

CIVIL AVIATION AUTHORITY



FOR PUBLICATION

CIVIL AVIATION AUTHORITY

MINUTES OF THE 468th BOARD MEETING HELD ON WEDNESDAY 16 OCTOBER 2013

at 09:30a.m. IN CONFERENCE ROOM 1, AVIATION HOUSE

Present:

Dame Deirdre Hutton

Chair

Mr Andrew Haines

Chief Executive

Dr Catherine Bell

Mr David Gray

Mr Richard Jackson

Miss Chris Jesnick

Mr David King

Mr Michael Medlicott

Mr Iain Osborne

Mr Mark Swan

Mrs Kate Staples

In Attendance:

Dr Stephen Rooney

Director, Corporate Communications

Mr Thomas Carr

For item V

Mr Richard Hannah

For item VI

Mr Conrad Thomas

For item VI

Mr Lawrence Murtagh

For item VI

Mrs Kerry Simmons

For item VI

Mrs Manisha Aatkar

For item VI

Mr Simon Baker

For item VI

Mr John McColl

For item VII

Mr Peter Gardiner Minute Taker

Mr Stephen Baker Minute Taker

I. Apologies

1. Apologies were received from AVM Stringer.

II Minutes of the Previous Meetings and Matters Arising

2. Comments were received from Mr Medlicott and Mr Jackson. Mr Gray asked for a minor change to paragraph 16 on the Gatwick proposals.

III Chairs Update – Doc 2013-146–by Dame Deirdre Hutton

3. The Chair provided the Board with an update on various meetings she had recently held. She reported that she had visited Birmingham Airport at the beginning of October and had discussed the airport's development plans.

4. The Chair reported that she had attended a meeting with Bernadette Kelly from the Department for Business, Innovation and Skills who was running a review of economic regulators. She and Mr Haines also had a meeting with Sir Howard Davies, the Chairman of the Airports Commission: the meeting had been constructive and interesting and Sir Howard had said that he was happy with the advice and input the Commission had received from the CAA.

5. The Chair reported that she had met with Barry Sheerman MP, the newly appointed Chair of the Parliamentary Advisory Council on Transport, and with London First.

6. The Chair asked the Board to approve the proposed changes to the Audit, Remuneration and Nominations Committees (as set out in Doc 2013-146). The Board approved the proposed changes.

7. The Chair asked the Board to note that she had received a letter from the Secretary of State setting out the CAA's Strategic Objectives a copy of which was circulated to the members of the Board.

IV Chief Executive's Report - Doc 2013-115 - by Andrew Haines

8. Mr Haines reported that the EASA Flight Time Limitations (FTL) regulation had been adopted by the European Parliament at a recent vote. An application had however been made by BALPA, the British Airline Pilots Association, to the European Ombudsman on the grounds the EASA consultation had been flawed. There was now a need to ensure that confidence in the new scheme was built within the industry and to show that the CAA took the issue of fatigue seriously.

9. Mr Haines invited Mr Osborne to report on airline passenger complaints. Mr Osborne reported that a paper on airline passenger complaints would be put to ExCo next week. A large volume of passenger complaints had been returned to airlines to be settled, and the CAA was waiting to see how they were dealt with. The key issue was not necessarily that airlines were deliberately failing to comply with the law on denied boarding compensation payments but perhaps that they were inadequately staffed to do this and the CAA was considering how quickly it should move towards enforcement action to address this. So few cases had yet been addressed by airlines that it was so far unclear if there were systematic failings or whether airlines were simply taking proper decisions that happened to reject some claims. There was an acknowledgement that some complainants were frustrated when letters of complaint were being referred back to the airlines. However, the CAA considered that the airlines' initial failure was often because of a lack of guidance; now guidance on the interpretation of "extraordinary circumstances" had been issued, referring cases back was the quickest and most appropriate way to have the complaints addressed. The next decision point would be when airlines report their approach to the outstanding cases. The Board asked to remain sighted on the issue

10. Mr Haines reported that Susan Kramer MP had been appointed Minister for State and Robert Goodwill MP Aviation Minister in the recent government ministerial re-shuffle.

11. Mr Haines asked the Board to note that the Office of National Statistics had now decided not to proceed with the reclassification of the CAA. The Board agreed this was good news and offered its congratulations to Mrs Jesnick who had led the CAA response to the original ONS proposal.

12. Mr Haines spoke about his meeting at the Aviation Strategy Board and said that the ATOL scheme and the ATT had been discussed.

On the subject of Regulation 6 Appeals, as a result of a recent case there were some questions about the CAA's internal processes for and handling of hearings of such cases.

There were four actions required:

- a. Re-open the regulation 6 process review.
- b. Training to be provided for colleagues in SARG on how to build the cases.
- c. Assignment of IET investigations officers to ensure that evidence is of an admissible standard.
- d. Issues surrounding overseas examinations, including ensuring there was sufficient assurance that the examinations were being properly administered and invigilated by

the bodies providing these services overseas.

In relation to the last point, CAAi was conducting a review with KPMG of the arrangements for administering and invigilating the overseas examinations. The Board noted there was a potential reputational risk to the CAA if this was not done properly. Mrs Staples had been asked to conduct the review of the regulation 6 process.

14. The CAA was in discussions with EASA regarding the running of the EASA central examination question bank. In view of this, the Board agreed that the CAA must ensure that its processes were sound.

15. Mr Haines invited Mrs Staples to speak about the issue of RAF Northolt and the legal challenge from Biggin Hill and London Oxford airports to the MoD's proposed expansion of its civil commercial operations at RAF Northolt.

V Q6 Gatwick and Heathrow Market Power: Update on the CAA Determinations - Doc 2013-128 – by Iain Osborne

16. The Chair welcomed Mr Thomas Carr to the Board. Mr Osborne opened the discussion by underlining the importance of how the CAA defined the relevant market, to the market power determinations. These mattered to whether and how the CAA should regulate at Gatwick and Heathrow both now and in the future. Mr Osborne also encouraged the Board to seek assurance about the process that had been undertaken.

Heathrow

17. Mr Carr explained that consultation responses did not seriously challenge that Heathrow Airport Limited (HAL) possessed significant market power in the defined market, although the airport itself did not support the CAA position. The CAA's thinking on the Heathrow market power position had been refined slightly but, was substantially unchanged and remained robust.

18. The main concern raised had related to alleged inconsistencies in the CAA's market definition compared with precedents. However, there were good arguments for the different approach, since the CAA was addressing a different legal test under the Civil Aviation Act 2012. A number of the precedents cited, related to airline competition, where the analysis of airport competition was typically lighter-touch and incidental to the core analysis. The more relevant precedents mainly related to the London airports market, being previous statements made by the CAA and the Competition Commission, prior to the divestment of Stansted and Gatwick by BAA. Some previous CAA views had been overtaken by the Commission and the appeal courts taking a different line and it would not be appropriate to return to the previous

position. Moreover in the BAA case, the Commission had been answering a different question - was there a public interest detriment arising from common ownership? Rather than the market power test under the Civil Aviation Act. There were also some instances where the CAA had gathered fresh evidence which pointed to a different conclusion.

19. The Board noted that there could be a potential effect on an airline's route yield in switching from Heathrow and the impact this might have on airlines' ability to switch. Mr Carr explained that the airlines had provided some evidence on yields at each airport; however this did not provide a compelling overall picture. Qualitative evidence suggests that Heathrow is a high yield airport but there was no clear evidence that changes in airport charges strongly influenced routes airlines flew. The Board asked that Mr Osborne's team consider the issue further.

20. The Board asked what measures had been taken to check and verify the CAA position. Mr Carr explained that CAA had retained external experts in the relevant economic and legal fields to support the CAA consultation process and to check and test the quality of the work being undertaken for the market power determinations

21. The Board confirmed that it was content for the market power determination for Heathrow to be drafted on the basis it passed the market power test under the Civil Aviation Act 2012.

Gatwick

22. The Board noted that the key issue with regard to Gatwick was the proposal to amend the definition of the market. Mr Carr explained that the proposed amendment had been prompted by persuasive evidence as to there being a unified product market for air operations services. The previous CAA view, that there was a segmented market at Gatwick for low cost carriers, full services carriers and charters, was contested by GAL, MAG¹, EasyJet and BA. BA, in particular, had provided persuasive evidence of the level of competition with EasyJet at Gatwick for the same passengers. This was also supported by evidence from a number of sources of there being 'passenger arbitrage' at Gatwick, i.e. the ability of passengers to switch between 'full service carriers' and 'low cost carriers' when it suited them. In the light of the new evidence it was proposed that the CAA should draft its market power determination on the basis that there was a single product market at Gatwick.

23. As regards whether the geographic market extended beyond the south and west of London, it was noted that where there had been switching from Gatwick to Stansted, this had involved airlines operating small aircraft and reflected Gatwick's stated policy to incentivise

¹ Manchester Airports Group

the use of Gatwick airport by larger aircraft. This appeared to reinforce the argument about market power at Gatwick

24. The Board noted that a market definition that did not differentiate between full service and low cost carriers, impacted the analysis of Gatwick's market share. As such it provided a response to concerns about the earlier assessment that market power could exist at a market share level of less than 20%. Airlines would rather fly from Heathrow as it was more profitable but were unable to switch due to the lack of slots there. The shift in the market product definition had been prompted by new evidence and Mr Osborne was comfortable with that change as it reflected what the evidence was. There was no substantive change in the CAA view as to what was happening in the market at Gatwick as a whole. The fact that capacity at Heathrow was tightening meant airlines' ability to switch from Gatwick to Heathrow was worsening. It was noted that a change in the product definition might be challenged but also that it reflected the evidence and was a forward-looking view. Likewise, in relation to the narrowing of the geographical definition, Mr Osborne observed that the CAA was not substantially altering its view of the geographical market and that the same commercial factors were at play in relation to the narrower market definition.

25. Mr Carr said the same issues as to consistency of market definition with Competition Commission precedent had also been raised by the parties in relation to Gatwick as in relation to Heathrow, and the response was the same

26. The Board sought assurance regarding the process in relation to Gatwick. The fact that Gatwick was going through the same process as Heathrow was in itself assurance regarding consistency of approach, and the same external advice had been applied. Mr Osborne stated that Junior and Queen's Counsel had been retained in case the matter went to appeal and it might be advisable if the Junior could be made available for the December Board meeting in case specialist legal advice was required.

27. The Board confirmed that it was content with the general direction of the paper on Gatwick and that the airport did pass the market power test under the Act. Whilst noting the document was still very much in draft, there would need to be careful editorial scrutiny and the moves away from market definition precedents needed to be explained and justified clearly.

28. The Board discussed the general reception of the Q6 price control final proposals. It was noted that future treatment of second runway costs was an important issue for the passenger interest. The timescales and process in the event of appeal was explained.

29. The Board noted that a complete set of final draft decision documents would be submitted

to the Board in December for its consideration and the takeup of the decisions required under the act.

VI PPI Progress Update by Ms Jesnick – Doc 2013 – 129 - presented by Mr Hannah

30. The Chair welcomed, Richard Hannah, Conrad Thompson, Lawrence Murtagh, Kerry Simmons, Manisha Aatkar and Simon Baker to the Board. Ms Jesnick opened by stating that the main message was that substantial progress has been made on PPI. A high level programme was in place but there was still some work to do on how individual projects overlapped and there was a need to have a very strict 'gated' approach to the individual projects. The Project Finance Plan had been updated although there was more work to conduct around 'backfill' and the use by CAA of its own staff as against using contractors. The main constraint was around cash flow with a maximum funding requirement of £16m. A number of other sensitivities were detailed in the paper.

31. IT procurement had begun. There had been substantial movement with The Hub, with both physical and process changes in play. Customer relationship has been a key theme. Mr Hannah stated that it was important to understand what type of project management to use. There had been a discussion about using a mixture of Project Managers, with 2 projects allocated to 1 manager and the need to use internal CAA resource, where the skills exist. One of the next steps was to reinforce 'tools', 'controls' and 'governance' arrangements.

32. There would be provided a link to a SharePoint site and the Project management manual to be used across the business. There would also be a Business Change Implementation Guide.

33. The Chair asked the members of the PPI what their biggest worry was for the PPI project. Mr Hannah replied that the team had spent a lot of time looking at the issues as a programme. PPI was not really a programme but an arm of the business and an enabler for other departments. Was the team content that a possible dislocation between the IT and the business requirement was being handled? Mr Hannah replied that Business Process Re-engineering (BPR) was an important step along the way to understanding business processes before IT was introduced into the mix and on-line forms had produced an important enabler in that process. He was comfortable that the issue was being addressed.

34. It had been a conscious aim of the team to constrain BPR for budget and IT reasons. On-line forms had been a good success story but they had been restricted by a number of issues. These had now been resolved and the timing was now right to go on-line.

35. The Board agreed that there would be a substantial number of interdependencies. There was a need to bring together the human aspects and it was the real commitment of people that was required to make the project work. The team now had to put people in place, including Business Change Managers. The task was to identify those people, and put a structure around them. The CAA needed to identify talent and enable skills to be developed, in conjunction with HR. There was also a need for a 'hearts and minds' campaign and to take on resistance to change.

36. Mr Haines stated that the outside industry view was that this transformation was greater than many outside Industry projects. It was recognised by the Board that it was important to identify why people might be resistant. It might not be resistance 'per se' but staff being unsure of how to embrace and understand the change. Mr King made the point that it was important for the CAA to keep intact all the diverse skills that exist in SARG whilst managing such change.

37. The Board considered the six key areas of PPI.

Programme Plan

38. On the subject of the Programme Plan Mr Haines noted that 25 States already used the EMPIC system² and it was proposed to evaluate it for adoption in Phase 2.

Finance Case

39. It was noted that in Week 36 of the cash flow, it looked like there were one or two salient risks related to the cost of updates and developments. There was a question in relation to the assumptions made on the cost of software licences and that software updates were usually the risk area in finance systems. Mr Murtagh responded that he felt secure in the estimate at the present time and that this confidence was based on market research. Account had been taken of the updates required in the first 4 years of the programme with year 3 being the critical year. Mr Medicott asked if the CAA had considered using its own cost of capital rather than the Green Book 5.5%. Mr Baker responded that they had been prudent in their capital cost assumptions and quote what the DCF results would have been using CAA's own WACC.

40. The Chair asked the team if, at each 'Gateway', the team had identified incremental improvements and points where project progress could be stopped. The response was that at each Gateway there had to be identified savings and that the contract would allow this without

² European Aviation Processing System

penalties being incurred but, it was up to the CAA to manage the projects in the most cost effective manner.

Governance

41. Mr Hannah stated that he was comfortable with the proposed governance model.

Technology

42. There had been a number of complaints about Q-Pulse and the team was asked if they were confident that the technological solution would work. The CAA was working with the supplier to look at improvements. The BPR project had worked through the process and resolved many technical hiccups, there was a positive dialogue with the manufacturers and updates were anticipated early in New Year.

43. The Board asked if all the complaints had been worked through. Mrs Aatkar responded that the biggest complaint was that staff were not getting feedback that their comments were being addressed. A process had been now put in place to address this. Staff didn't realise that their complaints were being addressed, there would be built-in feedback to customers and communication was important.

44. Mr Ward asked how confident the team was with the security of data. The team replied that there was stipulation in the Invitation To tender (ITT) of a number of non- functional requirements, including security, and including encryption requirements and standards. The standards of encryption would be robust: 2048 bit security encryption was the standard which was one level away from defence levels of encryption. External penetration testing was also being conducted.

Sourcing Approach

45. Mr Hannah stated that the team was talking to the Cabinet Office on this subject.

Service Modernisation Update

46. The data about customer experience would be wrapped up into the quarterly business report and this was one of the deliverables of the stakeholder management project. Over the next couple of months there would be more definition. Mr Haines stated that there was a trade off between savings and quality and it would be helpful if Mr Chinn attended the next PPI presentation to the Board.

47. The Chair asked what the greatest worry was for the Programme. The greatest area of risk was programme liquidity. It was considered that the CAA was in very good shape. The

People Change 'piece' was the second biggest area of risk and needed careful management, recognising the complexity of the type of people within the CAA. There is a need to manage and coach people, given that the CAA is a small organisation with a very complex set of skills.

48. The Board noted the progress made with the PPI Programme and the plans in place to progress the Programme.

Minimising the Likelihood of the Loss of Engine Cowlings – by Mr Swan – Doc 2013 – 130 - presented by Mr McColl

49. The Chair welcomed Mr John McColl to the Board. Mr Swan opened the discussion by stating that the BA engine cowl incident was a classic case of a risk that did not fall into the Significant 7. The incident itself had led to a significant amount of additional work being conducted on human factors in aviation safety and the Board was asked to note that a revised draft Safety Plan would be submitted to the Board in December. He invited Mr McColl to talk about the Engine Cowlings issue.

50. Human factors work was also ongoing within the CAA, to address issues of CAA oversight of organisations with line maintenance stations. The SARG reorganisation gave the CAA an opportunity to target the issue of the correct skill sets of people employed in oversight.

51. The view was expressed that unless there was a design fix, the event could happen again. There were issues with the availability of Standard Operating Procedures and documentation 'at the workplace' including access to the maintenance manual and the technical log. Other views expressed, included the need for the right quality performance system being in place, auditing performance not compliance and that there should be a tagging in and out system, as used in the rail sector.

52. There was a discussion about the different maintenance procedures at Gatwick and Heathrow and was this something the CAA should have picked up. These differences were possibly due to different cultural approaches but both had been considered compliant, the proposed changes however should introduce a common approach. ESP³ would begin looking at this issue and the CAA would be more challenging on this aspect in the future. The December PiE⁴ will be discussing this issue.

³ Enhancing Safety performance

⁴ Policy Information Exchange Executive Committee Meeting

53. The focus of the CAA had moved to the 'upstream risk' and there would be more on this in the revised safety plan. The engine cowl latching complied with the design requirements and that, given the number of incidents involving them, this did not feel right. A design solution was therefore required in the long term.

54. The Board was encouraged by the brief, adding that it was the Board's view that the CAA should move away from the Significant Seven, to focus in a consistent manner on the causes of aviation accidents and incidents, including the potential role that cost savings implemented by airlines played. The CAA may need to create a 'Tiger' group that could question airlines effectively on the potential impact of their policies.

VIII Safety and Airspace Regulation Group (SARG) Report – Doc 2013 - 131– by Mr Swan

56. Mr Swan gave the Board an update on the CAA review of North Sea helicopter operations, following the Super Puma accident. He reported that Bob Jones, Head of CAA Flight Operations, was currently in Norway as part of the review and that he was receiving excellent support from the Norwegian CAA. EASA was waiting for the CAA to produce a report before taking any actions itself and which was currently scheduled for completion and delivery to the CAA Board by early 2014. The report would be reviewed by an expert peer review group before it was finalised.

IX Report from the Audit Committee – Doc 2013 – 134 – by Mr Ward

58. Mr Ward asked the Board to note that the procurement process to re-tender the annual Internal Audit contract would begin in October.

59. The Board noted the report.

X General Counsel Quarterly Report – Doc 2013- 135 - by Mrs Staples

60. Mrs Staples reported that her department had now received the decision of the Information Commissioner's Office on the complaint under the Freedom of Information Act relating to the refused request for information on the possible use of steep approaches at Heathrow. The request had been refused initially because the CAA work on steep approaches had not been completed. The ICO decision had been positive, in favour of the CAA's refusal, although it did place an obligation on the CAA to advise the applicant when the

information is published.

61. The Board was asked to approve the opening of a bank account to enable CAAi, in connection with a recent contract awarded to it by the Kuwait Director General of Civil Aviation, to receive payments from Kuwait in Kuwaiti dinars. The Board approved the opening of the account subject to appropriate due diligence having been conducted.

62. The Chair asked if any difficulty was envisaged with the rate of FOI requests and CAA responses. Mrs Staples replied that the IMD team had indicated that while we still meet most deadlines it was taking effort to obtain responses, especially with the recent SARG reorganisation and in identifying the responsible persons to do this. There is a need for wider awareness of FOI⁵.

XI EIS Quarterly Report – Doc 2013 – 136 - by Mr Haines

63. Mr Haines opened by stating that at the recent ICAO General Assembly a co-ordinated BRICS⁶ action had stymied the European proposal for a global emissions trading scheme. This was a backwards step for ETS. The European Commission had refused to endorse the list of incidents it considered as constituting ‘extraordinary circumstances’ under the Denied Board Regulation as the list was the work of Member State national aviation authorities rather than the Commission itself.

64. The Board noted that the ICAO General Assembly had welcomed the publication of the new Annex on Safety management Systems and congratulated Mrs Hazel Courtney on her work in leading the ICAO committee that had drafted it. The Board was invited to note that the outcomes of the Air Navigation Conference in 2012 on steps to avoid conflicts between different GNSS systems had been endorsed by the Assembly.

65. Mr Haines noted that Patrick Ky had recently taken up post as the new Executive Director of EASA and had made a good start.

XII HR Quarterly Report – Doc 2013 – 137 – by Mrs Aatkar

66. The Chair welcomed Mrs Aatkar to her first Board meeting. Mrs Aatkar opened her report by saying that the main issue was the ability of the CAA to absorb change. The impression was that CAA staff saw the changes that the CAA was undergoing as being quite fast, in

⁵ Freedom of Information Requests.

⁶ Brazil, Russia, India, China and South Africa.

comparison to experience of external organisations where such changes would be viewed as being slow. It was noted that the People Plan was not quite aligned to some of the organisational changes being implemented in the CAA. There was therefore a need to win 'hearts and minds', to ensure a 'people transformation' as well as a process transformation, in particular in relation to mindset and equipping staff with the softer skill sets they would require. With regard to capabilities there were three main areas of focus:

- a. Project and change management – Need to bring in discipline.
- b. Leadership and Management - Because of the pace of change, traditional methods of leadership will not be effective. There was a need to be innovative, to manage, mentor and coach leaders about managing change.

c. Technical capability – technical skills contributed heavily to the reputation of the CAA and were demand led. These needed to be maintained but the question also needed to be asked: what are skills are needed for the future?

67. Regarding the team she had inherited from her predecessor, Mrs Aatkar said she was impressed with the spirit shown by her team given the difficult role it had had to play during the reorganisation. Mr King asked if there were areas in Gatwick where succession planning would be difficult due to the technical skills required. There were potential gaps in the Flight Operations due to the lack of operational redundancy and this was of key concern. The Airworthiness department was in a better position. SARG was working with HR on a new organisational blue-print. There was a potential for de-risking with significant scope for multi-skilling the SARG workforce and this would be a key deliverable in the longer term. There was also a need to use ESP as the basis of re-organisation and a Training Needs Analysis would be required to identify the re-training requirement in order to fulfil this

68. Mrs Aatkar received positive support from the Board for her plans. It would be helpful if her next paper spoke about the risks arising from the plans and what would happen when the three year pay-deal expired.

69. The Board noted the progress made and the actions planned for the remainder of the 2013/14 People Plan.

XIII Corporate Communications Quarterly Report – Doc 2013 – 138 – by Dr Rooney

70. Dr Rooney stated that the ATOL Awareness Campaign had been a good news story and very successful. CAA had submitted a full evaluation along with a business case for a repeat

campaign to the Cabinet Office. The CAA had now received Cabinet Office approval to repeat the campaign

71. On complaints, Iain Osborne and Matt Buffey from MCG⁷ had made appearances on Consumer Watchdog and Money Box to highlight and explain the CAA case on denied boarding compensation and airline passenger complaints. The issue now has greater prominence in the media, leading to greater pressure on the CAA to act on passenger complaints. CCD would be seeking to steer journalists to put more direct pressure on airlines, and hold them to account for the way in which they were dealing with customer complaints.

72. On ground handling there had been a campaign to improve the level of reporting including via the Mandatory Occurrence Report Scheme. The main issue was a change of culture.

73. On the subject of CAA published information there was a need to ensure more systematic and regular review and updating of publications.. There were numerous editorial issues with the CAPs and CAP 804 was a good example. The process of reviewing the CAPs had begun and new guidelines were to be introduced. A phased programme to review and edit the CAPS was underway but it was large task that would take time. It would begin by focusing on those publications that are most used.

74. The last two weeks had been particularly busy for CCD and a number of issues which had generated significant media interest were highlighted, including Flight Time Limitations and the London Airports Q6 price review. There had been more comment in the media regarding the CAA than for a long time and this was largely a coincidence of timing, with a number of issues coming to a head at the same time. The organisation's more proactive approach to communication inevitably meant that some issues are now higher profile than they might previously have been. CCD was broadly happy with the ability to respond electronically in real time, using Twitter for example. CCD was now a digital press office, using GA forums and Twitter and dedicated accounts for targeted issues. The current approach and level of resource were deemed appropriate.

75. The Board noted the report.

⁷ Markets and Consumer Group (ex RPG)

XIV Health and Safety Quarterly Report – Doc 2013 - 139 – by Mr Swan

76. Mr Swan reported that there were no RIDDOR reportable incidents and only three minor injuries recorded during the period. Generally he thought the health and safety situation was good and reported that the Health & Safety Committee continued to do good work.

77. The Board endorsed the report.

XV Occupational Health Report – Doc 2013 - 140– by Mr Swan

78. Mr Swan reported that the occupational health performance was good. Human Resource absence data feeds were not quite right just yet and the next report will provide a more robust data set. The internal audit of the Medical Department had been completed in the summer and there was a strategic review of medical to expose the true cost of occupational health to the CAA and to enable cross-charging. Mrs Bell commended the CAA for what had been achieved.

79. The Board noted the report.

XVI Finance Report – Doc 2013 – 141 – by Miss Jesnick

80. Miss Jesnick reported that CAA Finances appeared to be in good shape. Costs were under control and the forecast would be discussed at ExCo, due to the upcoming SARG consultation. Income was improving in the regulatory sector and was starting to look promising and healthy. Miss Jesnick reported that debt collection rates had also improved and that CAAi operating profits were above budget.

81. The Board noted the report.

XVII Eurocontrol Unit Rate – – Doc 2013 – 142 - by Miss Jesnick

82. Miss Jesnick outlined the proposed increase in the Eurocontrol rate for 2014 and explained that the proposed unit rate of £1.40, representing an 8.5% increase on the 2013 unit rate, was entirely due to the traffic adjustment in the SES Performance Scheme. The financial forecasts used to calculate the 2014 unit rate were those shown in the UK National Performance Plan. Miss Jesnick asked the Board to note ExCo had agreed that the unit rate should not include the difference between the assumed inflation rate and the actual inflation rate over the 3 year period. The Board approved this approach.

83. The Board approved proposed CAA unit rate of £1.40 per service unit in accordance with

the CAA's Determined Costs contained in the NPP.

XVIII Live Issues Directors Reports: MCG Doc 2013-143; CPG Doc 2013-144; CCD Doc2013-145

MCG

84. Mr Osborne reported that MCG were heading for returning of up to 30,000 airline passenger complaints to the airlines for re-assessment. A third of the complaints returned had so far resulted in compensation payments from the airlines. With the other two thirds the airlines had responded with their view of the position.

85. Mr Haines mentioned that there was good progress at Heathrow on winter resilience planning.

86. Mr Osborne outlined initial reactions to the publication of the CAA's proposals.

XIX Any Other Business

87. Mr Medicott advised the Board that he had recently been appointed as the Chair of Myriad Healthcare Group. He did not believe there was any conflict of interest.