

CIVIL AVIATION AUTHORITY



FOR PUBLICATION

**CIVIL AVIATION AUTHORITY
MINUTES OF 455th BOARD MEETING HELD ON WEDNESDAY 18 JULY 2012 at 11.30 AM**

Present:

Dame Deirdre Hutton	Chair
Mr Andrew Haines	Chief Executive
Dr Catherine Bell	
Mr David Gray	
Mr Richard Jackson	
Miss Chris Jesnick	
Mr Michael Medicott	
AVM Barry North	
Mr Iain Osborne	
Mr Mark Swan	
Capt Roger Whitefield	
Mrs Kate Staples	Secretary & General Counsel

In Attendance:

Dr Stephen Rooney Director of Corporate Communications	
Mr Bob Jones Head of Flight Operations	for item VIII
Mrs Kathryn Jones Manager Flight Operations Policy (Operational Regulation)	for item VIII
Mr Richard Moriarty Director, Economic Regulation	for item VI
Mr Robert Cowle Senior Regulatory Policy Adviser	for item VI
Mr Tim Williams Head of Health, Safety and Environment	for item XII

Mr Stephen Baker
Minute Taker

I. Apologies

1. Apologies were received from Mr Roger Mountford, Mrs Gretchen Haskins and Mr David Owen.

II. Minutes of the Board Meeting held on 19 June 2012

2. The minutes of this meeting were approved and signed. On action item 29 (proposal to place a link to the IATA Operational Safety Register on the CAA website with a brief explanation of the IOSA system), the Board agreed this would be a useful first step and welcomed the proposal.

III. Chair's Update

3. Dame Deirdre Hutton briefed the Board on a number of matters, including her talk at the International Seminar on Risk and Responsibility at the Hague on the subject of volcanic ash operations, her attendance at the Green Aviation Symposium, the dinner discussion with the Rt Hon Danny Alexander MP which she had attended, her visit to the Farnborough Airshow (as a guest of ADS) and her presentation to the Infrastructure Forum's policy summit 'Building and Financing New Infrastructure'.

IV. Chief Executive's Report – Doc 2012-85 by Mr Andrew Haines

4. Mr Andrew Haines noted that the Government's Aviation Policy Framework consultation had been published and that the 'call for evidence' on airport capacity had been deferred until later in the year.

5. Mr Haines reported on the progress of the Civil Aviation Bill through the House of Lords Committee stage. Mr Haines was pleased to note that the ATOL amendment had proceeded through the Committee Stage without any complications. He also noted that it was apparent that the Lords thought more, not less, regulation on fees and charges was required although this was not confined to airlines.

6. Mr Haines noted that NATS had issued a press release in respect of its performance ahead of the Commission's SES RP2 performance scheme consultation which had drawn a swift response from Matthew Baldwin, Director of Air Transport at DG Move.

7. Mr Haines reported on his recent meeting with Keith Williams of BA at which the issue of BA's policy on re-routing passengers during periods of disruption had been discussed. Sandra Webber had also met with representatives of BA in an attempt to avoid the need for formal enforcement action and BA's responses were awaited before any decision would be made. The publication of the CAA's new enforcement policy was being delayed slightly whilst the policy on publication was made clearer, with particular regard to using adverse publicity to change behaviours.

8. Mr Haines referred the Board to the consultation on CAAPS which had just begun and said a report would go to the Board in November.

Action: Mr Haines

9. Mr Haines reported on the progress on the return to service of MOCCA and on the alternative contingencies being investigated, including the possible use of the FAAM BAe-46 although negotiations on this had been slowed by the owner's and operator's insistence on an indemnity. Mr Swan was invited to brief the Board on negotiations with Airbus to secure the continued availability of the Avoid sensor which had been due to be removed. Mr Swan is to circulate a note on the Avoid sensor to the Board.

Action: Mr Swan

10. The Board expressed its disappointment that the work of the ICAO Volcanic Ash Task Force would now be transferred to the ICAO's standing committee for volcanic matters which next meets in March 2013. AVM North offered to seek further information regarding the USAF research report.

Action: AVM North

11. Mr Haines briefed the Board on the results of the Colleague Engagement Survey and confirmed the results would be circulated to the Board. The results had been discussed at the recent Leadership Event and a session had been held to help participants develop action plans to address the findings.

Action: Mr Haines

12. The Board was briefed on the receipt of responses to the Enterprise Architecture and Assurance Contract ITT.

V. Olympics Update - by Mr Mark Swan

13. Mr Swan gave a presentation to the Board on the arrangements in force for the Olympics, noting these were robust and that there had been no major incidents to date. There had been a small number of minor airspace infringements, the majority of which were technical breaches and were not being pursued apart from one. Mrs Staples noted that a direction to ground one pilot had been made following a threat by him to fly into the restricted zone without complying with the requirements under the regulations. Licensing action in respect of his licence would be considered.

[POST-MEETING NOTE: Following a lengthy discussion between the Head of ARE and the pilot concerned, it had been concluded that no licensing action was required.]

14. A project risk review had been conducted which had concluded that there were no further actions required. All risks but one were now 'green'. Oversight risks appeared to be good with no 'reds' and whilst there some 'ambers', due to locations and other factors, these were receiving extra attention.

15. Mr Swan informed the Board that a Comms event had been held at RAF Northolt the previous week, at the request of the PM, hosted by AVM Stu Ather with Jonathan Nicholson of Corp Comms. Dr Rooney commented that the event had been well covered by media.

16. Mr Swan reported on issues arising to date in relation to R112. The main issues appeared to be incorrect filing of flight plans and problems in contacting ATLAS Control. These were being addressed by the installation of extra help lines and controllers and AVM North reported that the quality of the filing of flight plans was starting to improve. Dr Rooney said efforts had been made to communicate the issue to GA forums.

17. Mr Swan reported that the live exercise last Friday had gone well and had been extremely well handled and that Heathrow was happy with the results.

18. With regard to passenger handling, Mr Swan said much work had been carried out to gain assurance on the issues of disruption and handling of PRMs. RPG had reviewed plans for the London airports and met with staff from the airports and monitored some test events at Heathrow. Letters had been sent to stakeholders to remind them of their responsibilities under DBC and PRM Regulations and CAA now had access to the LOCOG database on arrivals and departures. CAA would be able to respond in the event of widespread disruption through the consumer advice 'tiger team', website improvements and leaflet distributions. Nonetheless, the potential for instant Twitter messages if there was major disruption remained a concern and CAA's ability to respond to major disruption was limited. Corp Comms would therefore need to ensure it could respond rapidly with relevant Twitter and Facebook feeds on passenger rights in this event.

Action: Dr Rooney

19. Mr Swan informed the Board that a cross-department Olympic monitoring group was meeting each day to monitor the situation and that the CAA was receiving data from the arrivals and departures hub daily. CAA was therefore ready and primed to react if there were any incidents. Mr Swan also noted that Mr Haines and the Chair had been placed on the COBR contact list. Finally non-executive directors were requested to contact Dr Rooney if they had any concerns about newspaper articles.

VI NATS Ad Hoc Board Group Overview Report – Doc 2012-87 sponsored by Mr David Gray, presented by Mr Iain Osborne and Mr Richard Moriarty

20. Mr Gray reminded the Board that the ad hoc group had been established in March to review NATS related risks and to report back in July on its interim findings in accordance with the terms of reference. In carrying out its review the group had undertaken a high-level review of the strategic regulatory outcomes CAA wished to achieve for NERL, had assessed the potential risks that might frustrate CAA's ability to achieve these and had made a number of draft recommendations for mitigating these risks. In addition the review had identified there was a certain lack of gradualism in the regulatory enforcement mechanisms available to the CAA which might merit further discussion.

21 The intention was to publish the report after the Olympics had ended, subject to Board approval, for stakeholder consultation and feedback, after which a final report would be submitted to the Board in December. The Board's endorsement of the interim report was therefore sought with a view to its publication in the first week of September.

22. The Board agreed that the draft strategic outcomes identified in the report were appropriate and clear and discussed the report's draft recommendations.
23. The Board noted the draft recommendation that CAA should ensure NERL continued to sustain appropriate levels of strategic safety risk capability and that CAA continued to work with other competent authorities to ensure NERL's collaborative arrangements with other ANSPs and equipment suppliers contributed to improving UK safety. The Board recognised that NATS had ambitious plans to expand its non-regulated business and there was a concern that in doing so, resources could be diverted from NERL that might impact on safety in the long term. The Board agreed that CAA should therefore continue to be alert and robust in its approach to oversight of NERL, to ensure these plans did not impact adversely on NERL.
24. The Board noted the draft recommendations relating to the financial ring-fencing consents for NERL and to NATS' present staffing structure and whether the balance of the arguments favoured NERL having its own staff resources within the ring-fenced business. The Board recognised the difficulties outlined in the report in relation to the NERL ring-fencing consents and that there might be merit in considering options for mitigating the potential problems in the NATS group that might arise outside of NERL and cause difficulties to it. The Board also saw the merits in having a review of NERL's current staffing arrangements, as to whether these were adequate for this purpose and the possible risks involved. The key concern for the Board in relation to these issues was whether the Board could be assured that NERL was protected adequately from risks coming from within other parts of the NATS group. Further debate on this would therefore be needed.
25. The importance of the arrangements for the board governance of NERL, as mentioned in the draft report, was also recognised by the Board, having regard to the current membership of the NATS group company boards. The Board noted that the NERL executive directors also sat on other NATS Group boards and agreed that the CAA needed to be assured that NERL directors, when sitting on the NERL board, would put the interests of NERL first. The possible appointment of independent directors to the NERL board in accordance with the UK Corporate Governance Code, as mooted in the draft recommendations, might address this concern but questions remained as to how such directors should be appointed and how effective they could be. Further consideration of these issues would be required.
26. The Board noted the draft strategic objective of airspace users receiving improved economic value through CAA regulation of NERL and agreed with the draft recommendation that CAA should continue to be robust in its regulatory engagement with NERL on cost-efficiency targets and price caps for RP2 in order to ensure its price controls made an effective contribution to the achievement of the Commission's cost-efficiency and other targets for RP2.
27. The Board agreed, in conclusion, that the report contained a range of clear and good draft strategic outcomes and recommendations, subject to the need to include as an express

recommendation whether there should be consideration of the adoption of civil sanctions in CAA's regulatory toolkit. The Board accepted that the draft report was open and transparent concerning the CAA's position in some areas of regulation but concluded it should be open about this and it therefore endorsed the report for publication in the first week of September.

Action: Mr Osborne

In terms of next steps for the report's publication, RPG was requested to liaise with Dr Rooney, to ensure the publication of the report received proper coverage in the financial press.

Action: Mr Osborne

28. The Chair asked the Board to note a small matter of clarification, in that she had not yet received a formal invitation from the NATS Chair to attend the NATS Board but he had said it would be a good idea if she did and she and Mr Haines would most likely accept if such an invitation were made.

VII Heathrow Stack Holding Task Force Report – Doc 2012-89 by Mr Mark Swan

29. Mr Swan briefed the Board on the work of the Heathrow Stack Holding Task Force, led by DAP, and on the forthcoming stack holding reduction proof of concept trial at Heathrow, designed to regulate the times of aircraft arrivals between 1200 and 1300 hours. The trial would start in the autumn. If successful, the trial could lead to a more efficient use of the London TMA Orbital holds whilst at the same time maintain the landing rate on the arrivals runway. There could be perceivable benefits if this were to be implemented successfully, in terms of improvements in flight efficiency and consequent cost reductions (in fuel), reductions in the environmental impact on London and improvements to the passenger experience.

30. Mr Swan was pleased to say that NATS was committed to the proposed trial and that he had written to relevant parties, including the CEOs of Edinburgh, Glasgow and Manchester airports, to request their co-operation, and to the CEO of ACL, to request ACL's lead with NATS and the airlines in producing a tighter autumn runway schedule. There were encouraging signs that the parties were buying into the concept of the trial.

31. Mr Swan thought the results of the trial would generate benefits within 6 months to a year and that they were likely to generate significant media and public interest. At this stage, however, it was not clear if holding stacks could be removed altogether, although that was the intent for "normal" operations. Moreover, it was recognised that the commercial aviation system was not a unified network and that removing a blockage in one part of it could lead to a blockage in another part of the system, for example on the departure runway. The Board agreed it was an interesting trial which it was worthwhile for CAA to promote and publicise and requested Dr Rooney to prepare some initial ideas for the Board on publicising the trial results, as and when they were available, for early 2013.

Action: Dr Rooney

VII Flight Time Limitations – Doc 2012-86 by Mrs Gretchen Haskins, presented by Mr Bob

Jones and Mrs Kathryn Jones

32. Mr Bob Jones asked the Board to note that the paper had been written to update its progress of the EASA rulemaking on flight time limitations (FTL) and the recent Transport Select Committee (TSC) inquiry into EASA's proposals and stakeholder concerns regarding these. Mr Jones introduced Mrs Kathryn Jones to the Board, noting she had been a member of the EASA rulemaking review group on flight time limitations (FTL), and invited her to present the paper.

33. Mrs Jones explained that EASA had completed its review of comments on NPA 2010 - 14 (FTL) and that the CAA's comments against the NPA, including its objections, had been addressed. Further comments had been raised by CAA on the revised proposals, in particular to cap airport standby in accommodation plus flight duty period and further requirements to manage duties overnight where they exceed 10 hours. At the rulemaking advisory group in May SRG had suggested improvements on the use and management of the requirements, including a 16 hour cap on combined airport standby in accommodation plus FDP and increased emphasis on operator mitigation responsibilities for overnight duties in terms of providing managed rest when FDP exceeded 10 hours, which it expected to be included in the final version when the Opinion was presented in September. These amendments should address the most significant concerns of BALPA and the cabin crew trade unions. Guidance material would be published by EASA after the Opinion was published and would present CAA with a further opportunity to influence EASA.

34. In terms of 'next steps', CAA would continue to assist EASA as it developed Decision material and to engage with stakeholders, as well as developing its own guidance material on the new FTL requirements and Operational Responsibilities for inspectors and for operators. In addition and as part of this process, SRG would also be establishing a multi-stakeholder advisory group and an internal Fatigue Steering Group to develop further knowledge on the effects of fatigue in the aviation industry.

35. Mrs Jones reported that the Transport Select Inquiry had now released its report following its inquiry into EASA's FTL proposals and that it had made a total of 11 recommendations to the CAA and government, focusing on the open reporting process and tracking the use of the Commander's discretion, to which government would make a joint CAA/government response. One of the recommendations was that the CAA should commission further research into early start duties. The proposed response to this recommendation was that this was now primarily the responsibility of EASA; however Mr Haines asked if the Board had any views on this issue.

36. The Board noted that EASA had done a considerable amount of work in collating scientific research on this topic and that EASA should be encouraged to develop programmes of research since it was the rule-making body in this area now. There was a need for further research to provide empirical evidence on the effect of FDPs on flight crews. However, if only the UK CAA conducted research, this might make it more difficult to achieve a European consensus. Given CAA's responsibilities, it needed to be clear about what the programmes of research should be, whether, if it

was unable to persuade EASA to conduct these, it should carry out such programmes itself, taking into account the state of previous research and relevant guidance material, and the basis on which its own guidance material had been prepared.

37. The Board thanked Mrs Jones for her presentation and expressed its ongoing support for her continued involvement in work on FTL.

IX Current Safety Issues – Doc 2012-90 by Mrs Gretchen Haskins and Mr Mark Swan

38. The Chair invited Mr Jones to present highlights from the report.

39. Mr Jones reported on the recent SRG/NATS team visit to Turkey to discuss the progress on the safety performance of Turkish operators in UK airspace, noting that there had been a significant reduction in MORs involving Turkish operators since the programme was initiated. The DfT had agreed in principle to provide financial support to enable progress in the relationship and further safety gains to be made.

40. Mr Jones briefed the Board on the recent EASA standardisation inspection of the CAA in June. The inspection had gone well and a good understanding had now been established with EASA on these inspections. Mr Jones also briefed the Board on SRG's role in helping to develop an apprenticeship scheme for commercial pilots and on the BEA report into the Air France Airbus fatal accident. The BEA report's recommendations aligned closely with the SRG's work streams on the Significant 7 and SRG would provide an update on its work and next steps in its programme at the PIE in December. In the meantime Mr Jones was requested to circulate to the Board (via the Secretary to the Chair) a summary of the report, including BEA's recommendations for the oversight of operators and SRG's views on them.

Action: Mr Jones

X Corporate Communications Update – Doc 2012-91 by Dr Stephen Rooney

41. Dr Rooney gave the Board an update on recent key corporate communications activities, highlighting the extensive work done on the education campaign for the Olympics 2012 airspace restrictions, the work done on the overhaul of the CAA website, which Dr Bell commended in particular, and the ATOL reform industry awareness campaign, concerning the new ATOL certificate. In terms of initiatives planned ahead, these included an ATOL consumer campaign, to promote use of the ATOL and work to identify with SRG areas where a safety campaign could best be concentrated and to systemise SRG's approach to publicity for this.

42. The Board noted the paper and thanked Dr Rooney and his team for their work on the Olympics 2012 airspace restrictions publicity campaign.

XI CAA Financial Results for the 3 months to 30 June 2012 – Doc 2012-92 by Miss Chris Jesnick

43. Miss Jesnick reported on the highlights of her paper, noting that there some mixed results for group income which stood at £31M for this quarter, £789K below budget although income for SRG

was £403K above budget, due mainly to an increase in airworthiness income in series, exports and approvals income.

44. Miss Jesnick drew the Board's attention to Appendix 3 of the paper, the CAAi proposed joint venture which was provided for information.

45. Miss Jesnick briefed the Board on the CAA's trade receivables' position, noting that NATS' account remained overdue.

46. The Board noted the paper.

XII Health & Safety Quarterly Report – Doc-2012-92 by Mr Mark Swan

47. Mr Swan invited Mr Williams to present the report.

48. Mr Williams reported that the number of reportable incidents remained very low: 6 this quarter, none of which were RIDDOR reportable, of which one had been a motor bike incident resulting in serious injuries to the employee concerned who was on his way back from an aviation conference at the time. The Executive Committee was considering the implications of the latter accident and whether any safety actions arising out of it were required. The rate of health and safety audit closures was good.

49. Work was progressing on the reduction of the two higher rated risks in the risk register, with core health and safety responsibility statements being distributed to all CAA groups for a roll-out to colleagues by the end of July. These would help to develop behaviours and the question of how they should be updated was to be considered at the health and safety committee.

50. Guidance on managing fatigue risks had been issued. There had been an encouraging response to the stress survey which was being cascaded down via ExCo. A written report on the survey would be included in the next Health and Safety Report. Further work on embedding the stress strategy had also taken place through promotional events.

Action: Mr Swan

51. The Board endorsed the report.

XIII. Report for the Audit Committee – Doc 2012-102 – by Mr Roger Mountford

XIV Live Issues – DAP – Doc 2012-94, Corp Comms - Doc 2012-95, RPG – Doc 2012-96, CPG Doc 2012-97 and OGC – Doc 2012-98

52. RPG – Mr Osborne reported that he was interviewing, with Mr Keith Richards, for Consumer Panel members and that Gatwick was making suggestions as to what it could offer if there were to be no economic regulation, in the form of voluntary undertakings.

53. CPG – Mr Jackson tabled an appendix to his report summarising the discussion of the CPG annual review at the PIE forum. In addition Mr Jackson gave the board an update on an ATOL matter and on ATT reform.

54. (a) OGC – Mrs Staples requested the Board’s consent to proposed changes to the CAAPS Trustee Board which would require amendments to the CAAPS Trust Deed and Rules. The proposed changes were:

- With effect from September 2012 there should be 12 trustees;
- With effect from 1 April 2013 a 13th trustee should be appointed, enabling one trustee to act as an independent trustee,

such changes to be effected by an amendment to clause 5 of the Trust Deed & Rules, in the form of the proposed draft at Annex A of the report, and an exchange of correspondence between the CAA and NATS.

In addition, it was proposed that CAAPS move to a system of having one corporate trustee in place of the current individual trustees and the Board’s consent was also requested for this and for the Board’s delegation to the General Counsel of the responsibility for approving the required amendments to the Trust Deed and rules.

(b) The Board confirmed it was content:

- That there be changes to clause 5 of the Trust Deed & Rules, in the form of the proposed draft at Annex A of the report;
- That, in principle, there be the incorporation of a corporate trustee for CAAPS; and
- That there be delegated to the General Counsel responsibility for approving the text of the necessary amendments to the CAAPS Trust Deed and Rules in accordance with the above.

(c) Miss Jesnick asked the Board to note that any changes to the member nominated trustees would only be consulted and formally noted through the CAA Employee Forum by the nominated Employee and TU Representatives. Although formally consulted through the Employee Forum, Management members would take no part in the process.

(d) Mrs Staples gave the Board an update on CAA’s data protection performance and compliance with the Data Protection Act. Further reports on data protection would be given to the Board on a 6 monthly basis.

XV. Any Other Business

55. The Board re-appointed Mr Thomas Dunstan and Mr Thomas Swann to the Board of Air Safety Support International Limited for a further term until 31 March 2013.

The next meeting of the Authority will be on Wednesday 19 September 2012 at 11.30 am in K705 at CAA House.