

CIVIL AVIATION AUTHORITY



FOR PUBLICATION

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MINUTES OF THE 456th BOARD MEETING HELD ON WEDNESDAY 19 SEPTEMBER 2012 at 11.30 AM

Present:

Dame Deirdre Hutton

Chair

Mr Andrew Haines

Chief Executive

Dr Catherine Bell

Mr David Gray

Mrs Gretchen Haskins

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:

Mr David Owen

Director, Human Resources

Dr Stephen Rooney

Director of Corporate Communications

Mr Stuart Lindsey

Head of Controlled Airspace, DAP for item I

Mr Ben Alcott
Head of Group Safety Services, SRG

for items VI and VII

Ms Maria Boyle
Chief Executive Officer, ASSI

for item IX

Mr Stephen Baker
Minute Taker

II. Apologies

7. No apologies were received.

III. Chair's Update

8. The Chair briefed the Board on various meetings she had attended recently, including at Glasgow Airport with Amanda McMillan (the airport's Managing Director) on 14 July, at Edinburgh airport with Sir John Elvidge (Chair) and Gordon Dewar (Chief Executive) on 15 July, with David McMillan, the Director General of Eurocontrol on 4 September and on her attendance at the launch of the working group on risk based policy making in Brussels. The Chair also reported that she and Mr Haines had recently met the new Minister of State.

9. The Chair thanked AVM North for his recent letter regarding the London 2012 Olympics.

10. On behalf of the Board, the Chair thanked all those staff who had been involved in the successful handling of air space issues at the 2012 Olympics and expressed appreciation for the hard work and expertise that had gone into achieving this.

IV. Chief Executive's Report – Doc 2012-111 by Mr Andrew Haines

11. Mr Haines asked the Board to:

- appoint Mr Osborne, Mr Mountford and Mr Jackson to a Panel to conduct a scarce capacity hearing for the London-Moscow route pursuant to the Civil Aviation (Allocation of Scarce Capacity) Regulations 2007; and
- to authorise the Chair and the Chief Executive to identify and appoint an additional Panel member should the need arise at short notice.

The Board:

- appointed Mr Iain Osborne, Mr Roger Mountford and Mr Richard Jackson to the Scarce Capacity Panel; and
- authorised the Chair and the Chief Executive to identify and appoint an additional Panel member should the need arise.

12. Mr Haines also asked the Board to:

- re-appoint Gillian Martin as a NATS Member Nominated Trustee of CAAPS for the period 1 October 2012 to 30 September 2015;
- appoint Guy Evans a NATS Employee Nominated Trustee of CAAPS for the period 1 October 2012 to 30 September 2015; and
- appoint Stuart Mitchell a CAA Member Nominated Trustee of CAAPS for the period 1 October 2012 to 30 September 2015.

The Board:

- re-appointed Gillian Martin as a NATS Member Nominated Trustee of CAAPS;
- appointed Guy Evans a NATS Employee Nominated Trustee of CAAPS; and
- appoint Stuart Mitchell a CAA Member Nominated Trustee of CAAPS,

each for the period 1 October 2012 to 30 September 2015.

13. Mr Haines presented highlights from his report.

14. Mr Haines reported that he had met the new Secretary of State the previous day. He noted that the House of Commons Transport Committee had issued a call for evidence on the government's aviation policy and on aviation capacity and that evidence would be required to be submitted before the next CAA Board meeting. He also noted that BAA's sale of Stansted Airport was now proceeding and that Mr Osborne had met several advisers to potential bidders in connection with the latter.

15. Mr Haines invited Mr Jackson to give the Board a briefing on an air travel organiser's licensing matter. Mr Jackson briefed the Board on the current situation with the holder of the licence and on recent discussions with the company's senior management over their plans. Mrs Haskins said SRG was monitoring the situation. Mr Jackson also gave the Board a briefing on another air travel organiser's licensing matter in which he said there had been an improvement in the holder's position.

16. Mr Haines briefed the Board on the ongoing measures being taken in response to the Colleague Engagement findings. The findings showed there were some significant issues, which were being taken seriously and had generated much discussion with colleagues. HR was working hard with line managers to develop meaningful action plans to address the findings and the ExCo would be reviewing these shortly. The next round of colleague engagement was planned for the end of the financial year so targets for improvements could be set. In the meantime information from the forthcoming performance reviews would be fed into the management system to enable executive directors to have meaningful conversations with their line managers.

17. Mr Haines reported on the negotiations with the trade unions on the new reward arrangements

and invited Mr Owen to brief the Board. Mr Owen gave a briefing on the current state of the negotiations and on the meetings he planned to hold with the unions before the end of the year.

18. Mr Haines updated the Board on the Performance and Process Improvement Programme. Following a rigorous, competitive tender a contractor, PA Consulting Ltd, had been selected by ExCo for the award of the Enterprise Architecture and Assurance Contract on the basis of best value for money. The contract contained tightly defined deliverables and PA had already begun work on Phase 1.

19. Mr Haines invited Mrs Haskins to brief the Board on the EASA consultation on flight time limitations. Mrs Haskins informed the Board that the issues on which SRG had sought clarification from EASA had been addressed, concerning a cap of 16 hours on airport standby plus flight duty period and additional operator management requirements for night duties in excess of 10 hours. SRG was satisfied with EASA's response document although the CAA had raised an objection to the proposed change in the EASA Decision material on the daily standby limit other than at the airport. These comments were being reviewed by EASA prior to issuing the Comment Response Document. On the issue of scientific input, EASA had said it would review the implementation of the FTL restrictions in two years time but SRG considered this to be too late and an SRG working group would use scientific input to advise at the implementation of the new FTL before then.

V. Organisation Roadmap – Doc 2012-112 by Mr Andrew Haines

20. Mr Haines gave a presentation to the Board on the Organisation Roadmap, in which he outlined the key PPI building blocks, the core design matrix and design principles of the future organisation of the CAA, provided an indicative map of future CAA activities, illustrated how the CAA strategy would be linked to the CAA's target operating model, summarised the concept and advantages of a shared services hub and outlined the deliverables to be expected from the PPI Programme by March 2013 and the implementation steps to be taken in the timeline to Spring 2013.

21. Mr Haines reiterated that the future CAA would be transparent in terms of its goals, rationale and intentions with modern, up to date processes and systems facilitating easier engagement with stakeholders. There would be a leaner, flatter organisational structure, with efficient, value driven and enhanced technical expertise across a range of skills, working and collaborating in cross-functional CAA teams. The CAA's reward systems would promote genuine technical and intellectual excellence.

22. Comments were invited from the Board.

23. The Board discussed the future role of the expert in the CAA and how CAA expertise might be managed and motivated. The Board acknowledged that there were a number of key factors involved, including multi-functional team collaboration, a transparent reward system and the enablement of CAA experts so as to allow them to flourish and contribute to the future CAA regulatory model by concentrating on technical tasks rather than on day to day management. Nonetheless, the Board

recognised that in a regulator such as the CAA there was an important role for communicators and leaders and that the CAA also needed to ensure it could source cutting-edge technical expertise from the whole industry, not just from its own staff. The Board also agreed the role of the proposed shared services hub was vital for the future CAA.

24. The Board endorsed the paper and requested that it be kept informed on further developments in the Programme.

Action: Mr Haines

VI Regulatory Approach to Recreational Aviation (RA2) Programme – Doc 2012-113 by Mrs Gretchen Haskins with Mr Ben Alcott

25. Mrs Haskins and Mr Alcott presented a paper outlining a proposed, new regulatory approach to Recreational Aviation (RA2), following the completion of a review by SRG of CAA's regulatory approach to recreational aviation.

26. Mrs Haskins explained that the purpose of the review was to consider whether a more proportionate approach could be applied to certain types of general aviation (GA) – in particular, recreational aviation - whilst maintaining or improving safety outcomes. The review had followed a pilot study to scope the appetite for change. The key principles of the review were that the safety of fare paying passengers and third parties should be paramount, with regulatory interventions made when this was put at risk, and the recognising the difference between commercial and non-commercial operations and the inherent responsibility of the recreational aircraft owner/pilot in command for his own safety.

27. This approach recognised that one regulatory approach did not fit all situations and that safety levels were not required to be the same for recreational aviation as for commercial operations involving fare paying passengers. Detailed analysis of CAA safety data had identified a 'GA significant six', comparable to the existing 'significant seven', which provided scope for establishing appropriate safety strategies and devolving responsibility for some areas to the recreational aviation industry through revised requirements. CAA had also considered a request from the industry to look at the concept of 'adventurous aviation', where the regulatory framework was built around a participant's wider acceptance of the risks inherent in the activity.

28. Mrs Haskins said that the proposed approach was in line with the CAA's Strategic Objectives on safety and proportionality, with ICAO Annex 6, Part 2, on ensuring 'an acceptable level of safety to passengers and third parties, and was also aligned with EASA's GA Strategy Review which, Mrs Haskins noted, the EASA management board had yesterday endorsed. The proposed new approach to recreational aviation represented a significant shift in philosophy for the CAA, with greater emphasis on training, safety culture, education and guidance, and offered the opportunity to influence further EASA's approach to GA and recreational aviation.

29. Mrs Haskins emphasised that the proposed new approach did not mean that SRG did not intend to ensure aircraft were airworthy and pilots properly licensed and competent. Moreover, the 'significant six' and Safety Management Systems would be used to drive key safety outcomes and there would be better targeted enforcement, with the PPI programme being used to implement revised procedures. It was likely that Annex II aircraft, which remained subject national regulations, would be the initial subject of the new approach

30. Mrs Haskins said that SRG intended to share the results of the review with DfT and the industry as well as generally through a brief by Corporate Comms. A summary of the programme had already been presented to the September GASF meeting and the safety analysis would be used to start discussions through the GA Safety Partnership at their next meeting.

31. The Board was asked to note the contents of the paper and endorse the proposed approach to recreational aviation and further influence of the EASA approach to GA.

32. The Board discussed the paper. It agreed that the protection of third parties, in particular fare paying passengers, was critical and must be maintained to high standards, even allowing for the rarity of occurrences in which they were involved in incidents with GA aircraft. The programme also needed to be targeted at the right areas of GA, recognising that GA covered a number of distinct areas, and to work closely with EASA as the Agency implemented its review. Regulation of recreational aviation should be proportional whilst ensuring appropriate standards for pilot licensing and aircraft airworthiness were maintained.

33. The Board noted that SRG had done extensive safety data analysis and research for the paper.. The Board was content with the proposed approach outlined in the paper but proper communication of the programme to the GA community would be important and Corporate Comms should be involved in this. The Board noted the proposed next actions outlined in the paper and requested that it be kept informed. Mrs Haskins was requested to bring a paper on the next steps back to the Board, once the project had progressed further.

Action: Mrs Haskins

VII State Safety Programme – Doc 2012-114 by Mrs Gretchen Haskins

34. Mrs Haskins invited Mr Alcott to present the paper to the Board.

35. Mr Alcott explained that the development of a State Safety Programme (SSP) was an ICAO requirement, using a standard format to describe how the State regulates civil aviation, and that, in partnership with the DfT, SRG had significantly expanded the scope of the UK SSP to include, and to try to reduce, all flight safety risks to UK consumers (under Part 3 of the SSP), influencing safety beyond the CAA remit, which was consistent with the CAA strategy on consumer protection. This included, for example, foreign operators not regulated by CAA and overseas destinations visited by UK consumers

36. Mr Alcott briefed the Board on the initiatives that SRG had taken to develop international partnerships with foreign NAAs as part of the new concept under Part 3 of the SSP.

37. Funds for these initiatives were being made available by the DfT on a case by case, bid basis. The DfT had so far funded travel and technical support for the initiative and had also agreed to fund two new pilot and analyst posts to support the SSP work. Governance of the initiative was through the UK Safety Strategy Board, chaired by the DGCA, and UK airlines had been invited to identify issues and destinations which might be included in the programme.

38. The Board was invited to note the paper and comment.

39. The Board confirmed that it was content with the expansion of the scope of the SSP to include all flight safety risks to UK consumers, as outlined in the paper, and that this represented a useful integration of the SSP with the CAA Strategic Plan and development of CAA leadership beyond authority. The Board noted, however, that Part 3 required refinement, in relation to the regulatory role of the MAA and the UK military within the SSP, and also that further work was needed to develop relations with foreign authorities and international partnerships that would enhance flight safety for the UK consumer in areas beyond CAA's direct regulatory remit.

VIII Current Safety Issues – Doc 2012-15 by Ms Gretchen Haskins and Mr Mark Swan

40. Mrs Haskins presented highlights from the report, including the CAA DVD on upset recovery, a copy which would be sent to every UK CPL holder, and on the London 2012 Olympics and Paralympics Safety Performance, in respect of which lessons learned exercises were being conducted.

IX ASSI Update – Doc 2012-116 sponsored by Capt Roger Whitefield, presented by Miss Maria Boyle

41. Miss Boyle briefed the Board on changes within ASSI following the cuts to ASSI's budget imposed by the DfT in 2010. ASSI was now operating wholly from the UK, having closed its BVI office last year, and was now funded by DfT grant and contributions from the Overseas Territories (OTs) to ASSI's framework and regulatory costs. Memoranda of Understanding had been signed with all of the OTs apart from Anguilla but DfT had made clear that OTs that did not pay the charges would be excluded from ASSI's remit.

42. Miss Boyle said that ASSI was working closely with the Cayman Islands and Bermuda on a policy for managing the oversight risks for the continued airworthiness of aircraft operating offshore. ASSI had also facilitated a meeting between the Bermudan CAA and EASA on working arrangements for Russian operated, Bermudan registered aircraft which relied on EASA approvals of maintenance organisations for the continued oversight of airworthiness by Bermuda. ASSI would also be conducting a review of OTs' oversight of offshore aircraft under the article 83 bis agreements between

Cayman and Bermuda with Russia.

43. Captain Whitefield informed the Board that Guernsey had indicated an interest in adopting the ASSI OT Aviation Requirements (OTARs), or parts of them, possibly combined with parts of the EASA regulatory system, in connection with the operation of an aircraft register. Initial meetings had suggested that DfT might wish ASSI to participate in overseeing such a process. ASSI was against selective combination of different regulatory codes but whilst the CAA had no statutory responsibility for the Crown Dependencies, it was possible that CAA might be required by DfT to do this.

44. Miss Boyle informed the Board as to the measures being adopted by ASSI to improve risk data collection for the OTs.

45. The Board noted the paper and expressed reservations about using a standard different to the EASA standard for Guernsey and questioned whether it would be legally possible for the UK to adopt a policy of excluding non-paying OTs from ASSI's remit.

X CAA Reward and Pensions Committee Update – Doc 2012-117 by Miss Chris Jesnick

46. Miss Jesnick briefed the Board on the membership of the new Rewards and Pensions Committee and presented the Committee's terms of reference.

47. The Board noted the new Committee and its terms of reference.

XI CAA Financial Results for the 5 months to 31 August 2012 – Doc 2012-118 by Miss Chris Jesnick

48. Miss Jesnick presented highlights from her report for the 5 months ended 31 August 2012. She reported that the income figures were down across the group, apart from in SRG, reflecting a number of factors impacting on the CAA, and whilst it was too soon to give any firm year end forecasts, one was being worked up for presentation at the next Board meeting. Miss Jesnick gave a summary of the trade receivable position as at the end of August.

49. The Board noted the information.

XII Live Issues – DAP-Doc 2012-120; CCD-Doc 2012-121; RPG-Doc 2012-122; CPG-Doc 2012-123; EIS-Doc 2012-125

50. DAP - Mr Swan reported on progress in the 2.6GHz Auction/Radar Remediation Programme.

51. CCD – Dr Rooney was asked to ensure a clear handling plan was in place to communicate the CAA's position on future aviation strategy particularly in the context of the new independent commission established by the government, and other related inquiries into the topic..

Action: Dr Rooney

52. RPG – Mr Osborne reported that any information that was provided by RPG to any interested bidder in connection with the Stansted Airport sale would be made equally available to all other

bidders. Mr Osborne reported on the impact of the sale on the process of RPG's Constructive Engagement process at the airport. Mr Osborne asked the Board to note that guidance notes on the forthcoming stakeholder engagement process for the Q6 price determinations for the three London airports would be issued to Board members shortly. Mr Osborne informed the Board that the Flybe - Gatwick Airport Section 41 hearing provisional decision had now been published.

XIII. Any Other Business

53. There was no other business.

The next meeting of the CAA Board will be held on Wednesday, 17th October 2012, at 10.00 am in Conference Room 1 at Aviation House, Gatwick.