

**CIVIL AVIATION AUTHORITY**  
**MINUTES OF 411<sup>th</sup> BOARD MEETING HELD ON WEDNESDAY**  
**16 JULY 2008 AT 10.00 AM**

**Present:**

**Sir Roy McNulty      Chairman**

**Mr J R D Arscott**

**Dr C Bell**

**Mr M J Bell**

**Dr H Bush**

**Mr R T R Jackson**

**Miss C Jesnick**

**Mr J Keohane**

**Mr R P Mountford**

**Capt R O Whitefield**

**Mr R J Britton      Secretary & Legal Adviser**

**In Attendance:**

**Miss C Brown**  
**Director Corporate Communications**

**Mr M Smethers**  
**Director European and International Strategy**

**Apologies for absence were received from AVM Anderson and Mrs N Hastings.**

**I      Health & Safety Report 2007/08 – Doc 2008/75 by Mr T Williams.**

1.      Mr Williams presented the annual Health and Safety Report. During the past year the CAA's health and safety policy statement had been re-issued to take account of the fact that the role of CAA Health & Safety Director had been transferred to an executive Board Member to provide the most effective oversight. The CAA Health & Safety Policy Advisory Committee

structure had also been modified so as to include CAA's subsidiary companies, ASSI and CAA International. A number of policy areas had been reviewed during the year. The most notable was the ban on the use of all types of mobile phones while driving on CAA business as a consequence of the growing body of research showing that the loss of concentration by drivers was a cause of road traffic accidents.

2. A full programme of health and safety audits had been conducted during the year covering accommodation, contractors and operational work. CAA accommodation was generally good for health and safety purposes but some landlords still fall short of their responsibilities. The review of contractors showed that while some had deteriorated, others had improved. There was a constant requirement to keep control over contractors. The operational audits showed improvement. Assessment of work activities overseas still requires attention. Overall, the number of incidents and reportable accidents had declined over the previous year. There had been one reportable injury to a member of the ERG survey team at Heathrow. Road traffic accidents were down on the previous year. Training of non-fleet drivers had been extended to include all drivers who exceed 500 business miles per year. The previous cut-off point was 1,000 miles.

3. In discussion, the Board emphasised the need to ensure that CAA's contractors managed health and safety adequately throughout the lifetime of the contract and that this extended downwards to all sub-contractors on CAA premises. Mr Mountford confirmed that the Trustees had requested CBRE, their property advisers, to review health and safety procedures following the fatal accident to a sub-contractor carrying out work on a building owned by CAAPS. Miss Jesnick confirmed that health and safety issues were brought to the CAA Management Committee following discussion at the CAA Health and Safety Policy Advisory Committee, which is chaired by Mr Bell.

4. The Board noted the Report.

## **II Minutes of the Previous Meeting and Matters Arising.**

5. The Minutes of the meeting held on 25 June were approved and signed. On the action points arising:

- Annual Report and Accounts – the Chairman confirmed that the Accounts and the Letter of Representation had been signed.
- CAA Strategic Review – the Chairman confirmed that the communications plan had been drawn up. The public announcement will now be made on Thursday, 17 July.

- Heathrow Passenger Transfers – Dr Bush confirmed that a paper will be brought to the Board in September. The Chairman suggested that this matter would be a useful topic to include in the business travel paper, which ERG are preparing.  
**Action: Dr Bush**
- ICAO Audit – the Chairman confirmed that the technical training issue had been followed up in the meetings of the Safety Regulation and Airspace Policy Committees.

### III Chairman's Opening Remarks.

6. The Chairman reported on the following highlights:
  - Recruitment – David Chapman, Head of Flight Operations Division, has been successful in his application for the post of GDSR in succession to Mike Bell. The formal announcement will be made by the end of the month. There have been 23 applications for the post of DAP to succeed John Arscott. The long listing selection process will take place in September. DfT plans to advertise for a new Chairman in September. CAA will assist in drafting the job and person specifications. The new Chairman needs to have a significant input into the selection of the Chief Executive and the recruitment process will take account of that. Hopefully, DfT will have completed the process by April/May 2009 to allow for an orderly hand over.
7. The Board noted the Report.

### IV Strategic Review – CAA Response to Pilling Report and the Process Ahead.

8. The Chairman presented a draft letter to the Secretary of State, whom he will be seeing this afternoon, confirming that the CAA was pleased with the outcome of the Review and overall the recommendations that Sir Joseph made were welcomed. The Board agreed that the Chairman should write to Sir Joseph to thank him and his team for the way the Review was conducted.  
**Action: Chairman**

In particular, Adrian Brett, CAA Strategic Review Manager, had handled his difficult role well. Hugh Westaway, formerly of CAA/NATS, had been very helpful as a knowledgeable external consultant.

9. The Board thanked Chris Jesnick and her team, in particular Barrie Pilcher, for the hard work that they had put in to the Review.
10. The Chairman presented the draft communications plan. Miss Brown confirmed that DfT plan to make a public announcement on the report at 0930 on 17 July. A Straight and Level

publication will be sent to all staff with an e-mail from the Chairman. A Parliamentary Bulletin will be produced next week. Key MPs will be briefed. In response to Mr Arscott's suggestion, the Board agreed that the Chairman should write an appropriate note to the Chief of the Air Staff.

**Action: Chairman/Miss Brown**

11. On the process ahead, the Chairman said that there would be a joint implementation group with DfT which would meet first in September. During August consideration should be given to how the work would be structured. The Chairman said that it would be useful to convene the Strategic Review Working Group on a monthly basis to oversee the implementation work. The Secretary of State intends to make a further statement on the Review in October.

12. The Board endorsed –

- The draft letter to the Secretary of State.
- The communications plan.
- Convening the Strategic Review Working Group to oversee the implementation of the Review recommendations.

## **V Directors' Reports:**

### **ERG – Doc 2008/68 by Dr Bush.**

13. Dr Bush reported on the following highlights:

- Single European Sky – the Commission's proposals for SES II were published on 25 June. ERG's interests are the proposals to establish a performance framework for air traffic management, enhancing the status of the environment in SES and the Commission's implementations of the Airport Capacity Action Plan. ERG had some concerns that while the Commission's proposals were broadly on the right lines, the performance proposals were too much of a top-down approach. Further, the Commission were justifying intervention on the grounds that ANS provision is a monopoly service whereas in the UK ANS at airports is not.
- EU Directive on Airport Charges – the Directive is awaiting a second reading in the European Parliament. It is hoped that the amendments negotiated with the Council will be agreed. Once the final text appears, discussions will begin with DfT about implementation.
- Stansted Airport Regulation – the Competition Commission held a day-long hearing. A

number of issues emerged in relation to their technical competition analysis. ERG may need to put in an independent paper on this. DfT had been required by the Information Commissioner to release all their papers relating to Stansted under the Freedom of Information Act.

**Action: Mr Britton**

- DfT Review of Framework of Economic Regulation – the DfT’s advisory panel, chaired by Martin Cave, is holding a seminar today. Mr Fincham will be presenting at the seminar on the lines discussed at ERPC. CAA is keen to ensure that the objectives of the review are made clear.
- NATS Regulation – a number of scoping issues for the CP3 price control review have been discussed with NATS. NATS wish to achieve a more devolved price control approach. Consideration will be given to how this will work in practice. The governance arrangements for the review will need to be considered following the Pilling report recommendations.

**Action: Dr Bush**

14. The Board noted the Report.

**CPG – Doc 2008/69 by Mr Jackson.**

15. Mr Jackson reported on the following highlights:

- Airline Finances – Mr Jackson updated the Board on the latest position.
- DBC Enforcement – Mr Jackson, Mr Britton and Mr Evans, Chief Executive of the AUC, had a meeting with Sandra Webber. It was noted that there had been better compliance by airlines with the Regulations but there were still areas requiring improvement which CAA would draw attention to in a letter to all airlines in September.

16. The Board noted the Report.

**SRG – Doc 2008/70 by Mr Bell.**

17. Mr Bell reported on the following highlights:

- EASA:  
*Proposed Extension of Scope to Air Traffic Management and Aerodromes* – the SES II package contained proposals to extend EASA’s scope to ATM, air navigation services and safety regulation of aerodromes. SRG has a number of concerns relating to the proposed concept of operations for each area of airspace and the extension to uncontrolled airspace and military air traffic service providers. The Group of Aerodrome Safety Regulators met to discuss the safety regulation of aerodromes proposals.  
*Consultation on Essential Requirements for Civil Aviation Environmental Protection* – a

notice of proposed amendment to extend EASA environmental rules into all aspects of civil aviation including operations, personnel licensing, ATM and aerodromes was published on 30 May. The origin of this extension appears to be uncertain. Mr Smethers said that he is due to meet David Batchelor who is now the Commission official responsible for this area. It seems unlikely that the Commission will take this proposal forward.

- Meeting with Czech Republic CAA – following last year's successful visit to Prague, the new Czech DGCA has invited CAA for a follow up visit. It is important to establish good working relationships with the Czechs as they will hold the Presidency in early 2009.
- EASA Standardisation and Accreditation Visit – the visit considered competent authority activities and accreditation for overseas Part 145 organisation oversight under contract to EASA. Six audit findings were made focusing on areas where the existing procedures did not match EASA requirements. Overall, the EASA team were impressed by CAA's professional approach and the competence of its staff.
- Derogation for Gliders – the Commission has authorised a derogation to manage the transition of some 2,500 UK gliders from a deregulated environment to full regulation under the EASA system. The BGA is content with the approach.
- Commercial Operations:  
*Fuel Contamination* – the procedures which caused the contamination have been abandoned. A formal reply from the UK Petroleum Industry Association is awaited but it is understood that the testing process is under way.
- General Aviation:  
*Vulcan* – following a meeting with Marshall Aerospace, the outstanding issues were dealt with to enable the Vulcan to be granted a permit to fly on 3 July. The aircraft positioned to RAF Waddington where it was assessed and approved for a display authorisation. The aircraft displayed at the RAF Waddington International Air Show on 5/6 July.  
*Removal of Permit to Fly Overflight Restriction* – following a request from the Light Aircraft Association, proposals to remove the overflight restriction over congested areas were considered. CAA agreed to accept the proposal in respect of aircraft of civil design with a weight of less than 1,500kg. Former military aircraft are excluded from the alleviation. Aircraft still remain subject to the glide clear rule in the Rules of the Air Regulations.

18. In response to Mr Mountford's question, Mr Bell confirmed that there had been no

recommendations from AAIB arising from the BA 777 accident. The last Special Bulletin was issued in May and a briefing for CAA, EASA, FAA and NTSB was held earlier this month. The investigation continues.

19. The Board noted the Report.

**DAP – Doc 2008/71 by Mr Arscott.**

20. Mr Arscott reported on the following highlights:

- Single European Sky Package II – Mr Arscott reported that he had had a meeting with David McMillan, Director General Eurocontrol, to talk about Eurocontrol's reaction to the Package and the network manager role.
- Single Sky Committee – an important meeting scheduled for 9 July was postponed due to lack of translation facilities.
- Spectrum Reform and AIP – Ofcom intend to publish a consultation paper on the introduction of AIP for the aviation and maritime spectrum on 17 July. There has been little consultation between Ofcom, DfT, CAA and the MCA on the content of the document. DfT are due to meet Ofcom to discuss CAA's concerns. Despite the potential impact of the proposals, the lack of response from airlines has been disappointing.

21. The Board noted the Report.

**VI Legal Report – Doc 2008/72 by the Secretary.**

*CAA Pension Scheme – Appointment of Trustees*

22. Having considered the recommendations of the Trustees selection panel on Member Nominated Trustees, the Board, in its capacity as Principal Employer of the Civil Aviation Authority Pension Scheme, resolved that Mr Tim Mander, Mr Kevin Dean and Mr Eddie Walker should continue in their current appointments as Member Trustees in the NATS Section until the expiry of their current appointments in accordance with the arrangements established under Sections 241-243 of the Pensions Act 2004. The appointments of Mr Mander and Mr Dean both expire on 31 March 2009. The appointment of Mr Walker expires on 30 September 2009.

23. A copy of the Resolution is attached to these Minutes.

*Statement of Investment Principles*

24. This item was deferred for consideration by the Pensions Governance Committee.

*1982 Resolution*

25. The Board discussed the proposed amendment to insert a threshold of one year's

previous employment with CAA to accrue the benefit of the “right of return” to CAA employment on expiry of the Secretary of State’s appointment. Dr Bush drew attention to the need to have some scheme in place to protect executive Members appointed externally from unexpected termination or non-renewal of appointment by the Secretary of State. The Item was deferred for further consideration in September.

**Action: Chairman/Miss Jesnick**

26. The Board noted the Report.

## **VII CAA Quarterly Report – Doc 2008/73 by Miss Jesnick.**

### *Finance*

27. The operating profit for the year to date was £162k as compared to the budgeted profit of £303k. The net profit after accounting for borrowing costs (£68k credit) was £230k as compared to a budgeted profit of £387k. AOC volume charges were still holding up and were £115k above budget for the year to date. However, volumes of private and professional pilot licensing were now decreasing which is having an adverse impact on income. Budgeting of hours being booked to the EASA contract was improving. Operating costs were £184k below the budgeted level of £24,560k as a result of reduced staff numbers which currently stand at 96.3% of the funded level. The costs of defending the Judicial Reviews will fall in the second half of the year. Debtor days had increased primarily due to delays in payment from the Treasury Solicitor, EASA and DfT.

28. The economic slowdown had been discussed at the last meeting of the Finance Advisory Committee. Rather than the standstill adopted for the post 9/11 downturn, the industry was content for CAA to continue spending on e-business to keep future costs down. There will be no formal pressure from the industry to have the rate of return alleviated if CAA does not achieve the 6% this financial year.

### *Human Resources*

29. The sickness levels, particularly among ERG survey staff, were noted but they were dominated by a number of long term sickness issues. However, CAA’s sickness levels compared well with many organisations. Progress on 2008/09 pay discussions was also noted. The 2008 employee survey would be postponed until after the pay settlement had been put in place.

### *Media Coverage*

30. Notwithstanding the attacks on the airport price cap decisions, the media coverage for

the past quarter was still positive.

31. The Board noted the Report.

### **VIII European and International Strategy Report – Doc 2008/74 by Mr Smethers.**

32. The Chairman reported on the meeting with Patrick Goudou in Cologne on 2 July. The roadmap of where EASA wanted to be in five years time had not been completed. This lack of vision and lack of resourcing for future tasks had been identified in a recent study. The Chairman will write in late September to Matthias Ruete, Director General for Energy and Transport, to urge him to start a strategic dialogue with the Management Board so as to make progress. Independent experts could be called in to help in this. M Goudou was appreciative of the CAA's active assistance, which should continue.

**Action: Chairman**

33. In discussion –

- Bordeaux Conference – the Chairman and Mr Arscott suggested that it would be useful to have another meeting with DGAC before the Bordeaux Conference in November. Mr Smethers will make enquiries to see whether a meeting in October would be possible.

**Action: Mr Smethers**

- ICAO Audit – Mr Smethers said that a dummy audit of applicable legislation had taken place on 11 July. It had been chaired by Geoff Caton who had had experience of conducting audits while seconded to ICAO. The need to identify and produce the relevant documents had been recognised. The position with regard to the UK's Overseas Territories should be much better than at the previous audit following ASSI's activities. However, the position for the Crown Dependencies had not improved. The Chairman asked for an overview of the audit to be produced for the September Board.

**Action: Mr Smethers**

33. The Board noted the Report.

### **IX Any Other Business.**

#### **(i) Agenda Plan Update.**

34. September 2008 – add NATS Price Control Governance, Heathrow Passenger Transfers.

October 2008 – add SES II.

November 2008 – add Stansted Airport Price Control, Consumer Policy Report to DfT.

**The next Meeting of the Authority will be at 10.00am on Thursday 18 September 2008 in**

**Conference Room 1, CAA House**