



- Risk Review – Miss Jesnick confirmed that this would be arranged.
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- ASSI Chief Executive – The Secretary confirmed that the formal approval of the Secretary of State had been sought.

## **II Chairman's Opening Remarks.**

2. The Chairman reported on the following matters:

- EASA Meeting – the meeting had been held with M Goudou. Because of EASA's financial problems M Goudou said that he could not extend the Purchase Orders for services from CAA which are due to expire in August for more than two to three months only which was plainly unsatisfactory. The Chairman had stressed the need for improved governance arrangements, and the need for improved and simplified methods of regulation on the part of EASA. M Goudou said that he would be prepared to receive a paper from CAA on this latter subject. A draft Paper for this purpose should be presented to the September Board.

**Action : Mr Bell**

Following the meeting M Goudou issued a press release confirming that relations with the UK CAA were very good.

- DG Tren Meeting – the Chairman had met Mr Calleja. The plans for the Edinburgh Conference were discussed. With regard to EASA the Chairman stressed the need to implement the recommendations of the Transition Working Group chaired by Mr Smethers. EASA's finances needed to be repaired as soon as possible. Further, EASA's governance arrangements needed to be radically improved together with its methods of regulation. The Chairman tabled a paper contrasting the working methods of CAA and EASA in relation to design changes.
- Ministerial Meeting – the Chairman is to meet the Secretary of State on 6 July. The subjects to be raised include financial protection for air passengers and EASA.

## **III Directors' Reports:**

### **ERG – Doc 2005/55 by Dr Bush.**

3. Dr Bush reported on the following highlights:

- Fifth Freedom Services from Regional Airports – the final report was published on 24 June and was accompanied by a press notice. The report was well received by key stakeholders particularly Manchester Airport which stands to gain the most. It is anticipated that DfT will accept the report and announce policy changes later in the year.
- Slots – the joint report by OFT and ERG on the impact of slot trading on competition was sent to the Commission on 23 June. A joint presentation is to be made to DG Tren and DG Comp.
- Single European Sky – the latest draft of the Charging Regulation has adopted the majority of the CAA's proposed text to allow for independent economic regulation. The Commission has re-drafted the Regulation to allow airports more flexibility to cross subsidise their air navigation service costs. The Single Sky Committee Working Group on the Charging Regulation is to hold further meetings in July.
- Stansted Preliminary Spend – the consultation paper was published on 29 June. However BAA had drawn attention to a change in the wording of one of the safeguards from that set out in the January 2005 decision document. It was acknowledged that the consultation document could have expressed the development of the policy more clearly. It is proposed to issue a note of clarification indicating some amendments to the document. The consultation period will be extended by two weeks. A meeting of ERPC has been convened to approve the document.

The Board authorised the Members of ERPC to approve the revised consultation document.

4. The Board noted the Report.

### **CPG – Doc 2005/56 by Mr Jackson.**

5. Mr Jackson reported on the following highlights:

- Future of Holiday Protection – the Secretary of State will put the proposal to the Number 10 Regulatory Assessment Committee on 12 July.

6. The Board noted the Report.

**SRG – Doc 2005/57 by Mr Bell.**

7. Mr Bell reported on the following highlights:

- EASA:

*Equipment Approval* – SRG's Aircraft Systems and Equipment Department has managed to obtain EASA agreement that minor changes to previously approved equipment can be made without invalidating the existing approval thus avoiding the need for a new application to EASA and a new approval to the latest requirements. This concession will be very beneficial to UK industry.

*Member States* – Iceland and Norway became full Members of EASA on 1 June. Switzerland is expected to follow within the year.

*JAA* – it is likely that the JAA will be wound up in 2006. Agreement has been reached with the Dutch NAA on termination of the employment of JAA Dutch nationals. A JAA liaison office is being established for non EASA JAA states.

*DPSD Reorganisation* – the Propulsion, Structures and Materials and Systems and Equipment Department have been merged into a single engineering department with effect from 4 July.

The Head of Propulsion has been appointed as Head of Aerodrome Standards.

AVM Moran said that there were military aspects to EASA. The MoD was starting to draw together all its aviation regulatory activities. This will involve communications with other European military. He will keep the Board updated on this.

- Flight Crew Licensing and Training Panel – following a three year review of Annexes 1 and 6, ICAO's Air Navigation Commission has accepted the proposals of the Flight Crew Licensing and Training Panel Report. The proposals will now go to the ICAO Council prior to international consultation. The CAA played a leading role in bringing about a consensus report and chairing the working group on the multi crew pilot licence.

8. The Board noted the Report.

**DAP – Doc 2005/58 by Mr Arscott.**

9. Mr Arscott reported on the following highlights:

- Single European Sky:

*Common Requirements* – the CAA’s initial consultation paper received positive press coverage.

A CAA industry seminar is to be held on 14 September in Bournemouth to progress the consultation and update the industry.

*Flexible Use of Airspace Implementing Rule* – this was discussed again by the Single Sky Working Group in June. There was more support for the UKs argument that the Regulation should apply to States and not to civil/military bodies direct.

*FABS* – the Irish Aviation Authority and NATS have published their proposals. This will enable the UK to take the initiative on setting up functional airspace blocks. *SESAME* – contractual negotiations are continuing. A Commission Communication probably proposing a joint undertaking is expected in September. This will be followed by a legislative proposal from the Council and Parliament.

- Clacton Judicial Review – the Claimants have now submitted their evidence. The hearing is due to commence on 26 July.
- Airspace Change Process Review – work continues on the review. The Clacton case has shown that CAA will need to specify closely how consultations on airspace changes are to be conducted by applicants.
- North East Airspace Team Review – the report has been completed. The action plan is being taken forward by the CAA Outside Controlled Airspace Steering Group. In addition MoD plan to undertake an internal audit of collision avoidance measures.

10. The Board noted the Report.

**IV Legal Report – Doc 2005/59 by the Secretary.**

*CAA Pension Governance Committee*

11. The Board approved the Terms of Reference for the Pensions Governance Committee to be chaired by Miss Jesnick.

*Air Safety Support International Limited*

12. In accordance with paragraph 6 of the CAA (Overseas Territories) Directions 2003 the Board confirmed the continuation of Mr Swainson as Chairman of ASSI until 31 October 2006 and instructed the Secretary to seek the formal approval of the Secretary of State.

**Action: Secretary**

*Board Development Discussion*

13. Miss Jesnick presented the Paper which set out the issues which arose from the Board Year End Effectiveness Review which was undertaken for the purpose of compliance with the Combined Code. Ten business efficiency recommendations were set out.

14. In discussion of the recommendations Members considered that the Policy Committees worked well. European and environmental issues were common to most Committees and there was cross fertilization between them. Provision of secretaries to the Committees generally worked well. However there was a case for having a different minute taker for the Audit Committee as the taking of minutes by the Head of Internal Audit detracted from his main role at this Committee. Miss Jesnick agreed that a suitable person would be supplied from the Finance Department. In discussion, it was suggested that the Board's long term strategy was not easily identified from the Corporate Plan and this needed to be addressed. AVM Moran said MoD was modernising its regulatory arrangements and he would discuss these with the Secretary.

15. Miss Jesnick confirmed that the CAA wide Management System could sweep up a number of the recommendations. A review of the Terms of Reference of the Policy Committees and ExCo would be undertaken.

16. The Chairman requested Miss Jesnick and Mr Britton to review the recommendations and submit proposals to the September meeting of the Board.

**Action: Miss Jesnick & Mr Britton**

17. The Board noted the Report.

**V Human Resources Report – Doc 2005/60 by Mr Townsend.**

18. The Board noted the Report.

**VI Health & Safety and Environmental Report – Doc 2005/61 by Mr T Williams.**

19. Mr Williams introduced the Annual Occupational Health & Safety Report. During the year the CAA Health & Safety Policy Statement had been revised and reissued. A new Policy Procedures and Guidance Manual had been issued to present the information in a more accessible form. The Manual will be integrated into the CAA Management System for easy access. The previous Health & Safety Committees had been replaced by the new Employee Consultation Committees. The Health & Safety Policy Committee had met several times during the year under Capt Lusher's Chairmanship. Capt Lusher had been succeeded by Capt Whitefield. Overall CAA continues to maintain a good Health & Safety record. However some contractors have failed to meet the required standards and in one case this led to termination of their contract.

20. Environmental performance had been distorted during the year as a consequence of the One Kemble Street refurbishment project. Heating CAA House was 25% less energy efficient than when the two buildings are operating together. Water usage was increased due to the external cleaning of the Tower Block. Once the refurbishment works have been completed and the building occupied environmental performance should improve.

21. The Board noted the Report.

**VII Pensions Tax Simplification – Doc 2005/62 by Mr Townsend.**

22. Mr Townsend introduced the Paper. From April 2006 a simplified tax regime for pensions will come into force. There are significant changes and both employers and trustees needed to respond to them. A steering group had been set up comprising the HR Director, the Finance and Corporate Services Director, Secretary & Legal Adviser and Head of HR Services. The Group had been advised by the Scheme Actuary, the CAAPS Secretary and the Pensions Administration Manager.

23. The Group had made a number of recommendations for consideration by the Remuneration Committee. No member of the Remuneration Committee had any personal financial interest in either of the change options or the recommendations. The recommendations had the full support of the Remuneration Committee.

24. The Board considered the recommendations in the Paper and agreed that in respect of the CAA Section of CAAPS the CAA should:

- Maintain the two thirds maximum pension provision.
- Remove the earnings cap for past and future service.
- Remove the 15% employee contribution limit.
- Delay until 2010 the required changes to increase the minimum early retirement age from 50 to 55.
- Maintain the current death in service benefit.
- Delegate to Miss Jesnick the final decision regarding commutation factors on the basis that any change must be broadly cost neutral.

## **VIII Future European Aviation Regulatory Structures – Doc 2005/63 by**

### **Mr P Roberts.**

25. Mr Roberts presented the paper which set out a summary of the key principles and actions to be followed by the CAA following the Awayday discussions at Penny Hill Park. The Paper set out a number of assumptions for the purpose of shaping the context of future CAA policy. It was noted that the aim of the Commission was to seek to expand its competence in aviation regulation including operations, ATM and airports. EASA would be its preferred vehicle. In safety, economic and airspace regulatory terms a truly level playing field is probably not achievable. Nevertheless the Government will continue to require national specialist aviation advice and in the short to medium term the CAA would continue to have a role apart from specific areas of SRG.

26. The Paper set out the key principles to be followed and recommendations to build a strong consensus on the best way forward with DfT and MOD, other like minded regulators and

aviation industry stakeholders. The first priority was to resolve EASAs problems. Efforts should be made to influence the EU Parliament, Council and Commission for this purpose.

27. In discussion of the Paper Members stressed the need to maintain UK safety standards. Mr Bell said that the key aim is to achieve central rule making with national enforcement. This would give CAA a continuing role. Nevertheless it had to be recognised that there was opposition to subsidiarity.

28. The Chairman said that reform of EASA should be a pre-condition before its remit was extended to include other areas such as operations and licensing. The problems of EASA had to be fixed within the next 18 months. The main aviation States appeared to take a common view of EASA and an alignment of those States is required to ensure that EASA's problems are resolved.

29. Mr Roberts' Paper was an excellent summary of the Penny Hill Park discussions. Members should submit their comments over the next couple of weeks to Mr Roberts. The paper is to be circulated to Members by the beginning of August. The revised paper should be submitted to the September Board.

**Action: Mr Roberts**

#### **IX Met Service Contracts Under SES – Doc 2005/64 by Mr Arscott.**

30. Mr Arscott reported that the Single European Sky legislation will require a review of the main and SADIS contracts between the CAA and the Met Office. The existing contractual relationship does not sit well with the requirement that National Supervisory Authorities such as CAA shall be independent of Air Navigation Service Providers such as the Met Office. The SES mechanisms of certification and designation will set out the requirements for the provision of Met Services. The existing contract already includes certain SES requirements such as price transparency for products. The Met Office is currently the only UK based supplier which can provide the full range of ICAO Annex 3 required en-route services. Designation of the Met Office would secure provision of these services. Both DfT and MoD support this approach. Funding would continue through the UK's unit rate with either a proportion being allocated to the Met Office or the Met Office being designated as a direct recipient of monies from Eurocontrol.

31. The current SADIS contract expires on 31 December 2005. The Met Office are keen to renew for a further period of 5 to 6 years after which it is likely that SADIS will be replaced by internet type services.

32. The Board:

- Agreed that the CAA should open discussions with the Met Office, involving as necessary the DfT and MoD, to replace the existing CAA Met Office contracts with new arrangements for Met Service provision and cost recovery that will:
  - preserve existing levels of safety
  - minimise any penalties for contract withdrawal
  - maintain value for money through SES mechanisms, and
  - be compliant with SES legislation consistent with Government Guidelines.

**X Any Other Business.**

**(i) Agenda Plan Update.**

33. September 2005 – add EASA: Methods of Regulation, Board Development and Future European Aviation Regulatory Structures.

**(ii) Progress Against Corporate Plan Objectives 2005-06.**

34. Noted.

**The next Meeting of the Authority will be held at 10.30am on Wednesday 7 September 2005 in Conference Room 1, CAA House**