.

20. The Board agreed that the CAA should position itself to be proactive to achieve the desired regulatory outcomes and to be ahead of the changes in the external environment. The Board felt that it is easier to identify the blockers to change but far more difficult to identify the triggers of change.
21. The Board requested that the economic part of the PESTLE analysis be reviewed to include both the macroeconomic challenges and changes in the commercial context.
22. The Board agreed that for some elements of the strategy, the work would need to be more reactive than proactive, such as on the environment where Government sets the framework and the CAA's interest in the environment is couched in terms of its consumer related functions and objectives.
23. Mr Haines outlined to the Board the rationale of including cross cutting-themes in the strategy to bring out where there is common work across the organisation. He explained that an example is risk based regulation, where the CAA should strive to apply the same approach that the CAA is taking on performance based oversight of safety to that being taken, for example, on ATOL. Mr Haines reported that he had informally tested the themes on some external stakeholders and feedback had been positive. In relation to a common purpose, the Board agreed that its function is to provide clarity to colleagues and stakeholders and to help the CAA prioritise resources. The Board welcomed the common themes but noted the importance of allocating senior owners for each of the themes, without which internal reporting might be very difficult.
24. The Board requested that international working and organisation capability be removed as common themes because they were enablers. In relation to organisation capability this should be made consistent with the CAA values. The Board also felt that new technologies are only one aspect within the theme of 'enabling innovation' and consideration should be given to integrating this with the other themes. The Board asked for consideration of an additional theme of 'engaging with stakeholders'.

25. The Board suggested that the three themes of 'infrastructure optimisation', 'risk based regulation' and 'enhanced consumer empowerment' might be used to demonstrate the different regulatory approaches that the CAA undertakes, ranging from facilitation to enforcement.
26. For the Away Day discussions, the Board requested that material be presented on the insights arising from the mapping exercise of strategies. It was agreed by the Board that the three key areas for discussion at the Away Day should be: 1) defining the CAA's appetite for deregulation and self regulation; 2) how the CAA should work internationally; and 3) the role the CAA should play in infrastructure modernisation. The September Board meeting would then focus on the organisational design and resources to deliver the strategy, with a view to going out to consultation in October.
27. Mr Osborne confirmed that the suggestions from the Board would be incorporated in to future iterations and the material for discussion at the June Away Day.

**Action: Mr Osborne**

## **VII CHIRP<sup>4</sup> Presentation to the CAA Board**

28. Mr Swan briefed the Board on CHIRP explaining that it is an essential data source for CAA safety regulation. The Chair then welcomed Captain Sindall and Mr Dugmore to the meeting. Mr Dugmore presented to the Board the background to CHIRP and the findings of the five year review of CHIRP. Mr Dugmore explained that the review had identified the CHIRP brand and engagement with reporters and industry advisory boards as real strengths, but engagement with industry and analytical capability as weaknesses. The review went on to identify opportunities for CHIRP across the air display, security and ground handling sectors and recognised electronic distribution, compromises of confidentiality and industry support to the advisory boards as future threats.
29. The Board agreed that the outputs from CHIRP could play an important part of an effective risk picture to determine targeted regulatory intervention. The Board recommended that CHIRP engage with the National Aviation Security Committee to consider CHIRP's role in aviation security reporting.

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<sup>4</sup> Confidential Human Factors Incident Reporting Programme

30. The Board agreed to assist CHIRP by issuing an Information Notice to draw attention to the AIC that CHIRP are currently redrafting. The Board also confirmed that it would be willing to help build engagement with the industry employers that currently do not engage with CHIRP and also agreed that all parties need to keep challenging for improvements to be made to the reporting culture within aviation.
31. The Chair thanked Captain Sindall and Mr Dugmore for the presentation and confirmed that the CAA Board were content to continue funding CHIRP for another five year period. The Chair also requested that the CAA Board be notified by CHIRP if there are any engagement issues in the future with the CAA.

**VIII. Safety and Airspace Regulation Group (SARG) Report including Safety Plan progress report – Doc 2015-056 by Mark Swan**

32. Mr Swan presented his report. He provided a point of clarification to the Board that there had been an error in the report and that there had not been two high severity incidents on UK CAT<sup>5</sup> aircraft as listed in his report.
33. Mr Swan brought to the Board's attention the detailed progress report provided by the Airworthiness capability team which demonstrates how colleagues are being proactively managed in a risk based oversight environment. The Board agreed that a more extensive discussion would be welcome at a Policy and Information Exchange meeting.

**Action: Mr Swan**

34. Mr Swan informed the Board that the CAA would be holding a Performance Based Regulation (PBR) industry conference in October. He told the Board that EASA was very supportive of the CAA's approach and engagement had been positive from other European nations, although there would be challenges to getting a pan European agreement on PBR.
35. Mr Swan also notified the Board that he would welcome incorporating airline company financial risk information into the oversight of safety performance.
36. Mr Swan presented the Safety Plan progress report, which provided an update on the progress made in relation to over 150 workstreams. He reported that it had been a challenging year with a need to prioritise resources. Mr Swan

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<sup>5</sup> Commercial Air Transport

outlined how some areas of work had contracted, whereas some areas had expanded, such as General Aviation regulation and Offshore Helicopters. He also noted that strong demand from industry had caused some pressures on retention and recruitment of flight operations and airworthiness staff. Mr Swan felt that the plan had been overly ambitious and not enough work had been done to match benefits to activities.

37. The Board asked if the CAA benchmarks its performance against that of other regulators. The CAA was due to do so with France in June and had done with Norway, but the benchmarking would not make an assessment outside the regulatory framework.
38. It was agreed that there would be a more detailed discussion on the safety plan in July. For that more detailed discussion, the Board asked that activities be related to outcomes and that the implications of stopping a workstream should be explained. Additionally the Board asked that the criteria used in deciding what to prioritise and what to stop be explained and linked to the risks that the CAA is currently tackling.

**Action: Mr Swan**

**IX Project Raven – Doc 2015-057 by Chris Jesnick**

39. Miss Jesnick explained to the Board that this was a further session to brief the Board on the progress being made with Project Raven.

**X CAA Financial Approvals and Authorisations – Doc 2015-058 by Chris Jesnick**

40. Miss Jesnick explained to the Board that an audit of financial approvals and authorisations of CAA International highlighted the need for some amendments; and whilst this process was undertaken it was deemed appropriate to refresh the CAA approvals and authorisations at the same time.
41. **The Board approved the approvals and authorisations.**

**XI Finance Report – Doc 2015-059 by Chris Jesnick**

42. Miss Jesnick tabled her report. She reported that there is an unaudited profit of £20K for financial year 2014/15, which is better than the forecast loss of £379K. She also reported that income had exceeded the budget target, costs had met



budget costs and FTE headcount was lower than forecast. In addition, due to reduced expenditure on the Transformation Programme the cash position had improved.

43. The Board queried the recoverable costs on Spectrum release and the irrecoverable VAT costs. In relation to Spectrum release these were pass through costs for the DfT and Ofcom; and VAT is not generally recoverable due to CAA's tax status.
44. The Board asked about the performance of CAAi. It was agreed that there were a number of factors that contributed to the performance achieved. CAAi had performed strongly for a number of years, which may have resulted in the management team setting overly ambitious targets. Those targets had not been achieved and one of the key reasons had been EASA's decision to insource activity from the NAAs, which had been followed by delays to the commencement of other significant contracts. The Board agreed to have a fuller discussion at the June Away Day as part of the wider discussion on the CAA's international work.
45. The Board noted the report.

## **XII Live issues and monthly reports**

RPG *Live Issues* – Doc 2015-060 by Mr Osborne

46. The Board noted the report.

PPT *Live Issues* – Doc 2015-061

47. The Board noted the report

CPG *Live Issues* – Doc 2015-023

48. Mr Jackson briefed the Board on upcoming changes to the Package Travel Directive.

49. The Board noted the report.

AvSec *Live Issues* - Doc 2015-063

50. The Board noted the report

CCD *Live Issues* – Doc 2015-064

51. The Board noted the report.

## **XII Any other Business & Forward Planning**

52. The Board raised the ongoing media coverage of cabin air quality. It was noted that this is an EASA competency and EASA are doing further research in this area.

**Date and Time of Next Board Meeting: 17 June 2015, at 10:30am, Hartwell House, Aylesbury**