

FOR PUBLICATION

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**CIVIL AVIATION AUTHORITY
MINUTES OF 383RD BOARD MEETING HELD ON WEDNESDAY
18 JANUARY 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 Swainson

Capt R O Whitefield

Mr R J Britton

Secretary & Legal Adviser

In Attendance:

**Miss C Brown
Director Corporate Communications**

**Mr R Townsend
HR Director**

I

1. The meeting was opened by AVM Moran on the Royal Air Force.

II Minutes of the Previous Meeting and Matters Arising.

2. The Minutes of the Meeting held on 7 December 2005 were approved and signed. On

the action points arising:

- [ASSI Presentation](#) – for February meeting.
- [Cruise Promotions](#) – Mr Jackson confirmed that the Air Travel Trust is meeting on 10 February to discuss this matter.
- [Charges Specifications](#) – Mr Britton confirmed that both the Eurocontrol Charges and Denmark and Iceland Charges Specifications were published in the Gazettes for 1 January.
- [Business Plans](#) – Dr Bush and Mr Arscott confirmed that the notes on IT expenditure had been added.
- [ASSI Business Plan and Budget 2006/2007](#) – Mr Britton confirmed that the Plan had been submitted to the Secretary of State for approval which had now been received.

III Chairman's Opening Remarks.

3. The Chairman reported on the following matters:

- [Transport Select Committee Inquiry](#) – members of the Committee had visited Aviation House Gatwick on 12 December. CAA gave evidence to the Committee on 11 January. The witnesses were the Chairman, Mr Arscott, Mr Bell and Dr Bush. The state of EASA was an important issue for the Committee. The Committee had invited M Goudou to attend. Questions were asked about the appropriateness of safety and economic regulation being in the same body with the focus this time on separation of economic regulation. Some questions were asked about better regulation and the impact of the Hampton Review. A number of follow-up questions had been submitted by the Committee and responses to these were being prepared.

IV [Directors' Reports:](#)

ERG – Doc 2006/1 by Dr Bush.

4. Dr Bush reported on the following highlights:

- [Single European Sky](#) – on 22 December ERG published its response to the consultation on how it will deal with its new responsibilities under the Common Requirements Regulation. A revised draft of the Charging Regulation had been issued to Member States on 21 December. Miss Motley is due to give a presentation to the Single Sky Committee in February setting out the UK's reasons for the carve out. A further major

issue is the Commission's desire to impose a single charge in each FAB. The Performance Review Commission will have a role in evaluating whether the Single European Sky has achieved its objectives.

- Airports Regulation – the first major policy document on the quinquennial review of price controls for BAA's designated airports was published on 20 December. The approach to the review had been well received in both the press and in City reaction.
 - Aviation Statistics – bmi had raised objections to the disclosure of statistics and this matter is being taken up with the airline.
5. The Board noted the Report.

CPG – Doc 2006/2 by Mr Jackson.

6. Mr Jackson reported on the following highlights:
- ABTA Judicial Review – the Judgment of Mr Justice Goldring quashing Guidance Note 26 was handed down on 16 January. The Guidance Note was immediately withdrawn. The implications of the Judgment are being studied and a consultation with Michael Crane QC is arranged to consider the prospects of an appeal.
7. The Board noted the Report.

SRG – Doc 2006/3 by Mr Bell.

8. Mr Bell reported on the following highlights:
- EASA:
Management Board Meeting – the EASA proposal simply to delay work because of funding problems had been refused. A contract has been let to Deloitte & Touche to undertake a review of EASA's financing arrangements and its recovery procedures. The consultants will report to the Management Board in March.

The Chairman reported that the Secretary of State had written to Commissioner Barrot. A visit by DGCA and the Chairman has been suggested. A reply is awaited. The Chairman, David McMillan and Mike Smethers are due to meet Mr Calleja, Director Air Transport DGTREN on 9 February.

- London City Airport Update – the airport had submitted a safety case to SRG for Airbus A318 evaluation flights as well as future commercial operations. A presentation is to be given by Airbus on the issue on 30 January.
- SAFA Inspections – DfT has indicated that it wishes CAA to increase the number of

SAFA inspections from the present level of 200 per annum. Other EU States are carrying out greater numbers of inspections. Discussions are being held with DfT on the funding and staffing levels required.

- Cabin Air Quality – there is a growing campaign relating to the adverse effects of exposure to organophosphates. The Countess of Mar has announced her intention to table an amendment to the Civil Aviation Bill to introduce an occupational and environmental medical monitoring scheme in the UK. The CAA has monitored every event associated with cabin air quality for over 20 years. The concerns in relation to health risks have not been substantiated by the research undertaken.

9. The Board noted the Report.

DAP – Doc 2006/4 by Mr Arscott.

10. Mr Arscott reported on the following highlights:

- Single European Sky – the Commission had published a communication and draft regulation concerning the next stages of SESAR at the end of November. Despite funding by the industry, governance of the project is dominated by the Commission and Eurocontrol. There is pressure from Member States, including France, to ensure that those paying for the project will have some say in it.
- Air Transport White Paper Issues – ERCD under contract to the DfT are preparing noise assessments of the mixed mode proposals. Many of the proposals rely on the introduction of procedures which make use of the advanced navigation capabilities of modern aircraft. The policy proposals should be ready for political decision by the end of 2006.
- NATS' Proposal for High Level Review of Airspace and Safety – the CAA has received a proposal from NATS for a fundamental review of airspace and safety. A meeting is due to take place on 25 January between the Chairman, the Chief Executive of NATS and a senior MoD representative.
- Airspace Change Process Review – Ann Godfrey has now confirmed that DfT will act as the interface for consultation with other Government departments. A first draft of the environmental assessment requirements has been completed by ERCD. NATS' comments on these have been requested by the end of January 2006. Full consultation to include NATMAC, all airports and local authorities will commence in March 2006. It is anticipated that the revised process will be in place by summer 2006.

- Bristol/Cardiff ACP –The process has been stayed pending receipt of further clarification of the environmental impacts.

11. The Board noted the Report.

V Legal Report – Doc 2006/5 by the Secretary.

CAA v Manu Chandnani

12. Following the undisclosed carriage of highly dangerous chemicals on a BA passenger carrying aircraft to Dubai, Mr Chandnani had been sentenced to 12 months' imprisonment for recklessly endangering an aircraft.

The Queen on the Application of Hill and the Dedham Vale Society v CAA and NATS and the Secretary of State for Transport as Interested Parties

13. The action had been stayed following a settlement on the fifth day of the trial. The Judge had made a partial award of costs to the Dedham Vale Society only. The Clacton ACP remains lawfully in place.

Quinquennial Review of Manchester Airport plc

14. The Board appointed a Panel consisting of Dr Bush as chairman, Mr Keohane and Mr Mountford for the purposes of conducting the quinquennial review of Manchester Airport plc and making the decisions specified in Regulations 9 and 12 of the CAA (Economic Regulation of Airports) Regulations 1986.

Air Safety Support International Limited: Appointment of Directors

15. The Board, in its capacity as sole shareholder of Air Safety Support International Limited, resolved to make the following reappointments of directors consequent upon the expiry of their first three year terms –

- Philip Griffith (CAA nominee) for the period from 6 April 2006 to 30 April 2006.
- Richard Smith (Overseas Territories' nominee) for the period from 6 February 2006 to 5 February 2009.
- Ian MacIntyre (Overseas Territories' nominee) for the period 10 April 2006 to 9 April 2009.

A copy of the Resolution is attached to these Minutes.

16. The Board noted the Report.

VI Finance Report – 9 Months Ended 31 December 2005 – Doc 2006/6 by Miss Jesnick.

One Kemble Street

18. All vacant floor space had now been let to sub-tenants. Fitting out work is being carried out on the 2nd and 3rd floors of the Tower Block and all tenants should be in occupation by the end of March. The Internal Auditor is carrying out a review of the process.

Progress Against Corporate Plan Objectives 2005/06

19. There had been some comment by the Transport Select Committee about the number of Corporate Plan objectives that had not been met notwithstanding that many of these were dependent on third parties. The Chairman said that he remained of the view that the Board needed to see how matters were progressing. Accordingly it would be sensible to look at the way each of the Policy Committees kept track of the objectives in each area and how best these should be examined.

Action: Miss Jesnick

20. The Board noted the Report.

VII Human Resources Report – Doc 2006/7 by Mr Townsend.

21. Mr Townsend reported on the following highlights:

- Investors in People Award – this had now been formally confirmed. The Chairman wished to record the Board's thanks to those involved in attaining the award. It was noted that there were some areas where improvements could be made and Mr Townsend was asked to produce a briefing on these for the Board.

Action: Mr Townsend

- HR Steering Group – the Group had reviewed the current arrangements. However representation remained an issue for those Groups where Trade Union membership is low.
 - Pay 2006 – Mr Townsend reported on the current position and the review by the HR Steering Group of the overall performance of the first tier of personal contract staff to ensure consistency.
 - Pensions – the work to achieve readiness for changes in pensions legislation that take effect from April has now been completed. The Trustees are due to issue a formal Pensions Notice to members in February. The employers' communications exercise has also been agreed.
22. Miss Jesnick reported that there have been staff changes at Watson Wyatt, the CAA's

actuarial advisers. Helen James had left and will be replaced by Richard Abrahams.

23. The Board noted the Report.

VIII Corporate Governance Review – 6 Months to 30 September 2005 – Doc 2006/8 by Miss Jesnick.

24. Miss Jesnick presented the review. Although the CAA was classed as a Public Corporation, it had been directed by the Secretary of State to comply with the Financial Services Authority Listing Rules which require the adoption of the Combined Code of Corporate Governance. The risk review process had been in place for a number of years and needed refreshing. A report would be presented to the March meeting of the Board.

Action: Miss Jesnick

25. Two new risks had been identified for the risk register relating to EASA funding and IT.

26. The Board noted the Report.

IX Any Other Business.

(i) Agenda Plan Update.

27. February 2006 – add IIP, Draft CAA Consolidated Corporate Plan – move from March.

March 2006 – add Risk Review, CAA Budget 2006/07 – move from April, CAA Consolidated Corporate Plan – move from April.

April 2006 – add Advice to Government on ATOL Bonding, Monitoring Report on Corporate Plan – move from May.