



CIVIL AVIATION AUTHORITY

FOR PUBLICATION

**CIVIL AVIATION AUTHORITY
MINUTES OF 436th BOARD MEETING HELD ON
WEDNESDAY 17 NOVEMBER 2010 AT 10.00 AM**

Present:

Dame Deirdre Hutton	Chair
Mr A Haines	Chief Executive
Dr C Bell	
Ms G Burrett	
Dr H Bush	
Mr D Gray	
Mr R T R Jackson	
Miss C Jesnick	
Mr M Medicott	
Mr R P Mountford	
Mr M Swan	
Mrs K Staples	Secretary & Legal Adviser

In Attendance:

Dr S Rooney
Director of Corporate Communications

Sqn Ldr R Caston
Assistant Chief of the Air Staff – Staff Officer

Ms A Craker Development Programme Director	(for item III via video conference)
Mrs L Rich Corporate Services Manager	(for item III via video conference)
Miss H Bennett CAA Business Planner	(for item III via video conference)
Mr B Alcott Head of Group Safety Services	(for item IV via video conference)
Mrs A-M Hopcroft Minute Taker	

I. Minutes of the Board Meeting held on 20 October 2010

1. The minutes of the previous meeting were approved with a minor amendment and signed.

II. Chair's Opening Remarks

2. The Chair welcomed Sqn Ldr Caston who was observing the Board meeting and asked her to convey the Board's gratitude to AVM North for arranging the visit for Board Members to RAF Cranwell and RAF Coningsby, which provided an excellent opportunity to gain a greater understanding of the issues and challenges facing military aviation.
3. The Chair briefed the Board on a recent Royal Aeronautical Society debate that she had chaired on the subject of 'Airline Alliances – Beneficial or Detrimental for Air Travellers?' which had stimulated some interesting discussion on safety, consumer and economic regulation issues. It was felt that the issue of airline alliances and their impact on the consumer was an area of regulatory policy that could be considered by the CAA.

III. Draft Strategic Plan – Doc 2010-146 by Mr Haines

4. The draft Strategic Plan built on the outline structure presented to the Board in October. Mr Haines outlined the development of the Strategic Plan, the proposed key themes, issues arising and the next steps in delivery of the Plan.
5. As regards the themes, whilst it was noted that readers of the Plan would be able to identify several, it was felt that 'Europe' should be considered a key theme although it was also important to incorporate wider international issues. Other matters were identified as possible key themes, including the need for clarity on the outcomes anticipated as a result of implementing the Plan as well as how these would be achieved. It was highlighted that consideration of staff capability was also a key area for consideration. It was also felt that the Plan should consider the promotion of the airline industry but only to the extent that this was in the interests of the consumer.
6. The intended audience of the Plan was considered. The Board concluded that the Plan would primarily be of interest to industry, and internally to the CAA, although it was recognised that it should be written so that it could be understood by a wider audience.
7. The Board highlighted a number of suggested enhancements to the draft Plan, including incorporation of the potential change in the CAA's legislative framework, and information relating to CAA International and the governance of the CAA. The Board concluded that the Plan provided an opportunity to highlight consumer protection information about, for example, the Air Travel Organiser's Licence, the Air Travel Trust and Denied Boarding Compensation legislation. Board Members were invited to forward any further specific comments to the Chief Executive.
8. The Board welcomed the concept of including ambitious milestones and performance measures within the Plan but recognised the associated risks. Board Members were invited to provide specific input on the Key Performance Indicators and it was acknowledged that it would be particularly difficult to identify measures that could isolate and quantify the impact of the regulator.
9. The draft financial strategy was discussed and it was noted that this would be reviewed continuously over the period of the Plan to ensure that it remained appropriate. It was agreed that the next paper to the Board in April would provide greater detail on the strategic options available. The

Board noted the continuing need for an appropriate balance between realism and the need to be ambitious.

10. The Board noted the draft Strategic Plan and financial strategy.

IV. Strategic Review of Safety Regulation – Doc 2010-147 by Ms Burrett

11. The paper provided an outline of the findings of Phase 1 of the Strategic Review of Safety Regulation and the proposed way forward.

12. The Board discussed the findings and noted that there were parallels with other regulators. It was recognised that considering the health of an organisation was key to assessing its safety risk and agreed that the CAA needed to use a number of information sources in order to carry out this assessment.

13. The differences between the ICAO continuous monitoring approach and EASA standardisation audit approach were discussed although it was noted that there may be scope for a framework to be developed to bring these approaches together over time. It was felt that EASA should be supported in this respect.

14. It was recognised that delivering the enhanced approach to safety regulation would require CAA personnel to develop new skills and suggested that the next paper to the Board should reflect how this would be addressed. It was also felt that the next paper should outline how it is proposed to take forward the development of an approach to safety regulation that is risk based.

15. The Board recognised the significant amount of work that had been undertaken by the SR2 team and commended them for this work. It was noted that the Review had facilitated useful conversations with stakeholders and that the transformation from concept to current situation had been very good. The importance was noted of building on Phase 1 to establish a sound rationale before implementing the results of the Review.

16. The Board agreed that the findings from Phase 1 of the Review had identified the key themes and was proceeding in an appropriate direction.

V. Future Airspace Strategy – The Role of the CAA – Doc 2010-148 by Mr Swan

17. The paper outlined the purpose of the Future Airspace Strategy (FAS), the CAA's role in its implementation and the key issues and risks.

18. The strategy chart was discussed and it was highlighted that approximately half of the deliverables are based on European outputs. It was noted that an implementation plan is being worked up with industry to ensure a coherent approach.

19. It was noted that the Airspace Change Process was the mechanism by which the regulatory decisions will be delivered and highlighted that this process will be reviewed over the coming months. The importance of possessing the right regulatory levers for oversight of FAS delivery was noted.

20. The new governance arrangements for FAS were discussed and it was noted that the need to maintain regulatory independence had been recognised. It was also noted that major Airspace Changes would be brought to the Board, via the CAA Executive Committee, for approval.

21. It was recognised that FAS involved some complex technological issues that were unique to air traffic management, but required a minimum level of understanding to enable the Board to make decisions. It was agreed that a further technology briefing to enable this, would be delivered through a future Policy & Information Exchange forum.

Action: Mr Swan

22. The potential conflicts in FAS messages were discussed and it was agreed that it was important to ensure clarity in what would be delivered so that false expectations were not generated.

23. It was highlighted that the FAS work was being carried out in an open and transparent manner and that the UK would support Europe in moving forward in this area.

24. The Board noted the contents of the paper and recognised the criticality of this work as well as the challenges and risks it presents.

VI. Strategic Property Review Update – Doc 2010-149 by Miss Jesnick

25. Due to time constraints this paper was deferred until the December Board meeting. Board members were invited to highlight any questions on the paper to Miss Jesnick so that they could be addressed at the next meeting.

VII. Finance Report – 7 Months Ended 31 October 2010 – Doc 2010-157 by Miss Jesnick

26. This paper provided monthly financial results for the 7 months to 31 October 2010. The operating profit for CAA for this period was £4,039k compared to the budgeted profit of £833k. After accounting for net borrowing costs, the profit was £3,754k compared with a budgeted profit of £538k.

27. The Board noted the report.

VIII. Chief Executive's Report – Doc 2010-151 by Mr Haines

28. Mr Haines updated the Board on the latest developments with regard to the Aviation Bill and the associated timing issues relating to the Q6 Airport Price Control Reviews. It was highlighted that the Bill also provided for a number of significant tools outside of the Q6 process. It was requested that an outline of the benefits of the Bill be circulated to Board Members.

Action: Dr Bush

29. The Board noted the contents of the report.

IX. Directors' Reports

CPG – Doc 2010-152 by Mr Jackson

30. Mr Jackson drew the Board's attention to developments with regard to ATOL legislation and it was noted that the Chair would be writing to the Secretary of State to highlight the importance of an early decision in this area.

31. It was also noted that the Review of Claims Management would be brought to the Board in due course.

32. The Board noted the contents of the paper

DAP – Doc 2010-153 by Mr Swan

33. Mr Swan highlighted to the Board a proposal for a Temporary Transponder Mandatory Zone,

which is being progressed under the CAA's Airspace Change Process.

34. The Board noted the contents of the paper.

ERG – Doc 2010-154 by Dr Bush

35. Dr Bush highlighted that a number of responses to the formal NATS Price Control proposals (which had been published on 19 October) had been received and were being reviewed. The Board agreed that if there was to be no significant change in the proposals outlined to the Board in October then the final Price Control decision could be delegated to the NATS Price Control Panel.

36. It was noted that, on 29 October, Heathrow Airport announced changes to the structure of its charges to airlines and although this had generated interest amongst industry, no formal complaints under section 41 of the Airports Act had been received.

37. The Single European Sky Performance Scheme was further discussed. It was noted that the Commission's proposals for EU wide performance targets for Reference Period One of the Performance Scheme had initially been rejected by a number of States but that a compromise agreement was now likely.

38. The Board noted the contents of the paper

SRG – Doc 2010-155 by Ms Burrett

39. Ms Burrett drew the Board's attention to the EASA Standardisation Audit of the UK. It was highlighted that the CAA would take on board a number of improvements as a result of the audit findings.

40. The recent Qantas Airbus A380 incident was further discussed. It was noted that the CAA is keeping in contact with EASA, the certifying authority for the engine. It was felt important for the CAA to be kept informed of progress so as to be clear whether there were any implications for previous variants of this engine and its oversight of Rolls Royce. It was highlighted that the Strategic Review of Safety Regulation would need to consider the impact on the CAA's accountabilities of the changing European regulatory environment.

Action: Ms Burrett

41. The Board noted the contents of the paper

X. Legal Report – Doc 2010-156 by Mrs Staples

42. The paper outlined recent prosecutions, an update on previous matters and a briefing on the Public Bodies Bill.

43. Mrs Staples briefed the Board on developments on the Public Bodies Bill and agreed to keep the Board informed as the situation developed.

44. The Board noted the contents of the report.

XI. Any Other Business

45. Parity – It was agreed that the latest situation with regard to CPS would be briefed separately to Board Members.

Action: Miss Jesnick

46. Staff Q&A Session – It was agreed that any feedback on the previous Staff Q&A Session would be forwarded to the Chair.

47. Safety Issues on the Board Agenda – It was agreed that future Board Agendas would contain a 'Safety Issues' agenda item so that the Board could be better informed with regard to potential safety risks.

The next meeting of the Authority will be on Wednesday 15 December 2010 at 11.30am in K705, CAA House.