

FOR PUBLICATION

FOR PUBLICATION

**CIVIL AVIATION AUTHORITY
MINUTES OF 386TH BOARD MEETING HELD ON WEDNESDAY
26 APRIL 2006 AT 10.30 AM**

Present:

Sir Roy McNulty Chairman

Mr J R Arscott

Mr M J Bell

Dr H Bush

Mr R T R Jackson

Miss C Jesnick

Mr J Keohane

AVM Moran

Mr R P Mountford

Mr R J Britton Secretary & Legal Adviser

In Attendance:

Miss C Brown Director Corporate Communications

Mr R Townsend HR Director

Mr N Fincham Head of Regulation ERG For Item III

I Minutes of the Previous Meeting and Matters Arising.

1. The Minutes of the Meeting held on 15 March 2006 were approved and signed subject to the following amendments –

- Page 4, paragraph 3 – amend to “a bid could cause a re-arrangement of the timetable”.
- Page 5, paragraph 9 – amend “board” to “body”.

- Page 8, paragraph 25 – add “and co-ordinate the CAA brief for the Chairman at the Air Transport White Paper Programme Board”.

On the action points arising:

- Charges for Air Services – Mr Britton confirmed that the CAA (Air Navigation Services) Specification 2006 had been published in the London, Edinburgh and Belfast Gazettes.
- Corporate Plan 2006/07 – Miss Jesnick confirmed that Section 7.6 had been amended as suggested and the Chairman confirmed that the Plan had been submitted to the Department for Transport.

The Minutes of the Sub-Committee held on 4 April 2006 were approved and signed.

II Chairman’s Opening Remarks.

2. The Chairman reported on the following matters:

- Appointment – the Chairman informed the Board that he had been appointed a member of the Olympic Delivery Authority.
- Ryanair – the Chairman had lunch with Mr O’Leary. The need for a more productive dialogue with the Stansted ACC was stressed.

III Directors’ Reports:

ERG – Doc 2006/31 by Dr Bush.

3. Dr Bush reported on the following highlights:

- EU/US – there have been further delays and the necessary US rule change is now unlikely to take place until October.
- Bilaterals – bilateral negotiations with Russia on expanding traffic rights have been successful with services between London-Moscow increasing to a maximum of 70 per week. A scarce bilateral capacity allocation hearing will not be required.
- Single European Sky – the UK’s proposal for a contestability test has remained in the latest draft Regulation despite the Commission’s reluctance.
- Quinquennial Review – the consultation on the first substantive policy paper issued in December 2005 closed on 20 March. The 27 responses received are now being assessed. It is intended to publish a document summarising the responses in the third week of May.

Action: Dr Bush

The preliminary spend document was published on 31 March. Mr Fincham had given a briefing to the Stansted airlines.

- ATS and Competition Law – on 6 April the CAA published the document confirming how it intended to proceed should it receive complaints of anti-competitive conduct by either NERL or NSL.
- Statistics – the procedures for disseminating data have been formalised for FOI purposes.
- Ownership of BAA – meetings have been held with both BAA plc and Ferrovial and their advisers. Ferrovial had now made an offer to shareholders and the 60 day timetable for which an offer may be open under the takeover code had now started. The key issue for CAA is investment going forward.

4. The Board noted the Report.

NATS' System Failures in 2005: NLMCC Report

5. Mr Fincham introduced the Report. Members of ExCo had asked NLMCC to review the NATS' system outages that had occurred in 2005 and to propose a course of action for the CAA. There had been four such outages, three of which were associated with the NAS. The Committee had been concerned to see if there was a systemic problem underlying the outages. The incident reports had been evaluated by Mr McCulloch of Logica. His findings were that NATS takes the failures very seriously. NATS had carried out thorough investigations of each of the NAS failures in 2005 identifying the root causes. The recommendations made by NATS to deal with the problem were appropriate. Three particular actions had been identified –

- An improved system to correct faulty messages.
- Extending the parameters to limit switching to manual mode.
- Improving the resilience of the Swanwick system so that it is less impacted by NAS failures.

6. Mr Fincham confirmed that NLMCC is very conscious of the impact of system failures on users. Accordingly it will monitor the progress NATS is making with the action plan to ensure that they are adhering to it. Secondly, NLMCC will ensure that user airlines continue to be informed by NATS of the nature and extent of the risks of outages over the next few years

pending the replacement of the NAS which is currently planned for 2012. The main vehicle for this will be the annual Service and Investment Plan. NLMCC will continue to keep ExCo informed of developments.

7. The Chairman said that the risk of NATS' system failures highlighted the importance of the CAA tackling this issue. The NLMCC Report was an assurance that NATS are getting round to the data input problems and making an effort to contain and manage them.

8. The Board noted the Report.

CPG – Doc 2006/32 by Mr Jackson.

9. Mr Jackson reported on the following highlights:

- Reform of ATOL Bonding – the consultation on proposals to replenish the Air Travel Trust Fund and reform ATOL bonding through the introduction of a £1 per passenger consumer protection charge was published on 3 April. The consultation had been given a wide circulation being sent to more than 2,800 businesses. Meetings are to be held with the four major tour operators.
- Review of Package Travel Directive – the DTI consultation on the Commission's review of the Package Travel Directive ended on 31 March. ABTA's response recommended that CAA take over consumer protection for the whole travel industry.
- Air Wales – the operating licence was surrendered on 23 April.
- Denied Boarding Compensation Regulation – the AUC has received a letter from the Commission threatening infraction proceedings against the UK alleging discrimination by AUC on the basis of passenger nationality. The complaint is being discussed with DfT.

10. The Board noted the Report.

SRG – Doc 2006/33 by Mr Bell.

11. Mr Bell reported on the following highlights:

- European Market for Engine Parts – BA has had a problem with the issue of parts manufacturer approval. The UK had allowed parts manufactured by organisations other than the original equipment manufacturer to be fitted to UK registered aircraft of US origin. However this is now a matter for EASA. EASA has been persuaded to recognise the existing bilateral arrangements of EU States with the US pending a more formal EU-US agreement.
- European Community List – the EU Air Safety Committee met on 13-15 March in

FOR PUBLICATION

5

Brussels to decide on those carriers to be placed on the Community list of banned air carriers. There were few surprises in the list which included Air Phuket which had been detained at Gatwick last year. The Community list was published in the Official Journal on 24 March.

- Committee on Toxicity – an SRG team had met the secretariat of the Health Protection Agency Committee on Toxicity to provide a briefing. The briefing contained an exposition on how CAA is committed to playing its part in addressing the cabin air airworthiness issues. The Committee is to hold a public meeting on 11 July and publish its final report later this year.
- A380 – the aircraft is due to fly into Heathrow on 18 May to perform airport compatibility trials and publicity work. There is still no satisfactory resolution to the wake vortex issue.
- A318 – the aircraft will land at London City Airport on 13 May. All the criteria for the safety case for this operation had been met.
- Medical Appointments – Dr Ray Johnston has been appointed as Head of the Aviation Health Unit. Dr Stuart Mitchell will join the CAA as Head of the Aeromedical Centre.

12. The Board noted the Report.

DAP – Doc 2006/34 by Mr Arscott.

13. Mr Arscott reported on the following highlights:

- Single European Sky – the draft Charging Regulation continues to be too prescriptive. However the Commission had been persuaded to undertake an impact assessment on the latest version of the Regulation which is a significant step forward. The SESAR project definition phase is now firmly under way. The process to agree the text of the transposed ESARR 1 has begun. A Commission Workshop will be held in May to take this work forward.
- Air Transport White Paper – DfT has announced a delay to the start of consultation on mixed mode operations at Heathrow which is due to the desire to align consultation on Heathrow Runway 3 and the ATWP progress report due in the Autumn. It is a matter for Government to weigh the competing factors of operational benefits and environmental impact.
- Airspace Change Process Review – the consultation document has been issued and the consultation period will close on 7 July.

FOR PUBLICATION

- [NATS Proposal for High Level Review of Airspace and Safety](#) – following an exchange of correspondence with the NATS Chief Executive and AVM Moran, the Chairman had agreed a framework to take forward the review. This will comprise a tripartite oversight group, a steering group chaired by DAP and four sub-groups. The first meeting of the oversight group will take place on 26 April and the steering group on 3 May.
- [Airspace Change Proposals](#) – the West End airspace change was successfully introduced during the night of 15/16 March. It has already produced operational benefits. Only one environmental complaint from the Shropshire area has been received.
- [Bristol/Cardiff ACP](#) – this has been returned to NATS for further work. The target date has been changed from March to 31 August 2006.
- [Cave Public Sector Spectrum Audit](#) – the Government response was published with the Budget Statement on 22 March. The necessary implementation work will now be undertaken.
- [SSR Mode S](#) – the initial and partial RIA has been scrutinised by the DfT and the Better Regulation Executive. It will now go to the Prime Minister's Panel for Regulatory Accountability for approval prior to formal public consultation. This programme has the potential to offer substantial safety benefits.

14. The Board noted the Report.

V Legal Report – Doc 2006/35 by the Secretary.

Air Safety Support International Limited – Appointment of Director

15. The Board, in its capacity as sole shareholder of Air Safety Support International Limited, resolved to appoint Mr Tim Figures, as the nominee of the Secretary of State for Transport, to be a director of the company for the period 1 May 2006 to 30 April 2009 and to reappoint Mr Simon Baker, Head of Finance CAA and Finance Director of ASSI, for a further term of three years from 21 May 2006 until 20 May 2009. A copy of the Resolution is attached to these Minutes.

CAAPS – Statement of Investment Principles

16. The Trustees of a Pension Scheme are required under the Pensions Acts 1995 and 2004 and the Myners Code to consult with the Scheme's employers on the principles governing decisions about investments for the purposes of the Scheme. The Trustees of CAAPS had

prepared a Statement of Investment Principles as at 1 January 2006 for this purpose.

17. The Board noted the Statement.

Safety Regulation Group Policy Committee – Terms of Reference

18. The Board approved revised Terms of Reference for the Committee which took account of SRG's revised organisation structure. However, the Board requested GDSR and the Secretary to consider the inclusion of European issues.

Action: Mr Bell/Mr Britton

19. On behalf of the Board, the Chairman expressed his condolences on the sudden death of Mrs Nicola Arrigoni, Assistant Legal Adviser.

20. The Board noted the Report.

V Human Resources Report – Doc 2006/36 by Mr Townsend.

21. Mr Townsend presented the rolling year data for the period 1 April 2005 to 31 March 2006. Data on matters such as recruitment monitoring, absence, leavers and turnover could now be measured. Dr Bush requested that data for ERG and ERG's survey team be separated since they were distinct employment groups. Mr Townsend confirmed that the HR Committee would look at ethnicity recruitment and selection differences together with qualification changes for different age groups.

Action: Mr Townsend

VI European and International Strategy Report – Doc 2006/36 by Mr Smethers.

22. On behalf of Mr Smethers, who was attending a meeting of the EASA Management Board, the Chairman reported that a key item for that meeting will be discussion of a paper drafted by the UK co-sponsored with the Netherlands, Poland and Sweden making recommendations about how to create a genuine partnership between EASA and the NAAs. The paper followed recent contacts between the Chairman and the Executive Director of EASA and the Director of Aviation in DG TREN.

23. Mr Arscott commented that the CAA's European approach, particularly in relation to the future of Eurocontrol, needed refreshing and a debate at the Away Day would be useful.

24. The Board noted the Report.

VII Monitoring Report on Corporate Plan – Doc 2006/38 by Miss Jesnick.

25. Miss Jesnick reported that progress against the deliverables had improved in 2005/06 compared with the previous two years. A similar format showing progress against Corporate Plan objectives will be introduced for the Policy Committees.

Action: Miss Jesnick

26. A top level summary of progress on key actions had been published in the Corporate Plan 2006/07 – 2010/11.

VIII JANSC Report – Doc 2006/39 by Mr Arscott.

27. Mr Arscott presented the Annual Report of the Joint Air Navigation Services Council which is a legal requirement set out in the CAA (Air Navigation) Directions 2001 given to the CAA under Section 66 of the Transport Act 2000 by the Secretaries of State for Transport and Defence. Both the Chief of the Air Staff and the DfT have commented that the Report is a useful summary of the year's activities.

28. Mr Arscott drew the Board's attention to the main points of the Report including better tactical use of airspace, the North East Airspace Team Report, the ATSOCAS Review, security issues and European matters.

29. The Board noted the Report, a copy of which will be submitted to the DfT and MoD.

Action: Mr Arscott

IX North East Airspace Review – Doc 2006/40 by Mr Arscott.

30. Mr Arscott reported that following an AAIB Recommendation the North East Airspace Team had been set up in 2004 by CAA and MoD to review the risk of collision outside controlled airspace between military fast jets and commercial air transport in the North East of the UK. A Report is made to the Board every six months.

31. Since the last Report progress continues to be made on the various workstreams including reviewing advisory routes, helicopter main routes and the fitment of a collision warning system for MoD training aircraft. MoD funding is in place for development of a generic CWS for new fast jets.

32. While good progress has continued, the positive engagement of all stakeholders will be required to bring this work to a successful conclusion. The forthcoming Airspace and Safety

review in which NATS and MoD are full participants will provide an opportunity to further enhance safety outside controlled airspace for all users and providers.

33. The Board noted the Report and the progress that has been achieved to date on the NEAT action plan.

X Tall Buildings Policy – Doc 2006/41 by Mr Arscott.

34. Mr Arscott presented the Paper which sought the Board's endorsement for a CAA policy on the height limits to be set for the construction of tall buildings that could impact on airport flight paths in the Central London area. A number of proposals for the construction of tall buildings in the City of London, Central London and Docklands have caused problems both for safeguarding of London City Airport and potential for conflict with flight profiles for that Airport and London Heathrow. The CAA needed to promulgate a policy to make the position clear before developers commit large sums on planning new buildings.

35. In accordance with the procedures set out in ODPM Circular 1/2003: Safeguarding Aerodromes, Technical Sites and Military Explosives Storage Areas, local planning authorities are obliged to consult a safeguarded airport as the statutory consultee in respect of proposed developments in the safeguarded areas. If a building and associated masts exceeds 1,000ft the airport may advise against the grant of planning consent. If the local planning authority propose to overrule that advice, the CAA must be consulted. If it thinks fit, the CAA may request that the ODPM call in the planning application and determine it following a Planning Inquiry at which the competing interests can be examined.

FOR PUBLICATION

10

36. The Board agreed the proposed policy and endorsed its distribution subject to formal consultation with the Mayor of London's Office and London planning authorities affected.

Action: Mr Arscott

XI Any Other Business.

(i) Agenda Plan Update.

37. Noted subject to Miss Jesnick and Mr Britton determining which items should be for the June Board and Away Day Agendas.

Action: Miss Jesnick/Mr Britton

FOR PUBLICATION