

CIVIL AVIATION AUTHORITY



FOR PUBLICATION

**CIVIL AVIATION AUTHORITY
MINUTES OF 447th BOARD MEETING HELD ON WEDNESDAY 16 NOVEMBER 2011 AT 10.45 AM**

Present:

Dame Deirdre Hutton

Chair

Mr Andrew Haines

Chief Executive

Dr Catherine Bell

Mrs Gretchen Haskins

Mr David Gray

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 Stephen Rooney
Director of Corporate Communications**

**Mr Troy Preston
Head of Business Delivery, Safety Regulation Group**

(for item IV)

**Mrs Anne-Marie Hopcroft
Minute Taker**

I. Apologies

1. No apologies were received

II. Minutes of the Board Meeting held on 19 October 2011

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

III. Chair's Opening Remarks

3. Dame Deirdre Hutton briefed the Board on her attendance at a recent Aviation Law & Policy Conference, at which she also gave a speech. In particular, the feedback received from conference attendees had highlighted external recognition of the CAA as a changing organisation.

IV. SRG Strategic Report – Doc 2011-138 by Mrs Gretchen Haskins

4. The paper provided a summary of the SRG strategic outcomes, the milestones to achieve those outcomes and the progress to date.

5. Mrs Gretchen Haskins highlighted how the outcomes were linked to the CAA's strategic objectives and that the levers available to address the issues identified would be further discussed at the next Safety Policy & Information Exchange Forum in February.

6. The Board discussed the identification of safety risks other than those currently listed as the Significant Seven. It was noted that these risks are identified through safety intelligence, which is continuously being gathered through interactions with regulated organisations and through analysis of reports received through the Mandatory Occurrence Reporting Scheme. It was highlighted that further work was being undertaken with industry to establish models of hazards, precursors and barriers to the events related to the Significant Seven so that there is a greater understanding of the causation of these events.

7. During discussion, specific concerns were raised with the risks that could be associated with multiple levels of sub contracting in organisations. The potential to import risk, particularly considering the significant level of change affecting SRG, was also discussed and it was noted that controlling the pace of change could reduce this risk. The Board supported greater use of horizon scanning for emerging risks and consideration of total system risks.

8. The Board reiterated its support for the use of a risk based approach to safety regulation but recognised the need to support this by retaining an underlying maintenance of compliance. It was also noted that the change to a more risk based approach had also been discussed, and supported, at senior level in the Department for Transport and in cross-Government forums. It was highlighted that the trials of the new approach had flagged issues about data quality and the process to engage with regulatees but it was recognised that this provided useful feedback with which to enhance the Enhancing Safety Performance (ESP) approach.

9. The Board discussed the benefits, particularly in respect of knowledge management and stakeholder interfaces, that the Performance & Process Improvement (PPI) project would bring to the new approach to safety regulation. The importance was recognised of running the ESP and PPI

projects in parallel wherever possible to maximise the benefits and the Board wished to be updated in this regard through future SRG strategic reports.

10. In response to a question about external assurance of how SRG was delivering against the strategic objectives, it was noted that a senior peer review group had been established and it was agreed that the assessment of this group would be shared with the Board when available.

Action: Mrs Haskins

11. The number of new actions relating to people outcomes was noted by the Board and it was highlighted that these were actions that had been identified to support delivery of the strategic outcomes and, in some cases, formalised activities that had already been initiated to ensure consistency and best practice across the organisation. The Board were keen to better understand the capability and skills gap assessment that were being undertaken as part of ESP and it was agreed that Board Members would be provided with a briefing in due course.

Action: Mrs Haskins

It was noted that the people development elements being taken forward in SRG linked in with the wider CAA approach.

12. The Board took the opportunity to take an update on winter operations both from a safety and passenger care perspective. With regard to the latter, the importance of a joined up approach by both airports and airlines was noted.

13. The Board welcomed the approach that had been taken in the report and were content that it provided an appropriate level of information to the Board for it to fulfil its safety responsibilities. The Board commended the team for the efforts that had been undertaken to map, and deliver, change in the organisation.

V. Draft Civil Aviation Bill – Doc 2011-139 by Mrs Kate Staples

14. The paper provided an overview of the current and proposed content of the draft Civil Aviation Bill.

15. The Board noted the paper, were content with the potential Bill themes and were keen to be kept informed of developments. Given the very short timescales that could be associated with any Bill amendments, it was agreed that the authority to approve the CAA response to any two of the Chair, Chief Executive, General Counsel and Group Director Regulatory Policy.

VI. Corporate Communications Update – Doc 2011-140 by Dr Stephen Rooney

16. The paper highlighted key issues and developments from the last quarter, outlined forthcoming initiatives and events, and provided an evaluation of CAA media coverage between April 2010 and September 2011.

17. The Board considered a number of specific communications issues relating to the Olympics, winter preparedness and volcanoes. In addition, the importance of projecting a consistent message about the CAA's role across the organisation, and the work underway to achieve this, was discussed.

18. The Board noted the contents of the report.

VII. Report from Remuneration Committee – Doc 2011-141 by Dr Catherine Bell

19. The paper provided a report to the Board on the business of the Remuneration Committee at its July and November meetings.

20. The Board noted the contents of the report and thanked Dr Catherine Bell, and the Remuneration Committee, for its work.

VIII. Chief Executive's Report – Doc 2011-142 by Mr Andrew Haines

21. The Chief Executive drew the Board's attention to the items in his report relating to the Aviation Policy Framework, the proposed acquisition of bmi, National Performance Plans, the Operational Freedoms trial and the CAA HR Capability Review.

22. The positive results of the CAA Colleague Engagement survey were welcomed by the Board, particularly given the level of organisational change that was being experienced.

23. The Board was also provided an update on aviation security regulation. The Board reiterated its previous position regarding the critical need for clarity regarding the CAA's role with respect to aviation security regulation and highlighted the importance of being regularly sighted on developments.

24. The Board provided constructive positive feedback on the recent Leadership Conference at which it was felt that organisational progress had been visible. It was noted that a number of colleagues had expressed appreciation for the level of Non Executive participation.

25. The Board took the opportunity to recognise the CAA's Assistant Director of Airspace Policy, Mr Phil Roberts, both on receiving his OBE in recognition of his work on volcanic ash and on being appointed Chair to the Eurocontrol Agency Advisory Body. It was agreed that a note of congratulations would be sent to Mr Roberts.

Action: Chair

26. The Board noted the contents of the report and approved the opening of local currency bank accounts in the name of CAA International Ltd to support of their opening of overseas branch offices.

IX. Delivery of CAA Strategy – Progress Update – Doc 2011-143 by Mr Andrew Haines

27. Due to time constraints, this paper was deferred to the December meeting.

X. Directors' Reports

Finance Report – 7 Months Ended 31 October - Doc 2011-144 by Miss Chris Jesnick

28. The paper provided financial results for the five months to 31 October 2011. The operating profit was £3,991k compared to the budgeted profit of £3,307k. After accounting for net borrowing costs, the profit was £3,664k compared with a budgeted profit of £3,446k.

29. Miss Chris Jesnick drew the Board's attention to the insurance renewals that had been successfully negotiated through a performance based contract and the further savings that could be achieved through the Terms & Conditions changes that had been implemented.

30. During discussion, it was noted that the trend over recent months had been for favourable results to be achieved through reductions in expenditure rather than increased revenue. It was confirmed that if activity increased, costs would not increase proportionately. It was noted that some of the reduced costs were due to delays in either IT or facilities projects and the intention was to maintain the downward pressure on costs. It was also noted that the employment costs did provide an accommodation for churn in posts but that this had reduced significantly as a result of the Groups using improved management information.

31. The Board noted the contents of the report.

CPG – Doc 2011-145 by Mr Richard Jackson

32. Mr Richard Jackson updated the Board on the Holidays4UK claims position and the new processes that had been used to expedite claim payments. It was noted that the level of claims received was lower than had been anticipated and the Board would be updated in December with an analysis of the potential reasons behind this. The Board also requested to be updated on the claims position and for milestones to be established for the completion of the claims handling process.

Action: Mr Jackson

33. The Board noted the contents of the report.

RPG – Doc 2011-146 by Mr Iain Osborne

34. Mr Iain Osborne briefed the Board on a recent stakeholder workshop on initial views on the market power held by Heathrow, Gatwick and Stansted.

35. The Board noted the recent developments regarding the EU Emissions Trading System. The potential consequences of these developments were discussed.

36. The Board noted the contents of the report.

SRG – Doc 2011-147 by Mrs Gretchen Haskins

37. The Board noted the contents of the report.

DAP – Doc 2011-148 by Mr Mark Swan

38. Mr Mark Swan briefed the Board on the recent successful 'File a Flight Plan' day, which had been organised by the Airspace & Safety Initiative as a key communications mechanism in the lead up to the London 2012 Olympic & Paralympic Games. The Board recognised the value in such activities but highlighted the importance of being able to reach those individuals who were less likely to engage in these events. It was noted that this issue was challenging to address but that alternative mechanisms were continually being sought to broadcast messages to the wider aviation community. The importance was also noted of ensuring these messages provided clarity over roles and responsibilities.

39. The Board noted the contents of the report.

XI. Any Other Business

40. Swanwick Visit: The Board welcomed the opportunity to hold this Board meeting at NATS' Swanwick facility and discussed the itinerary for the remainder of the day, which included a tour of the

facility, discussion on the Future Airspace Strategy and London Area Management Programme, and a broader strategic discussion with the NATS senior team.

The next meeting of the Authority will be on Wednesday 21 December 2011 at 11.00am