THE CAA BOARD - ROLES AND PROCEDURES



1. INTRODUCTION

This document sets out the functions and role of the CAA Board and its committees. It also sets out the main working arrangements for ensuring that the Board's responsibilities are carried out effectively.

The contents of this document and its appendices will be reviewed and updated periodically to ensure that the information remains up to date.

2. FUNCTIONS OF THE CAA

The Civil Aviation Act 1982 (as amended) sets out the constitution and functions of the CAA. The functions are set out in Section 3 of the Act.

As a result of that and other legislation, the CAA fulfils a variety of roles relating to:

- Aviation safety;
- The management of UK airspace;
- Consumer protection in the aviation sector;
- Ensuring fair competition in aviation, and applying economic regulation where appropriate.

Save in certain specific areas, it is the duty of the CAA to perform the functions conferred on it in accordance with the general objectives set out in Section 4 of the Civil Aviation Act 1982.

The CAA will also take on certain aviation security functions from April 2014 and this document will be updated to take account of this in early 2014.

3. THE ROLE OF THE BOARD

The Board is responsible for the running of the CAA. It provides leadership and direction and ensures that the CAA is run efficiently, effectively and lawfully. In doing so, the Board seeks to act transparently and comply with the Corporate Governance Code.

The time available at Board meetings is necessarily limited and priorities have to be set. The Board pays particular attention to governance, performance and risk, and reviews major policy, planning and resourcing decisions. It must be aware of issues of major importance to the CAA and be involved in all major decisions.

The types of decision reserved for the CAA Board include:

Governance Arrangements

The Board approves, for example:

- changes to the governance of the CAA, including Terms of Reference for sub-committees of the Board
- significant appointments (e.g. Directors for the ASSI and CAA International Boards, CAA Health & Safety Director, Panel appointments, and CAAPS Trustees)
- approve the annual assessment of risk and internal control
- strategic risk management
- adopt the Annual Report and Accounts
- approve Corporate, Strategic, and Business Plans (including those for ASSI and CAA International)
- amendments to CAAPS Trust Deed and Rules

High Level Financial Arrangements

The Board should approve, for example:

- the CAA, ASSI and CAA International budgets
- significant expenditure
- Eurocontrol Unit Rate
- overdraft or temporary loan facilities
- The CAA's Charges Schemes
- the making of charges specifications for Eurocontrol, Denmark, Iceland and NATS air navigation charges

CAA Strategic Policy Frameworks and Issues

The Board should approve high level strategic policy positions and organisational strategies. Recent examples are:

- CAA's approach to environmental issues
- publication of Safety Performance Indicators
- Denied Boarding Compensation approach
- airport licence conditions
- reopening airspace during the volcanic ash event
- People strategy
- Communications strategy
- Health & Safety strategy

Responses to significant consultations, reports or reviews

Examples of such consultations are the CAA's response to the

- Transport Select Committee's Future of Aviation Inquiry
- Aviation Policy Framework
- Transport Select Committee's UK Aviation Strategy Inquiry

The Board makes the majority of decisions at Board meetings but, should it be necessary to seek a decision outside of the Board meeting cycle, the Board has agreed a method for doing so.

The Board will be briefed on the context to key policy and operational matters as they arise either through informal seminars or the Policy & Information Exchange Forum.

4 MEMBERSHIP

The Act provides that the CAA is a body corporate comprising not less than seven but not more than sixteen members, consisting of the Chair, other Non-Executive Members, a Chief Executive and other Executive Members. There must be, so far as practicable, a greater number of Non-Executive Members than Executive Members.

The Chair and other Non-Executive Members are to appointed by the Secretary of State (SoS) and a deputy chairman may be selected by the SoS from the other Non-Executive Members.

If the Secretary of State is satisfied that a Member -

- (a) has a financial or other interest that is likely to affect prejudicially the performance of the member's functions
- (b) has become bankrupt or made an arrangement with the Member's creditors
- (c) is failing, or has failed, to perform the functions of a Non-Executive Member, or
- (d) is otherwise unable or unfit to perform those functions.

the Secretary of State may declare his office as a Member to be vacant and shall notify the declaration in such a manner as he thinks fit; and thereupon the office shall become vacant.

The Chief Executive is to be appointed by the Non-Executive Members with the approval of the Secretary of State.

Other Executive Members are to be appointed by the Chief Executive with the approval of the Chair and at least one other Non-Executive Member.

Under Section 66 of the Transport Act 2000 (as amended) the Chief Executive, with the approval of the Chair and at least one other Non-Executive Member, shall nominate an Executive Member of the CAA to perform on the CAA's behalf specified air navigation functions. The Chief Executive must consult with the SoS before making the nomination. Under Section 67 of that Act (as amended) the Secretary of State may nominate a Non-Executive Member of the CAA for national security purposes. The Director of Airspace Policy has been nominated for the purposes of Section 66 and the Assistant Chief of the Air Staff for the purposes of Section 67.

The General Counsel acts as Secretary to the Board.

5. MEETINGS

Frequency and Notice

Board meetings are held monthly, except for August, usually on the third Wednesday of each month. The meetings for a single year are typically arranged 18 months prior to the year starting, e.g. meetings for 2013 were arranged in Summer 2011. Special meetings may be convened at any time by the Board Chair. Where possible, at least a week's notice will be provided for a special meeting.

Quorum

Schedule 1 Paragraph 9 of the Civil Aviation Act 1982 provides that the quorum of the CAA and the arrangements relating to its meetings shall be such as it may determine. Resolution 9 of the CAA (1982) states that the quorum shall be three Members, one of whom should be the Chair, or another Member invited by the Chair, to be part of the quorum.

Declarations of Interest

Members of the Board are required to declare any interest in matters considered by the CAA as set out in Schedule 1 Paragraph 10 of the Civil Aviation Act 1982, as amended. The declaration should be made at the start of the meeting. If in doubt, Board Members are advised to declare their perceived interest to either the Chair or the Board in order for the matter to be resolved.

Declarations of Interest will be recorded in the Board Minutes of the meeting in which they are raised.

A separate Register of Interests is maintained.

Agenda and Distribution of Papers

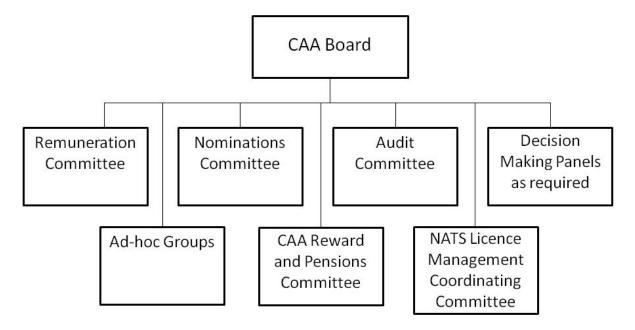
The agenda for each Board meeting is compiled by the secretariat and is subject to approval by the Chair and the Executive Committee. Board Members receive copies of the agenda, papers and minutes of the CAA Board at least 5 calendar days before each meeting.

Minutes

The minutes, once approved at the subsequent Board meeting, will be signed by the Chair and are retained in the CAA Minutes Book. The minutes will also be published on the CAA website, subject to redactions, where appropriate.

6. STRUCTURE

The Board has established a high-level structure for the CAA through which it can discharge its role and responsibilities. The Board's management philosophy is to devolve authority where appropriate, and the structure of the CAA as shown below reflects this.



7. CAA BOARD GOVERNANCE

The governance committees of the Board are described below:

a) Remuneration Committee

The role of the Remuneration Committee is to agree, and assess performance against, objectives for the Chair, Chief Executive and other Executive Members, and agree reward for the Chief Executive and other Executive Members in light of their performance against the objectives.

b) Nominations Committee

The role of the Nominations Committee is to consider matters relating to the appointment of, and initial reward packages for, Members of the CAA.

c) Audit Committee

The role of the Audit Committee is to support the Board in its responsibilities for issues of governance, risk, control and associated assurance.

d) Decision Making Panels

When required, a Panel of Members will act as a tribunal for decisions such as ATOL revocations, and Regulation 6 appeals.

e) CAA Reward and Pensions Committee

The role of the CAA Reward and Pensions Committee is to formulate, monitor and implement the CAA's Reward and Pension strategy, and specifically to manage the CAA's financial exposure regarding existing and future pension arrangements.

f) NATS Licence Management Coordinating Committee

The NATS Licence Management Coordinating Committee has been established for the regulation of NATS' licensed business under the Air Traffic Services Licence granted to NATS (En Route) plc under the Transport Act.

g) Ad-hoc Groups

The Board may establish additional ad-hoc groups to consider specific matters.

The Terms of Reference of all Board committees are available from the Secretary.

In the event that Members wish to obtain independent legal advice on a matter affecting their duties, they should contact the General Counsel who will facilitate the necessary arrangements.

8. BOARD EVALUATION

The Board is subject to an external evaluation process once every three years, with a self assessment evaluation undertaken in the intervening years. The results of the evaluation are discussed by the Board so that it can consider any actions to be taken. The details of the review are reported through the Annual Report and Accounts.

9. EXECUTIVE MANAGEMENT OF THE CAA

An Executive Committee (ExCo) structure exists to manage and direct the organisation with regard to policy decisions (Policy ExCo), manage day-to-day business affairs (Business Management & Assurance ExCo), act as a Programme Control Board for strategic projects (Strategic Projects ExCo), and provide a mechanism for free ranging discussion on emerging issues (Policy & Information Exchange Forum).

The CAA Executive team are present at all meetings and Non-Executive Members have an open invitation to attend the Policy & Information Exchange Forum. Executive decisions can be made at all ExCos except the Policy & Information Exchange Forum.

Policy ExCo – held on the morning of 1st Wednesday of the month

This meeting is typically used for matters such as:

- Endorsing important regulatory decisions that are not reserved for the Board.
- Debating and setting policies for all aspects of CAA regulatory activities including at UK, European and International levels.
- Agreeing key papers for submission to the CAA Board.

Policy & Information Exchange Forum – held on the afternoon of 1st Wednesday of the month

The Policy Exchange allows free ranging discussion and challenge on emerging issues.

Strategic Projects ExCo – held on 2nd Wednesday of the month

This meeting is typically used for matters such as:

- Monitoring and directing CAA strategic projects such as Enhancing Safety Performance, Performance & Process Improvement, and the associated expenditure and resource requirements.
- Overseeing the management of dependencies, risks and issues associated with these projects

Business Management & Assurance ExCo – held on $\mathbf{4}^{\text{th}}$ Wednesday of the month

This meeting is typically used for matters such as:

- Debate operational policy issues and make business decisions.
- Review and manage CAA's strategic and business planning, risk and performance measures.
- Sanction major capital and revenue expenditure.

1 February 2013