

FOR PUBLICATION

**CIVIL AVIATION AUTHORITY
MINUTES OF 380TH BOARD MEETING HELD ON WEDNESDAY
5 OCTOBER 2005 AT 10.30 AM**

Present:

Sir Roy McNulty

Chairman

Mr J R Arscott

Mr M J Bell

Mr R T R Jackson

Mr J Keohane

Mr R P Mountford

Mr R Swainson

Capt R O Whitefield

Mr R J Britton

Secretary & Legal Adviser

In Attendance:

**Miss C Brown
Director Corporate Communications**

**Mr R Townsend
HR Director**

**Mr J Benyon
Aircraft Certification SRG for Item III**

**Group Captain Wragg
Assistant Director DAP for Items VII and VIII**

**Mr B Pilcher
Head of Policy Services for Item XI**

Apologies were received from AVM Moran and from Miss C Jesnick who attended later following a Ministerial meeting.

I Minutes of the Previous Meeting and Matters Arising.

1. Subject to correcting the figure at the top of page 7 to £4,357K the Minutes of the Meeting held on 7 September 2005 were approved and signed. On the action points arising:

- [EASA paper](#)– Annexed to Mr Bell's report.
- [ASSI Audit Report](#)- the Chairman confirmed that the Report had been sent to the Secretary of State.
- [Cabinet Office Consultation on a Bill for Better Regulation](#) – The CAA's response is ready for submission. The deadline is 12 October.
- [Future European Aviation Regulatory Structures](#) – The Chairman confirmed that the paper had been sent to David McMillan.
- [Conference on Aviation Regulation in Europe](#) – Agenda Item

II Chairman's Opening Remarks.

2. The Chairman reported on the following matters:

- [Meeting with Michel Wachenheim DGCA France](#)
- [Visit to Toulouse](#) – The Chairman met M Garcia Chairman of the EASA Advisory Board
- [Meeting with Senior DfT Team](#) – one of the main issues of the meeting was improving ways of working together in Europe. David McMillan had already initiated a further survey of the way that the CAA/DfT relationship works, especially in the ATM area.

Action : Mr Bell

- [Ministerial Meeting](#) – The Chairman and Mr Jackson are to have a further meeting with the Secretary of State today on the future of holiday protection.
- [RAeS Conference](#) – M Goudou is giving a briefing at the CAA sponsored conference on 18 October.

III Directors' Reports:

ERG – Doc 2005/82 by Dr Bush.

3. Dr Bush reported on the following highlights :

- NATS Price Control – Following NATS agreement for the purposes of Section 11 of the Transport Act 2000 the formal conclusions of the NATS Price Control Review were published for a statutory 28 day consultation on 29 September. There was no press reaction. The new price controls will take effect from 1 January 2006 for NATS Eurocontrol business and 1 April 2006 for its Oceanic business.
- Airports Review - The process has now commenced. Letters have been sent to interested parties on the extent of progress on “constructive engagement” between airlines and airports on certain elements of the review. Feedback is sought by the end of October. A policy document will be prepared in December on how the process is working.
- BAA Management Changes – BAA have announced a number of significant management changes at Heathrow together with the retirement of Mike Toms, Director of Planning and Regulatory Affairs.

4. The Board noted the Report.

CPG – Doc 2005/83 by Mr Jackson.

5. Mr Jackson reported on the following highlights:

- Future of Holiday Protection – the results of the survey on the failure of EU Jet had been published. Over 1100 responses had been received covering some 3,000 passengers which was remarkable.
- ATOL renewals – The September renewal round had been successfully completed with 1325 licences being renewed by 28 September. 106 firms did not renew their licences by the deadline and this number is being reduced. The extra work was handled without an increase in the number of ATOL staff and without overtime working. The Board considered this to be an excellent performance.
- Insurance Regulation - The Commission had held a meeting on withdrawal of insurance cover for war risk in relation weapons of mass destruction. The opportunity was taken to mention the problems of historic aircraft but the Commission are not keen to amend the Regulation for this purpose. However it does appear that insurance cover should be available for the B17 Sally B at an affordable premium.

6. The Board noted the Report.

SRG – Doc 2005/84 by Mr Bell.

7. Mr Bell reported on the following highlights:

- EASA Contract– The three initial purchase orders expired on 31 August. These were replaced by a single order for September only. This very short term approach is inimical to proper planning of CAA’s workload. The Chairman said that he will write a further letter to M Goudou on this problem.

Action: Chairman

- CAA’s invoices for June and July have passed through EASA’s approval and payment process – EASA has now established VAT free status.
- SRG Organisation Changes– Aircraft Maintenance Standards Department and the Applications and Certification Department are to be amalgamated with the Design and Production Standards Division to create an Airworthiness Division headed by Pádraic Kelleher. This structural change will take effect from 1 April 2006.
- Regional Office Review – The Aberdeen and Irvine offices have now been closed. Activities in Scotland are now centred on the office at Stirling. NATS have released the former CMU Building adjacent to Aviation House. The Gatwick office currently located at Horley will move to that building until 2008 when the Gatwick and Heathrow Regional Offices are scheduled to combine and will probably move into Aviation House.

8. The Board noted the Report.

Methods of Aviation Safety Regulation

- Mr Benyon presented the Paper setting out views on what a good safety regulator should look like, how it should behave and the working practices it should employ. A common theme was the need for the Regulator and its stakeholders to work closely together. The purpose of the paper was to make recommendations to EASA to assist the Agency achieving the high standards of aviation safety that are required to satisfy the expectations of the public and industry. The paper set out 15 recommendations for the future development of EASA together with the further recommendation that the Commission relieve EASA of its financial pressures.

- The Chairman said that the paper originated from a conversation between himself and M Goudou in which he had outlined the problems which industry and NAAs were finding with EASA's regulatory approach e.g the six simple steps to approve changes to aircraft under CAA's system were contrasted with the complex and bureaucratic process required after EASA came into being. It was intended to send the paper to DfT, Mr Calleja and M Wachenheim. It was further intended to table the paper at the EASA Management Board.
- In discussion Members agreed with the substance of the paper
- In summarising the discussion the Chairman said that the paper needed to be put in the context of recommending best regulatory practice from a worldwide perspective.

Action: Chairman

DAP – Doc 2005/85 by Mr Arscott.

9. Mr Arscott reported on the following highlights:

- Single European Sky:– Following its summer break the Single Sky Committee is examining draft Regulations for Airspace Classification and Interoperability. CAA is broadly content with the former but is concerned about the proposed implementation date of 1 January 2007. A twelve month delay to 31 December 2007 would be more realistic. The draft Interoperability Regulations are far too prescriptive but this approach is favoured by some States particularly Italy. Both CAA and DfT have been working hard on the Charging Regulation and are trying to persuade the Commission on the benefits of contestability. However there seems to be little support from other States. A seminar on certification processes under the Common Requirements was held on 14 September and was well attended by colleagues from other Member States.
- Air Transport White Paper issues - a Heathrow Project Board has been formed to consider mixed mode issues as part of Project Sustainable Development Heathrow. Mr Roberts represents CAA. The DfT stakeholder group is meeting to assess the noise modelling work being undertaken by ERCD.
- Airspace Change Process Review – DfT is leading the internal negotiations with other Government Departments including ODPM, DEFRA, DTI. The proposed changes to the

current arrangements have been set out for DfT but there are concerns about the change process being linked to Town and Country Planning legislation. This would inhibit the pace of change whereas the objective is to shorten the process to enable airspaces changes to take place and to minimise the risk of legal challenge. A further meeting is to be held this week with Ann Godfrey.

- Airspace changes are currently underway for Midlands airspace, Bristol/Cardiff Airports airspace and London (Luton) Airport airspace. Each is attracting considerable environmental attention.
- The Chancellor's Audit of Public Sector Spectrum Holdings – The audit team has held regular meetings with CAA and the industry. Substantial advantages would flow from a more efficient use of the spectrum for aviation. Mr Arscott will discuss the pricing issues with Dr Bush.

Action : Mr Arscott

10. The Board noted the Report.

September Audit Committee – Report by Mr Mountford

11. Mr Mountford presented the Minutes of the September meeting of the Committee. There were no material matters to draw to the Board's attention.

12. The Board noted the Report.

IV Legal Report – Doc 2005/86 by the Secretary.

Air Safety Support International Limited

13. Appointment of Director – The Board in its capacity as sole shareholder of Air Safety Support International Limited resolved to appoint Roger Whitefield to be a Director of the Company from 1 November 2005 in succession to David Lusher whose term of office expires. A copy of the Resolution is attached to these Minutes.

14. The Board expressed its thanks to David Lusher for his services as a non-executive Director of the Company since its formation.

15. ASSI Minutes – Mr Swainson drew attention to the introduction of personal income tax by the new Antiguan Government and the Company's success, subject to formal confirmation, in obtaining an exemption therefrom.

Audit Committee

16. The Board approved revised Terms of Reference for the CAA Audit Committee.

V Financial Report – Five Month ended 31 August 2005 – Doc 2005/87 by Miss Jesnick

17. Miss Jesnick being away at a Ministerial meeting the report was noted. Two questions arose: the first related to the budgeted growth rate in Available Seat Kilometres which Dr Bush will discuss with Miss Jesnick. Secondly it was noted that staff numbers were 73.4 less than the budgeted figure and Miss Jesnick was asked to set out the reason in her next report.

Action : Miss Jesnick

VI Human Resources Report – Doc 2005/88 by Mr Townsend

18. Mr Townsend reported that the CAA was seeking one Investors in People assessment. For this purpose a selection of non-executive and executive Board Members will need to be interviewed and HR will make the necessary arrangements.

Action : Mr Townsend

VII North East Airspace Review Doc 2005/90 by Mr Arscott

19. Mr Arscott presented the Paper which provided an update on each element of the NEAT Actions Plan which had been endorsed by the Chairman and the Chief of the Air Staff following their meeting in July 2005. The Plan is being implemented by the CAA Outside Controlled Airspace Working Group. Good progress had been made on the actions required

but some difficult issues are emerging. A further report will be submitted to the Board in six months time.

Action: Mr Arscott

20. The Board noted the progress that has been achieved so far and endorsed the completion of the further work.

VIII Aviation Environmental Policy Working Group Report - Doc 2005/91 by Group Captain Wragg

21. Group Captain Wragg presented the report which set out progress against the aviation environmental coordination group action plan which had been endorsed by the Board at its April 2005 meeting. The Group acts as a CAA wide focal group which coordinates the significant environmental issues and disseminates environmental information across the CAA. Most of the actions have been completed and robust processes are now in place. Accordingly the Group considered that the frequency of its formal meetings can be reduced to six monthly intervals. Further the reports to the Board from this Group could be conveniently coordinated with the annual environmental report prepared for the Board by ERCD.

22. The Board

- Noted progress on the AECG workplan.
- Endorsed the reduced frequency of AECG meetings
- Endorsed the consolidation of the environmental reports

IX The CAA's Interface with European Institutions - Doc 2005/92 by the Chairman

23. The Chairman presented the Paper setting out proposals for improved engagement with European institutions. CAA's regulatory activities are increasingly influenced by European developments. CAA is engaged both indirectly as advisers to DfT and also directly

in implementing Regulations. So far European issues have been handled within CAA's normal structures. However it had become increasingly clear that there is an opportunity for CAA to meet a real need for accurate information and analysis which could influence events.

24. It was proposed to establish at corporate level a department for European and International Strategy headed by a Director with two or three staff.

25. Members endorsed the proposals and stressed the need for constant supervision of Commission initiatives.

X Conference on Aviation Regulation in Europe – Doc 2005/93 by the Chairman

26. The Chairman presented the latest draft of the programme. The second day will be constrained to finish at 3.30. The Secretary of State had agreed to speak 15 minutes earlier. 112 delegates have confirmed their attendance. The CAA's objectives for the conference will be circulated to speakers.

Action : Chairman

27. The Board endorsed the Paper.

XI CAA Eurocontrol Unit Rate 2006 – Doc 2005/94 by Miss Jesnick

28. Mr Pilcher presented the paper on behalf of Miss Jesnick. The CAA's initial estimates for its slice of the UK unit rate provided to the industry in June showed chargeable costs of £31.7m an increase of 3.7% on 2005. The figures were based on financial estimates provided by Groups in the 2004 business planning cycle. This produced a unit rate of £3.16. Preliminary results from the 2006/07 budgeting process now indicate a chargeable cost of £32.2m and a unit rate of £3.22. However such an increase would be unacceptable to users and it was proposed that CAA sticks with the June estimate. In the event of a shortfall occurring it would be recovered in 2008 as the cost recovery principle applied to the CAA's slice. The DfT's unit rate for 2006 is forecast to be £4.64 a reduction of 0.4% on the 2005 rate of £4.66. Final estimates have to be submitted to Eurocontrol by 30 October. The proposals

are then considered by airspace users prior to the November meeting of the Enlarged Committee for Route Charges at which unit rates are fixed.

29. The Board :

- noted the proposed 2006 CAA element of the UK unit rate of £7.80 per chargeable service unit (CAA £3.16 plus DfT £4.64).
- noted that this rate would be reviewed once the Eurocontrol agency budget has been approved by the Provisional Council.

XII Any Other Business.

(i) Agenda Plan Update.

30. November 2005 – add BAA Presentation.

Renewal of insurances to be combined with Financial Report.

Delete SRG Charging Proposals.

Add NLMCC Annual Report (Dr Bush).

December 2005 – add Environmental Report from November (Mr Arscott).

January 2006 – add MOD Safety Responsibilities (AVM Moran)

(ii) SRG Charging Proposals 2006– Miss Jesnick reported that she had briefed Karen Buck MP, Parliamentary Under Secretary of State, for the forthcoming adjournment debate on SRG Charging Proposals.

Action: Miss Jesnick

The next Meeting of the Authority will be held at 10.30am on Wednesday 16 November 2005 in Conference Room 1, CAA House