

CIVIL AVIATION AUTHORITY



FOR PUBLICATION

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MINUTES OF 454th BOARD MEETING HELD ON TUESDAY 19 JUNE 2012 at 10.00 AM

Present:

Dame Deirdre Hutton

Chair

Mr Andrew Haines

Chief Executive

Dr Catherine Bell

Mr David Gray

Mrs Gretchen Haskins

Mr Richard Jackson

Miss Chris Jesnick

Mr Michael Medicott

Mr Roger Mountford

AVM Barry North

Mr Iain Osborne

Mr Mark Swan

Capt Roger Whitefield

Mrs Kate Staples

Secretary & General Counsel

In Attendance:

**Dr
Director of Corporate Communications**

Stephen

Rooney

**Mr
Director, Human Resources**

David

Owen

**Mrs Anne-Marie Hopcroft
Minute Taker**

I. Apologies

1. None received.

II. Minutes of the Board Meeting held on 16 May 2012

2. The minutes of this meeting were approved and signed.

III. Chair's Update

3. Dame Deirdre Hutton briefed the Board on a number of recent Department for Transport (DfT) meetings with the Minister, Theresa Villiers MP, Permanent Secretary, Mr Philip Rutnam and Director General International, Strategy & Environment, Ms Lucy Chadwick and an interesting tour of Gatwick Airport.

4. The Chair also highlighted an event she had hosted at the CAA's Gatwick office to launch a new chair for disabled children for use in passenger aircraft, which had been designed by the children's disability charity MERU. Particular thanks were also paid to the CAA's Cabin Safety Office Manager, Mrs Janice Fisher, for her facilitation of the event.

IV. Chief Executive's Report – Doc 2012-30 by Mr Andrew Haines

5. Mr Andrew Haines updated the Board on recent activity regarding the Civil Aviation Bill, Olympic airspace prioritisation and volcanic ash, and discussions with stakeholders with regard to Airport Price Controls (Q6).

6. With regard to the Olympics airspace prioritisation, it was noted that a letter from the CAA to the Airport Performance Facilitation Group, outlining the CAA's position with regard to effectively managing additional traffic flows in relation to the Olympics, had been published on the CAA's website so that it was available for all interested parties.

7. The Board expressed its disappointment in recent volcanic ash related developments at ICAO. It was noted that a recent meeting of the ICAO Volcanic Ash Task Force concluded that it was not appropriate to either use, or make available, ash concentration information in the event of an eruption. It was noted that the CAA believe that information regarding ash concentration is a core requirement for a safety risk assessment approach to be used and, supported by EASA, this approach will continue to be used in Europe. It was also highlighted that the inadequate dialogue between airlines and engine manufacturers remained a key barrier to progress. Recognising the need to be prepared for the Olympics, it was noted however that the significant improvements made in respect of modelling meant that the UK was better placed to respond to a volcanic eruption compared with previous eruptions. It was also highlighted that the US military were undertaking research of the impact of ash on aircraft engines. The Board agreed that:

- The latest volcanic ash lines to take would be circulated.

Action: Dr Rooney

- Further information would be sought regarding the US military research.

Action: AVM North

8. Mr Haines invited Mr Richard Jackson to update the Board on an airline licensing matter.

9. The Board was also pleased to hear that the previous CAA Chairman, Sir Roy McNulty, had been appointed to the Board of Monarch.

V. CAA Annual Report & Accounts – Doc 2012-77 by Miss Chris Jesnick

10. The Annual Report & Accounts for the year ended 31 March 2012 were presented to the Board.

11. Miss Chris Jesnick highlighted that the changes requested by the Audit Committee had been incorporated.

12. Mr Roger Mountford noted that particular consideration had been made to the going concern assumptions given that the budgeted position for 2012/13 included a loss of approximately £1m and £5m outgoing cash. It was concluded however, on the basis of having material cash available, that the situation was satisfactory. Mr Mountford also highlighted the accounting standard to be applied from next year would look more closely at the 'going concern' assumptions.

13. It was highlighted that the EASA transition costs had reduced significantly from previous years and had been funded from existing reserves so as not to pass these costs onto industry or CAA.

14. On behalf of the Board, the Chair thanked Mr Mountford for the production of his last set of Annual Report & Accounts before he leaves the Board, and Miss Jesnick and her team. Mr Mountford also extended his appreciation to Mr Baker and the Finance team.

15. The Board approved

- the 2011/12 CAA Annual Report and authorised the Chief Executive and the Finance & Corporate Services Director to sign the accounts on behalf of the Authority.
- the CAA Letter of Representation and authorised the Chief Executive and the Secretary to sign the letter on behalf of the Authority.

VI. Annual Chief Executive Review – Doc 2012-78 by Mr Andrew Haines

16. The paper summarised the key internal and external events from 2011/12 and the achievements against the CAA's strategic objectives as well as any gaps in delivery. The ambitions for the next 12 months were also outlined.

17. Mr Haines highlighted the work that had been undertaken to identify milestones and outcomes for the Strategic Plan had allowed a more robust assessment to be made of delivery of the ambitions set out for 2011/12. Therefore, Mr Haines was confident that the outcomes outlined in the paper had been achieved. It was noted that looking forward the context would continue to be volatile. The challenges going forward as the organisation adapted to its new role were outlined as was the need for delivering compelling messages to support this transition.

18. The Board recognised that the organisation was increasingly acting in a leadership role both in the UK and internationally, in line with the Strategic Plan, and considered whether this was sustainable. It was agreed that this would have to be kept under review but affirmed the current approach.

19. The role that the CAA had played with respect to the Aviation Policy Framework was discussed and the Board agreed that the organisation was well placed to put objective information into the public

domain and to frame the debate by suggesting the questions that needed to be answered. There was a recognition however that this would require careful handling so as this could not be misinterpreted as the CAA advocating a particular solution, rather than overall outcomes.

20. The overall discussion highlighted a number of key issues that would be further explored during the Board's Away Day. The Board recognised the significant work that had been undertaken to deliver against the Strategic Plan in 2011/12 and noted the contents of the paper.

VII. Business Resilience Update – Doc 2012-79 by Mr David Owen

21. The paper updated the Board on the testing and training that had taken place of the business resilience plans and preparations that had been made for the Olympics. It also highlighted that the arrangements have been audited.

22. Mr David Owen highlighted that the CAA was now better placed to respond to a crisis or business resilience event and that further work was taking place with the aim of ensuring the ready availability of the necessary specialist knowledge during a crisis or other serious event. The Board welcomed this activity given the forthcoming Olympic Games. The importance of being able to bring the Board together physically or virtually in the event of any significant crisis or business resilience event was highlighted. It was agreed Board contact details for the Olympic period would be updated regularly.

Action: Chair

23. The Board noted the report.

VIII. Olympic Update – Doc 2012-80 by Mr Mark Swan

24. Mr Mark Swan presented a number of slides to the Board providing an update on safety, communication, airspace and passenger handling issues relating to the Olympics.

25. Mr Swan highlighted that the Atlas practice day and MoD briefing to senior industry stakeholders had both gone well. It was considered that the key risk remaining on the risk register related to the carriage of Persons of Reduced Mobility (PRMs) and that significant work was continuing to ensure that airlines and airports are appropriately prepared for the additional PRMs likely to be travelling as a result of the Olympic Games. It was noted that the remaining risks have been satisfactorily addressed.

26. From a communications perspective, it was noted that the Olympics preparedness stall at Aero Expo on 25-27 May at Sywell Aerodrome had received significant interest. In particular, the SkyDemon iPad app, which can be used for flight planning and navigation purposes, had been popular and there had been a number of questions about the use of the temporary Controlled Airspace that has been put in place for the Olympics. It was also highlighted that the CAA's enforcement policy for the Olympics has been broadly supported by the General Aviation community.

27. The Board recognised that this paper, together with the Business Resilience and volcanic ash elements of the Chief Executive's Report, provided assurance that preparations for the Olympics were

well in hand to deal with airspace management and safety risks, business resilience preparations were in place for major incidents, and the organisation had visibility of how the UK aviation industry would deal with passengers during periods of disruption.

IX. Current Safety Issues – Doc 2012-81 by Mrs Gretchen Haskins & Mr Mark Swan

28. Mrs Gretchen Haskins drew the Board's attention to the appendix of her report, which contained safety event data relating to the main UK aviation sectors and worldwide fatal accidents since 1 April 2012. It was highlighted that all of these events could be considered in terms of the Significant Seven safety risks. It was highlighted that no common trends had been identified.

29. The Board discussed the extent to which consumers could be informed about non-EU airline safety given that the EU blacklist process considered only operators that fly into Europe. It was suggested that making the list of operators on the International Air Transport Association Operational Safety Audit list more available to consumers would be useful.

Action: Gretchen Haskins

30. During discussion the importance was highlighted of ensuring that the Boards of aviation organisations recognise the safety implications of the strategic decisions they are undertaking. It was noted that CAA guidance on this subject was available but that there needed to be a renewed effort to reinforce this. It was also suggested that the CAA should provide guidance for those stakeholders buying airports to ensure that due diligence was carried out.

Action: Gretchen Haskins / Iain Osborne

31. Mrs Haskins expanded on the exam question bank item in her report. It was noted that an audit had been undertaken of both the management of the exam question banks and alignment with the EASA syllabus. The final audit report was awaited but when this was available it would be circulated to Board Members.

Action: Gretchen Haskins

32. The Board also discussed a safety case that was being prepared for use of an Unmanned Aerial System in relation to the Olympics and recent media coverage of BAe Systems testing a Jetstream aircraft for future unmanned aircraft flights.

33. The Board noted the contents of the report.

X. Finance Report – 2 Months Ended 31 May 2012 - Doc 2012-82 by Miss Chris Jesnick

34. The paper provided financial results for the two months to 31 May 2012. The operating profit was £1,260k compared to the budgeted profit of £406k. After accounting for net borrowing costs, the profit was £1,179k compared with a budgeted profit of £325k.

35. Miss Jesnick drew the Board's attention to the better than expected levels of income that had been achieved through aircraft coming onto the UK register, which it was noted were feeding UK airlines and the Board discussed the potential benefits of encouraging more aircraft onto the UK register.

36. It was noted that the costs relating to Performance & Process Improvements had not yet been transferred to capital expenditure but that this was likely later in 2012/13.

36. It was also noted that the contribution from CAA International (CAAI) to the CAA was over 15% below budget. It was highlighted that CAAI's pipeline activity was being closely monitored and that CAAI was in a position of not being able to service all potential contracts, which together reduced any concerns regarding future financial performance.

37. The Board noted the contents of the report.

XI. Report from Remuneration Committee – Doc 2012-83 by Dr Catherine Bell

38. The paper reported on the Remuneration Committee (RemCo) activity from the May meeting.

39. Dr Catherine Bell briefed the Board on the key matters arising at the last meeting, which related to performance management of those within the remit of RemCo. It was noted that the Civil Aviation Bill would provide a number of new aspects for Governance and the timing of these should be reviewed.

Action: Catherine Bell / Kate Staples

40. The Board noted the report.

XII. Live Issues – EIS – Doc 2012-85, CPG - Doc 2012-86, DAP – Doc 2012-87, RPG – Doc 2012-89 and External Issues & Developments – Doc 2012-88

41. EIS – It was noted that the CAA is facilitating a visit for the Director General DG Move, Mr Matthias Reute, to visit to the UK and meet key stakeholders in November 2012.

42. CPG – The Board noted the work that CPG was undertaking with Online Travel Agents, which was achieving a significant amount of success.

43. DAP – Mr Mark Swan drew the Board's attention to a correspondence paper that had been circulated on the subject of mixed mode and highlighted that an informal seminar would be held at the September Board. Mr Richard Jackson declared a conflict of interest regarding this subject

44. CCD – Dr Stephen Rooney highlighted recent press activity regarding flight time limitations. It was noted that Board Members had received a letter from the British Air Line Pilots Association on this subject and that a single response had been sent from the Chair.

XIII. Any Other Business

45. None raised.

The next meeting of the Authority will be on Wednesday 18 July 2012 at 11.30 am