

CIVIL AVIATION AUTHORITY



FOR PUBLICATION

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**MINUTES OF THE 469th BOARD MEETING HELD ON WEDNESDAY 20 NOVEMBER 2013
at 1.45 p.m. AT WHITE WALTHAM AERODROME**

Present:

Dame Deirdre Hutton

Chair

Mr Andrew Haines

Chief Executive

Dr Catherine Bell

Mr David Gray

Mr Richard Jackson

Miss Chris Jesnick

Mr Michael Medlicott

Mr Iain Osborne

Mr Mark Swan

Mrs Kate Staples

In Attendance:

Dr Stephen Rooney

Director, Corporate Communications

Mr Michael Barnard For item III

for item III

For item V

Mr Peter Gardiner Minute Taker

Minute Taker

I. Apologies

1. Apologies were received from Mr David King.

II Minutes of the Previous Meetings and Matters Arising

2. Changes to the previous minutes were noted on Page 7, item 24, line 7 and the first line of paragraph 70.

III Reflections on the GASF Discussion

3. There was general agreement that the discussion with the GA community had been of a better quality than in previous years, with a focus on issues of common interest rather than the CAA's performance. The GA community had such a diversity of stakeholders and a mixed set of priorities that it would be more testing to deliver the regulatory agenda successfully. It was emphasised that the GA community itself needs to take some ownership of those priorities. For the CAA it was important to consult on a programme of work and explain the rationale behind that programme along with a Cost Benefit Analysis and a Regulatory Impact Assessment. There was a need to set a deadline for agreeing some priorities along with a narrative by the end of January 2014 at the latest.

Action: Mark Swan

4. The Board emphasised that they required assurance that safety was not being diminished. Organisations with delegated authority must be competent. Each of the leadership team within SARG will sponsor a particular organisation and it was important not to lose sight of what the CAA was trying to achieve. On the subject of commercial operators related to GA, the Board gave clear direction that it had to be fully engaged with any changes due to the potential consequences in this area.

5. The Board passed on its thanks to Mike Barnard and Philip Clarke for moving issues forward over the past months with the right approach.

III Chairs Update –by Dame Deirdre Hutton

6. The Chair reported that her meeting with Lucy Chadwick had covered a number of topics including Q6 and they had spoken a lot about GA. Feedback for the CAA was that Baroness Kramer had a keen interest on noise issues.

V Chief Executive's Report by Andrew Haines - Doc 2013-147

GA Reception

The CEO opened by reporting that the GA reception held on the 6 November at CAA House had gone extremely well. The Right Honourable Grant Shapps MP had given a balanced message and the Minister for Aviation Robert Goodwill gave his full support to the event.

Q6

8. Mr Osborne gave a verbal update on responses to the consultation that had closed on 4 November. A paper on the Stansted consultation would be provided in December. More work had been done on market definition in the cargo market. On Q6, and the CAA was now at the last stage of consultation. In relation to the other airport operators it was noted that the latest traffic forecasts were healthier. The Board also noted recent indicators about cost of equity, the Competition Commission's provisional findings in Northern Ireland Electricity's appeal against its price control had given food for thought. It was noted that handling issues were complex at Gatwick, with bilateral negotiations between the airport and various airlines being a new factor; and the December Board would include a significant discussion on Q6 matters.

Denied Boarding and passenger complaints

9. There had been a mixed reaction from airlines to the CAA's recent drive for improvement in the number of cases resolved and the time taken for resolution, following the CEO's recent letter to them about passenger complaint handling. The CAA was also close to taking formal enforcement action against some airlines in following what had been, in some cases, a long record of inadequate action. Airlines had been notified that the CAA was considering making public information regarding their performance in January 2014.

Lowcostholidays

10. Mr Jackson briefed the Board on developments regarding Lowcostholidays recent move to Spain. The Board stated that there was a requirement to publicise some definitive information about the differences between ATOL and other schemes, including the regime in Spain/Balearics. The Board also stated that they needed to understand what more could be done with the CAA's information powers in this regard.

Action: Richard Jackson/Iain Osborne/Kate Staples

11. The Board approved the appointment of Mr Nicholson (in place of Mr James) to the CAAPS trustee board.

12. Mr Swan explained that the purpose of the analysis of recommendations made in relation to previous incidents and accidents was to ensure that all previous matters had to be appropriately acknowledged and addressed.

VI Safety and Airspace Regulation Group (SARG) Report by Mark Swan - Doc 2013-148

13. The SARG report highlighted the issues with high pressure turbine compressor blade fractures in the IAE¹ SelectOne engines. The report also highlighted that following a new EASA airworthiness limit on rotor pins in the MD900 helicopter, the CAA needed to be aware of potential publicity in case of consequent groundings, particularly among Police helicopters, since police forces were significant users of the aircraft.

14. The Board noted the report.

VII Charging Proposals for 2014/15 by Chris Jesnick – Doc 2013-152

15. The Board noted the work done on the cost base and agreed that substantial progress had been made towards meeting government targets. Miss Jesnick explained that the charging proposals had been discussed at the Finance Advisory Committee with little challenge and the only area of difficulty, remained in Aviation Security charges. The Industry remained unhappy with the overall costs as they are significantly more than the DfT's original published Impact Assessment. The other area of concern on security was the proposed alleviation of charges on smaller airports, below 3.5million passengers where there was the potential for challenge from larger airports, which were concerned that there could be distortions in the airport market. There had been comment from some stakeholders that they should have more than 4 months notice of such changes and BATA had emphasised that they would like a 'sunset clause' to review charges in 2-4 years.

16. The underlying CAA cost base was down, mostly due to staff savings, the removal of the canteen subsidy and the closure of regional offices. The Board stated that there needed to be a rationale within the document about the recovery of security charges and clarity for aerodromes.

Action: Chris Jesnick

17. The Board stated that some editorial work was required in the paper. There was an expectation that variable charges will hopefully come down and that the PPI business case commentary within the paper, should provide some further clarity on future expectations of charges.

¹ International Aero Engines

Action: Chris Jesnick**VIII Update on CAA Pensions Scheme by Chris Jesnick – Doc 2013 – 151**

NATS views in relation to Trustees were brought to attention of the board. The Board stated that it was content with the paper.

IX Aviation Security Bi-Monthly Report by Kate Staples – Doc 2013-149

19. Mrs Staples reported that considerable effort continued to be put into AVSEC IT matters. There was a fluid picture on the HR front as a consequence of the proposed changes to terms and conditions at the DfT. The CAA would have a workforce encompassing a patchwork of provision and conditions of service for its employees, for those remaining on Civil Service terms and conditions. The Board noted the report, the contribution of Peter Drissell and agreed that marked progress had been made.

X CAA International Update by Chris Jesnick – Doc 2013-150

20. Miss Jesnick reported a very strong contract pipeline with some substantial wins. Funding was coming through strongly, although there were a couple of tactical issues with EASA. There was a need to have 'line of sight' from EASA to enable CAAi to resource efficiently and appropriately. There were some issues emanating from the Regulation 6 appeal audit report and resource for CAAi within SARG was a priority for resolution. A Service Level Agreement was in development and the objectives of SARG employees would be supportive of CAAi. In addition, colleagues were considering the salary and bonus regime within CAAi and whether different approaches were required for Ci staff.

Action: Mark Swan

21. Finances are good within CAAi. The Board asked the question if some money might be invested in fatigue research. This issue would be looked at in the management advisory board.

Action: Andrew Haines/Chris Jesnick/Mark Swan

22. Internal Audit had been tasked to draw up some ToRs to audit the issue of time reporting and invoicing.

Action: Mark Swan/Chris Jesnick

XI Finance Report by Chris Jesnick – Doc 2013-156

23. The main item was an improvement in debt recovery and the need to get the contract with the MoD signed off. The Board were content with the report with the proviso that the rationale for the forecast was demonstrated and that the cost base was in control.

Action: Chris Jesnick

XII Live Issues

CPG

24. The Board briefly discussed the legal issues around ATOL and also commented favourably on the achievement of the removal of the appeals process with regard to foreign carrier permits.

XIII Any other Business and Forward Planning

Cyber Security

25. The issue of Cyber Security governance was raised and AVM Stringer offered to conduct some research and to brief the Board on the issue at the next meeting.

Action: AVM Stringer

Date and Time of Next Board Meeting: The next CAA Board meeting will be held on 18 December 2013, at 9.30am in Earhart Room, CAA House, London.