

**CIVIL AVIATION AUTHORITY
MINUTES OF THE 477th BOARD MEETING HELD ON
WEDNESDAY, 17TH SEPTEMBER 2014,
AT CAA HOUSE**

Present:

Dame Deirdre Hutton	Chair
Mr Andrew Haines	Chief Executive
Mr Peter Drissell	
Mr David Gray	
Mr Richard Jackson	
Miss Chris Jesnick	
Dr David King	
Mr Michael Medlicott	
Mr Iain Osborne	
AVM Edward Stringer	
Mr Mark Swan	
Mr Graham Ward	
Mrs Kate Staples	Secretary & General Counsel

In Attendance:

Dr Stephen Rooney	
Mr Peter Gardiner	For items I - VI
Mr Stephen Baker	Minute taker
Mr Peter Kirk	For item XII
Mr Colin Hord	For item VI
Mr Stephen Gifford	For item VII
Mr Ian McNicol	For item VII
Mr Phil Roberts	For item X
Mrs Amanda Downing	For item X
Mr Philip Clarke	For item VIII
Mr Timothy Johnson	For items VIII and IX

I Apologies

1. There were no apologies.

II Previous Minutes and Matters Arising

2. The minutes of the July Board meeting were approved subject to editorial amendments to paragraphs 33 and 53. Mr Jackson requested a redaction for one item. Mrs Staples reported that little progress had been made with the AAIB on action 5 from the February 2014 Board meeting.

III Chair's Update – by Dame Deirdre Hutton

3. The Chair reported on her activities during the previous month. These included meetings with the Office for Nuclear Regulation, with Judith Hackett and Kevin Myers of the Health & Safety Executive, with Patrick Ky of EASA, with the Rt.Hon Robert Goodwill, M.P, Parliamentary Undersecretary of State for Transport, and a visit to the CAA's Stirling regional office.
4. The Chair reported that she had discussed with HSE the maintenance figures previously supplied to the CAA by the offshore oil and gas companies. Mr Swan confirmed that a dispensation had been granted under the diving regulations by the HSE for category A breathing equipment in relation to their offshore use.
5. The Chair reported that she had had helpful discussions with Mr Goodwill on the issue of repatriation of UK citizens overseas in the event of a significant failure.

IV EASA Presentation – Doc 2014-111 by Mike Smethers

4. The Chair noted that with his imminent retirement from the CAA, this would be Mr Smether's last attendance at the Board. She noted that Mr Smethers had had a long and distinguished career, latterly with the CAA, and wished him well on his retirement.
5. Mr Smethers gave a presentation to the Board, in which he outlined the history and development of EASA and the Agency's shift from compliance to performance based regulation. He noted that the UK CAA was a major contributor to the Agency's work and its contribution was highly valued by its senior management. CAA had a leadership role to play at EASA and among the other national aviation authorities, especially, with the exception of the

DGCA, with the gradual decline in the regulatory capacity of other NAAs. He noted that the DfT remained fully supportive of the CAA remaining as a fully functional NAA.

6. Looking ahead, Mr Smethers outlined the challenges for the CAA and emphasized the need for clear and careful communications with the Agency, as well as the benefits of the continued interchange of staff and secondments. He did not think the Agency had any plans for expanding its regulatory remit beyond the current, well defined limits and noted that a number of areas were too difficult in political terms for it to encroach upon, in particular military certification and aviation security.
7. The Board noted the report and recognized that the CAA should continue to work closely with the Agency.

V. Chief Executive's Report - Doc 2014-103 by Andrew Haines

8. The Board appointed Joanne Mary Burdon (FCO) as a non-executive director to the Board of Air Safety Support International Limited for the period 1 October 2014 to 30 September 2017, to replace Tim Colley who had resigned from the ASSI Board following his re-allocation by the FCO to other duties.
9. Mr Haines briefed the Board on the recent publication of the AAIB report into the Vauxhall helicopter crash in 2013. He noted that some media coverage of the report had been misrepresentative of the CAA's involvement although the ITN coverage had been more balanced. The key recommendation for the CAA was for a greater role in planning decisions. The utility of this recommendation was questioned unless the CAA had real influence over planning decisions and there were clear rules in place which were breached on this occasion.
10. Mr Haines reported that the CAA had received a large volume of complaints in response to various NATS and Gatwick Airport airspace consultations and this was currently the biggest issue for the CAA on Twitter. The Board noted the implications for future consultations on the London Airspace Management Project.
11. Mr Haines briefed the Board on the NATS litigation against Gatwick Airport in relation to the award of the Terminal Air Navigation Services contract to Deutsche Flugsicherung.

12. Mr Haines briefed the Board on the agenda for the October PIE which would be the annual Board meeting with DfT.
13. Mr Haines invited Mr Drissell to report on the recent European Commission audit of the performance of the DfT on the delivery of the Secretary of State's obligations as the Appropriate Authority for EU aviation security. Mr Drissell confirmed that the initial verbal feedback from the EC was encouraging and positive and that the EC had found significant improvements from its last inspection in 2011. The Board expressed its thanks to the CAA AvSec team, led by Peter Fiddy.

VI Volcanic Ash Update - Doc 2014-104 – by Andrew Haines, presented by Peter Gardiner and Colin Hord

14. Mr Gardiner gave the Board a briefing on the developments and improvements in planning for volcanic ash crises, volcanic ash detection and forecast systems made since the last volcanic ash crisis in 2010 and on developments in ICAO guidance. UK operators would, he noted, be better placed now, in the event of a similar incident, to continue to operate safely without the complete closure of UK airspace that had occurred previously. In particular the use of standardized safety risk assessments, greater inter-agency collaboration and the new, more accurate detection and forecast systems should ensure there would be no repeat of the impact of the 2010 Icelandic volcanic eruption.
15. Progress at ICAO level remained slow, particularly in terms of trying to obtain agreement on acceptable levels of ash ingestion for aircraft engines. This was partly due to the lack of interest internationally in the issue and partly to the difficulty of getting the engine manufacturers to release the required information.
16. In discussing the report the Board noted that NATS would not now close down any UK airspace without close consultation and direction from the CAA. Furthermore, UK operators generally had robust safety risk assessment procedures which would enable them to make an informed decision on whether it was safe to fly in the prevailing conditions, taking into account the information that the Met Office would produce and the daily conference calls that the Met Office, the CAA and UKK operators would hold if there was another eruption.

Nonetheless, the Board accepted that there was a residual risk of a close-down of UK airspace if there was a very large volcanic eruption in Iceland.

17. The Board noted, and thanked Mr Gardiner and Mr Hord for their report.

VII Regulatory Treatment of Capacity Expansion Expenditure- Doc 2014 – 105 by Iain Osborne

18. Mr Osborne presented a paper on a draft CAA policy on the treatment of capacity expansion expenditure for which Board approval of the policy lines was sought, prior to its publication for consultation as a draft policy at the end of September and to delegate approval of the draft policy to the Group Director of Regulatory Policy.
20. Mr Osborne noted that any policy for capacity expansion expenditure contained some risks, between being too clear and not being clear enough. The issue was whether the best capital project was chosen and built efficiently. The biggest risk was uncertainty, as three quite different projects were being proposed. The proposed approach in the draft policy was based on encouraging a market or commercial approach with risk allocated to those best able to manage it. He noted that the inability to pre-sell slots under the Slots Allocation Regulations complicated the financing of the projects but was not insuperable commercially. In the light of the Stansted airport expansion, the draft policy proposed that passengers would be protected against heavy and ultimately nugatory pre-planning decision costs.
21. The Board discussed the paper. The Board noted that it was difficult to follow in some areas and would therefore benefit from some rewriting. The effect of the Slots Allocation Regulations on pricing was also not clear from the draft and the consumer interest needed more emphasis. The Board noted that some of the proposed draft policies - of not allowing the recovery of costs incurred before any political decision and of linking depreciation to capacity utilisation - could be controversial and required further elaboration, as did the draft policy for allowing only one RAB for an airport operator.
22. The Board requested Mr Osborne to consider the points made on the draft paper and to re-submit it for approval at the October Board.

Action: Mr Osborne

VIII CAA Better Regulation Health Check - Doc 2014-106 by Iain Osborne

23. Mr Osborne invited Philip Clarke of the Policy Programmes Team to present the report.
24. Mr Clarke commented on the better regulation health check report commissioned by CAA from and written by Deloitte. He noted that the report was a positive sign for the CAA as a regulator and that Deloitte believed that with the delivery of the CAA transformation project, the CAA should be able to move towards the optimised maturity stage in terms of better regulation compliance. Confirmation of its level of maturity was helpful for the CAA to know and would assist it to move towards the next stage of regulatory maturity. Mr Clarke requested approval of the proposed action plan contained in the report and Board agreement to the publication of the report.
25. The Board noted that progress against the action plan was dependant on the delivery of the CAA transformation programme. The Board would wish to see a more granular analysis of the maturity metric given the wide variety of activities and differing levels of maturity across them. The Action Plan was approved and the Board agreed that the report and plan should be published. The Board requested that Mr Osborne and Mr Clarke present an annual better regulation health check to the Board.

Action: Mr Osborne

IX. CAA's Management of Risk - Doc 2014 - 107 by Iain Osborne

26. Mr Osborne presented a paper on the CAA's management of risk and requested the Board to endorse the risk and planning framework and to comment on the proposed actions to significantly improve CAA risk and business planning activities.
27. The Board discussed the CAA three tier risk framework and agreed it was the appropriate risk model and clarified that the Board should be legitimately interested in key risks in each tier. It was not clear from the paper however, who 'owned' compounded or aggregated risk in the organisation. The Board also noted that the report, in dealing with the CAA's business plan, did not mention opportunities.
28. It was appropriate that there should be an annual PIE to carry out a review of the risk model and structure and the Board otherwise needed to carry out a

regular review of risk. The Board agreed that risk tiers 1 and 2 should also include airspace risks.

Action: Mr Osborne

29. The Board endorsed the risk and planning framework subject to the review about to be undertaken by a third party.

X. Policy Framework for Airspace Change Decision-Making - Doc 2014-108 sponsored by Kate Staples

30. Mrs Staples invited Amanda Downing and Phil Roberts to present the paper.
31. Ms Downing explained that the CAA had developed a draft policy and framework for taking airspace change decisions under section 70 of the Transport Act 2000. Recommendations for the draft policy and framework were set out in the paper. These were:
 - (1) That the forthcoming review of CAP 725 should incorporate a codified approach for SARG case officers, including a proposed definition of 'efficient use of airspace' and a proposed framework for airspace change decision-making;
 - (2) That one year after any such changes are implemented following the review SARG should consider whether (a) transparency and consistency in decision-making has improved and (b) whether any unwarranted burden has been created, either for the CAA or for airspace change proposers as a result of recommendation 1 being adopted and present the findings to the project sponsor; and
 - (3) Develop and implement a process to embed continuous learning in the decision-making framework and ensure that the definition and framework proposed in recommendation (1) remains relevant, such work to be aligned with work underway for considering how CAA balances its policy making functions with its decision-making functions.
32. Mrs Downing explained that the policy and framework would introduce greater clarity on the efficient use of airspace and would signal more clearly when the CAA might make different airspace decisions.
33. Mr Roberts presented a case study to the Board on the Salisbury Plain Danger Area for military UAV operations, which he noted, showed the conflict points in

the current process and how the CAA had complied with its obligations under section 70.

34. The Board considered the paper and recommendations. It noted that in relation to Annex F of the paper (Airspace Change Process Decision-Making Framework), maintaining high safety standards should be at the top of the pyramid to reflect its status in statute. The Board also noted that there was no intention to avoid taking into account the interests of people on the ground.
35. Subject to these points, the Board approved the three recommendations in the paper.

XI. Safety and Airspace Regulation Group Report – Doc 2014-109 – by Mark Swan

36. Mr Swan reported on a number of items in his report.
37. Mr Swan reported on the recent, fatal helicopter crash off East Yorkshire. There had been a number of MORs on the helicopter type but no common themes and no immediate action was needed by the CAA.
38. Mr Swan updated the Board on the MD900 main rotor hub assembly cracking issue. He noted that the FAA had mandated a non-destructive test of the upper hub assembly for cracks, using an eddy current inspection. There was some concern as to whether the mandated test was sufficient. The matter was being looked at by the CAA with the FAA and EASA.
39. On the offshore helicopter review, Mr Swan reported that some 56,000 offshore oil and gas workers had now received the mandatory video training on making emergency exits from helicopters. He noted that the helicopter operators had formed a trade association body and that he and the Chief Executive had met a number of its Board members that morning.
40. Mr Swan confirmed that it was far too early for the CAA's general aviation de-regulation review to have any effect on the trend in GA fatalities.
41. The Chair thanked Mr Swan's airspace team for its work in relation to the airspace restrictions made for the Glasgow 20-14 Commonwealth Games and the NATO Summit.
42. On the SARG re-organisation, Mr Swan confirmed that completion of Phase 2 had been delayed by 3 months, to take account of the CAA's wider transformation and PPI projects.

XI Advice to UK Airlines on Safety-Related Security Threats - Doc 2014-110 – by Peter Drissell

44. The need for assurance that there was a consistent and proportionate approach by UK airline security decision-makers in relation to their overseas operations, coupled with the need for arrangements to ensure that, where a safety risk had arisen in the context of a security concern, the handling of that concern by CAA AvSec should be transparent to SARG, suggested that there could be some improvements in the handling of safety-related security threats, even if these were otherwise currently of a high standard.
45. The paper identified a number of ways in which the current processes could be improved but recognised that this was currently a matter for DfT and not the CAA. These could, Mr Drissell noted, be explored at the forthcoming DfT/CAA Board meeting in October. Mr Drissell therefore asked the Board to support further discussion on the areas identified for potential improvement.
46. The Board noted that the suggestions required careful consideration to ensure a match between responsibility and capability.

XII Draft Financial Results for the 5 months to 31 August 2014 and Financial Results for the 4 months to 31 July 2014 – Doc 2014-112 by Chris Jesnick

47. Miss Jesnick presented the draft financial results for the period April to end August and the financial results for the period April to end July 2014.
48. It was noted that, overall, the financial results were positive although CAAi income remained below budget, due to shortfalls in advisory contracts, in particular for EASA, and training and E-exams revenue.
49. Miss Jesnick asked the Board to note that a rent review fell due on CAA House this year and that she had been asked to appear before the CAAPS trustees to explain the move from CPI to RPI in pension benefits.
50. The Board noted the report.

XIII Live Issues and Monthly Reports

51. *CPG Live Issues* – Doc 2014-114 by Mr Jackson
Mr Jackson noted that the travel industry's results over August had been better than expected.

52. *CCD: Live Issues – Doc 2014 – 115 by Dr Rooney*

Dr Rooney mentioned that the recent Icelandic volcanic activity had led to a number of press enquiries.

XIV Any other Business & Forward Planning

53. No matters were raised.

**Date and Time of Next Board Meeting: 15 October 2014, starting at 9.30 am in
Conference Room 1, Aviation House Gatwick**