

CIVIL AVIATION AUTHORITY



FOR PUBLICATION

**CIVIL AVIATION AUTHORITY
MINUTES OF 446th BOARD MEETING HELD ON WEDNESDAY 19 OCTOBER 2011 AT 1.25 PM**

Present:

Dame Deirdre Hutton	Chair
Mr Andrew Haines	Chief Executive
Dr Catherine Bell	
Ms Gretchen Haskins	
Mr David Gray	
Mr Richard Jackson	(excluding item VI)
Miss Chris Jesnick	
Mr Roger Mountford	(excluding item VI)
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 Dan Edwards Head, Economic Policy & International Aviation	(for item V)
Mr Ben Combes Senior Economic and Environment Policy Adviser	(for item V)
Mr Lugano Kapembwa Environment Policy Adviser	(for item V)
Mr Sean Parker Head of Safety Data and Whistleblowing Focal Point	(for item VII)
Mr Tim Williams Head of Health, Safety and Environment	(for item VIII)
Mrs Anne-Marie Hopcroft Minute Taker	

I. Apologies

1. Apologies were received from Mr Medlicott.

II. Minutes of the Board Meeting held on 21 September 2011

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

III. Chair's Opening Remarks

3. Dame Deirdre Hutton briefed the Board on a recent meeting with the Department for Transport's (DfT's) Director-General, International, Strategy and Environment Group.

IV. DAP Strategic Report – Doc 2011-122 by Mr Mark Swan

4. The paper highlighted the wide remit of DAP and the progress that it had made in contributing towards the CAA's Strategic Objectives.

5. Mr Swan drew the Board's attention to two areas within his strategic report. These related to the forthcoming departure of key individuals (and the impact that this could have in terms of loss of capability and influence) and the need to consider the Functional Airspace Block (FAB) regulatory oversight models for potential cross-border air navigation service provision. The Board recognised the significant risks associated with the issues highlighted by Mr Swan.

6. With regard to the loss of key individuals, the Board felt that it was important for the organisation to be able to identify where there are key opportunities for influencing and ensure that these are resourced appropriately. It was noted that a capability review was underway to address this issue. The Board agreed that the review should also consider a more flexible approach to resourcing key posts.

7. The Board welcomed the MoD's reassessment of its airspace requirements following the Strategic Defence and Security Review.

8. The Board discussed DAP's use of a Maturity of Cross-Organisational Relationships framework to define respective roles and responsibilities with its stakeholders. It was noted that the use of this framework was still in early stages but the Board recognised the merits of this approach and drew comparisons between the use of this model and the principles of the Enhancing Safety Performance work. It was felt that further discussion on this topic should be held at a future Policy & Information Exchange Forum.

Action: Mr Swan

9. The Transition Altitude work was further discussed and it was noted that this work is primarily being taken forward through the UK / Ireland FAB but is being actively considered by Eurocontrol and the European Commission in terms of the broader transition altitude debate across Europe. The Board recognised the risks associated with not achieving consistency in transition levels within Europe and waiting for any consensus to emerge.

10. During a discussion on the delivery of Performance Based Navigation (PBN), it was noted that the inventory check of airline equipage would also need to consider the financial impacts of, for example, retrofitting aircraft. It was however highlighted that the vast majority of airlines operating into the UK appear to have the minimum level of equipage necessary to operate PBN.

11. The Board noted the contents of the report.

V. CAA and the Environment– Doc 2011-123 by Mr Andrew Haines

12. The paper built on previous discussions with the Board and outlined the work that had been undertaken as part of the Environment project to explore what the CAA's role should be in response to its strategic sustainability objective and the Chair's objectives from the Secretary of State. It proposed that the CAA should champion change in areas where its expertise gave it credibility and otherwise act as an 'honest broker', i.e. assess where to develop a specialism and strengthen the CAA's environmental message.

13. The Board recognised the scale of environmental activity already being undertaken by the CAA and acknowledged that this could be promoted more widely.

14. The Board considered what the CAA's role and capability should be in order to champion change and it was felt that this should also take into account the capability of other parties to take a 'championing' role. It was clarified that the mechanisms to champion change would include facilitation and that there would be sufficient flexibility to move between the honest broker and champion change stances. The Board agreed that there would need to be clarity and guidance about where to champion change and this should consider the resourcing levels required and the value for money this would provide. It was however recognised that the associated costs could be small in some cases and there could be significant cost savings to be gained by industry. The importance was also noted of ensuring that any 'champion' approach also took account of the political context.

15. The Board welcomed the clarity and logical stance provided in the paper produced by Mr Edwards and his team and felt that this did reflect the appetite previously expressed to take more of a leadership role in this area. The Board were content for the 'CAA and the Environment' document to be drafted in line with the proposed stance, taking into consideration the comments raised at the meeting.

VI. CAA Pension Scheme Review – Doc 2011-124 by Miss Chris Jesnick

16. Mr Mountford, as Chairman of the Trustees of the CAA Pension Scheme (CAAPS), vacated the Board meeting for this item as did Mr Jackson given his role as a Trustee of CAAPS.

17. The paper provided a set of options and proposals for moving the Pension Scheme forward with the Trustees, Trade Unions and proposed new Information and Consultation Employee (ICE) Forum. The paper also presented a proposed delivery timescale and next steps.

18. Miss Jesnick explained that the Executive Committee had considered the widest range of options within the restrictive legal constraints before making its proposal to the Board. It was noted that the options had differing impacts on future accrual rates but that some options were outside of the CAA's control to take forward. It was highlighted that none of the options would avoid the need for the increases in employer contribution rate planned for the remaining 4 years of the Strategic Plan.

19. The Board considered the options contained within the paper, taking into consideration potential impacts on turnover in staff and employment relations. It was highlighted that the review of the pension scheme was running in parallel with the benchmarking review as it was important to take

a joined up approach to these activities.

20. The Board continued to seek assurances that the Executive Committee would consider the widest possible range of options noting that the overall decision on the way forward ought to be taken in the context of the results of the benchmarking review.

21. Mr Mountford and Mr Jackson rejoined the Board meeting.

VII. External Whistleblowing to the CAA – Doc 2011-125 by Mrs Gretchen Haskins

22. The paper provided further background to the external whistleblowing system used by the CAA, in response to previous discussions at the Board in June, and a summary of the analysis carried out on the reports received. The paper concluded that no particular trends are apparent.

23. Mr Parker highlighted that the CAA's whistleblowing system compared favourably with those of other regulators and outlined the work underway to raise awareness within the CAA of how to handle whistleblowing reports.

24. The Board noted the relatively small number of reports received and questioned whether raising the profile of the system would help. The Board discussed the place of whistleblowing reports in the context of the other reporting mechanisms including industry reporting systems, Mandatory Occurrence Reporting Scheme (MORS) and particularly the Confidential Human factors Incident Reporting Programme (CHIRP), which provided an anonymous route for reporting concerns. It was highlighted that there was also the need for consumers to be aware that they could raise issues with the CAA that they have not been able to resolve with airlines and airports. It was agreed that the Board would benefit from an overview of the different reporting mechanisms and an understanding of where any gaps may exist.

Action: Mrs Haskins / Mr Osborne / Mr Jackson

25. The Board discussed whether the whistleblowing process was perceived to relate to safety issues alone. It was agreed that the profile of the process should be raised within the other CAA Groups and the website should specifically reference that the process has a wider remit.

26. The Board noted the contents of the paper and requested to be provided with an update on an annual basis unless there were any matters of a significant nature in which case these should be alerted to the Board through the relevant Director's monthly report.

VIII. Health & Safety Quarterly Report – Doc 2011-126 by Mr Mark Swan

27. The paper provided an overview of the current health and safety (H&S) performance across the CAA.

28. Mr Swan reported that the CAA's stress management strategy had recently been approved by the Executive Committee and had been circulated to the Board for information. It was highlighted that the success of the strategy would be measured primarily through long term absence rates but noted that there was also medical / ill health retirement data available through CAAPS.

29. During review of the audit findings, it was noted that the provision of training and guidance for contract managers was underway. Miss Jesnick also highlighted that the H&S oversight of contractors had also improved with an appropriate level of auditing being carried out.

30. The Board noted that the definition of reportable incidents under the Reporting of Incidents, Diseases & Dangerous Occurrences Regulations (RIDDOR) 1995 had changed. The Board agreed

it should continue to receive reports of all incidents although be alerted to which of these fell under the RIDDOR definition. The challenges associated with near miss reports were also highlighted and it was noted that this was an area of focus for the H&S team.

31. The Board endorsed the report and recognised the excellent work of the H & S Committee in delivering the Board's strategic goals.

IX. Eurocontrol Unit Rate 2012 – Doc 2011-128 by Miss Chris Jesnick

32. The paper provided a summary of the CAA's Determined Costs and proposed Eurocontrol rate of £1.35 compared with £0.79 in 2011. Miss Jesnick highlighted that this figure had been derived using the financial forecasts shown in the National Performance Plan and the increased rate was due to the inclusion of a £6m annual pensions provision. It was noted that the proposed rate had been subject to industry consultation.

33. The Board approved the proposed unit rate of £1.35.

X. Report from the Audit Committee – Doc 2011-129 by Mr Roger Mountford

34. The paper provided a report to the Board on the business of the Audit Committee on 21 September 2011.

35. The Board noted the report and thanked the Audit Committee for the work undertaken.

XI. European & International Strategy Quarterly Report – Doc 2011-130 by Mr Andrew Haines

36. The paper reported on the CAA's International Engagement project and provided an update on a number of European and ICAO matters.

37. The Board welcomed the number of CAA colleagues that had been appointed to key international roles and it was agreed that letters of congratulation would be sent.

Action: Chair

38. The Board further discussed the importance of international engagement and it was agreed that in order to pursue key influencing opportunities, the CAA should consider how best to work with the DfT and Cabinet Office European Secretariat. It was also recognised that individuals taking up international positions required appropriate levels of support on their return to the CAA, not least because their experiences should encourage others to pursue similar opportunities.

39. The Board also welcomed the increased profile of the Unmanned Aerial Systems sector at European level.

40. It was highlighted that the December Policy & Information Forum would contain an extended session on international engagement at which the Board would be able to further explore a number of key issues.

41. The Board noted the report.

XII. Chief Executive's Report – Doc 2011-131 by Mr Andrew Haines

42. The Chief Executive updated the Board on progress with regard to volcanic ash related activities and the colleague engagement survey.

43. The Board noted the report.

XIII. Directors' Reports

Finance Report – 6 Months Ended 30 September 2011 - Doc 2011-132 by Miss Chris

Jesnick

44. The paper provided financial results for the six months to 30 September 2011. The operating profit was £3,528k compared to the budgeted profit of £3,504k. After accounting for net borrowing costs, the profit was £3,393k compared with a budgeted profit of £3,623k. The paper also provided the six month financial results for CAA International.

45. With regard to the CAA financial results, Miss Jesnick drew the Board's attention to the adjustments that had been made to the 2011/12 CAA forecast.

46. The CAA International financial results were further discussed it was highlighted that whilst income levels were below budget, profit levels were above budget. It was noted that discussions were underway with the MoD and Military Aviation Authority with regard to the budgeted revenue from the Design Approved Organisations Scheme contract. It was also noted that the Malaysia and Singapore offices were expected to be operational by January 2012.

47. The Board noted the report.

CPG – Doc 2011-133 by Mr Richard Jackson

51. Mr Jackson briefed the Board on progress with claims arising from the Holidays4UK failure. It was noted that many of the lessons learnt from the claims management review had been implemented for this failure, with a positive outcome was being measured in reduced volumes of questions and complaints from consumers.

52. The Board noted the report.

RPG – Doc 2011-134 by Mr Iain Osborne

53. Mr Osborne drew the Board's attention to the security queuing and flight efficiency metric items in his report. With regard to the former it was noted that steps are being taken to address the measurement issues identified.

54. The Board also discussed the activities underway with regard to winter resilience. It was noted that industry facilitation in this area had not achieved as much progress as had been hoped but that the CAA were actively talking to airlines and airports to establish their level of preparedness for Winter 2011/12.

SRG – Doc 2011-135 by Mrs Gretchen Haskins

55. Mrs Haskins reported on a recent DHC-8 fatal aircraft accident in Papua New Guinea, which led to the airline involved grounding its fleet of DHC-8 aircraft. It was noted that the UK register does not contain any aircraft of this particular variant.

56. Mrs Haskins also highlighted the move of the North East and Midlands Regional Office team to the Manchester Regional Office. It was noted that four new Oversight Programme Manager posts had been created in order to facilitate a total system risk approach to be taken by the Regional Offices and proactively manage strategic stakeholder relationships. The Board recognised the importance of this change and welcomed this move.

57. The Board noted the report

DAP – Doc 2011-136 by Mr Mark Swan

58. The Board noted the report

XIV. General Counsel's Quarterly Report – Doc 2011-137 by Mrs Kate Staples

59. The paper provided a litigation update and quarterly reports for Freedom of Information Act 2000 requests and enforcement activity undertaken by the Aviation Regulation Enforcement Department. The paper also requested the Board's approval for the appointment of CAA International Directors.

60. The Board noted the report and approved the reappointment of Simon Baker and Nigel Coules to the Board of CAA International to be Directors for the three year period from 19 October 2011 until 19 October 2014.

XV. Any Other Business

61. New Secretaries of State for Transport and Defence: AVM North briefed the Board on the change in Secretary of State for Defence and how this may impact issues of interest to the CAA. The CAA Board had met with the Director General Civil Aviation and his team earlier in the day at which the priorities for the new Secretary of State for Transport, Justine Greening MP, were discussed.

The next meeting of the Authority will be on Wednesday 16 November 2011 at 10.45am