

**CIVIL AVIATION AUTHORITY**  
**MINUTES OF THE 533<sup>rd</sup> BOARD MEETING HELD ON**  
**WEDNESDAY 18 SEPTEMBER 2019, WESTFERRY**

**Present:**

Dame Deirdre Hutton            Chair  
Mr Richard Moriarty  
Ms Katherine Corich  
Ms Marykay Fuller  
AVM Ian Gale  
Mr David Gray  
Mr David King  
Ms Anne Lambert  
Mr Michael Medlicott  
Mr Paul Smith  
Ms Kate Staples                Secretary and General Counsel  
Mr Mark Swan  
Mr Chris Tingle  
Mr Graham Ward

**Apologies:**

Peter Drissell

**In Attendance:**

Mr Tim Johnson  
Mr Richard Stephenson  
Ms Barbara Perata-Smith      Minute taker  
Mr Ed Weston  
Mr Jon Round                    for items 4, 5 and 11  
Ms Rachel Gardner-Poole      for items 4 and 5

**I. APOLOGIES AND INTRODUCTIONS**

1. There were apologies from Mr Drissell.

## II. CONFLICTS OF INTEREST, PREVIOUS MINUTES, AND MATTERS ARISING

3. No new conflicts of interest were declared.
4. The previous minutes were agreed, subject to minor typographical corrections.
5. Action 33 – an update was provided by Ms Corich, who had met with Mr Round to discuss the culture of organisations that had to manage both safety and commercial interests.

## III. CHAIR'S UPDATE

6. The Chair gave an update on recent meetings and events she had attended. These included an event in Prestwick to mark the anniversary of the Women in Aviation Charter and a meeting with the Scottish Parliament Consultative Steering Group on their 20<sup>th</sup> anniversary.
7. The Chair and Mr Moriarty had an introductory meeting with the new Secretary of State, Grant Shapps MP, and took the opportunity to brief him on the CAA's strategy and activities. GA was a particular focus of the session.
8. The Board noted the update.

## IV. CHIEF EXECUTIVE REPORT (DOC 2019-063) BY RICHARD MORIARTY

9. The Board welcomed Mr Round and Ms Gardner-Poole to the meeting.

### **Key live issues**

10. NERL reference to CMA - Mr Moriarty confirmed that NERL had formally rejected the CAA's proposed price control decision for RP3 and as a result the CAA will make a reference to the Competition and Markets Authority (CMA). Mr Smith added that the CAA would be preparing thoroughly for the process and that a paper would be presented at the October Board to set out the initial approach and timeline. Mr Moriarty commented that the reference was likely to involve Mr Smith, Ms Staples and Mr Round's teams.
11. Ministerial priorities – the Chair and Mr Moriarty had had an introductory meeting with the Secretary of State (SoS), in which they had discussed a number of issues including Global Navigation Surveillance Systems (GNSS), Electronic Conspicuity, airspace reform and the closure of GA aerodromes. DfT was in process of significantly expanding its existing GA team, and that CAA should consider whether it was adequately resourced respond to the increasing focus on GA. Mr Gale stressed this was an opportunity to demonstrate our commitment to a sector with whom we had historically had a challenging relationship.
12. On GNSS, an approach procedure that allows GA pilots to carry out an instrument landing at an airfield where ATC is not available, Mr Round explained the challenge

- applying the model used by France and the US to the UK due to differences in funding models. Mr Moriarty added that some Government funding was likely to be made available to accelerate CAA's existing programme of work.
13. On Electronic Conspicuity, Ms Gardner-Poole explained that the SoS was keen to encourage all GA pilots to fit a form of suitable technology that enables air to air electronic visibility. Although full interoperability standards were not yet defined, some conspicuity was better than none. The SoS had confirmed that the Government was willing to meet half of the cost of this technology in order to promote take-up of new technology. Mr Johnson commented that the CAA supported this approach and continued to pursue its existing work programme to define interoperable performance standards for electronic conspicuity.
  14. Airspace reform – Mr Moriarty stated that the SoS was keen to change the current airspace policy regime to give better airspace access for GA and that the CAA should closely consider the recommendations made in the All-Party Parliamentary Group on General Aviation.
  15. Closure of GA aerodromes – this was an important issue for the SoS, although the CAA had no role in the planning process for airfields.
  16. Drone security at UK airports – Mr Round summarised the work that CAA continues to do in this area, collaboratively with various government departments, NATS, airport operators and the police. The aim was to ensure all the parties were prepared for an event and could follow a cohesive approach in the event of a drone incident, responding in ways that first maintained safety and then minimised disruption.
  17. Mr Round referred to the latest drone security event at Heathrow Airport, praising the good outcome and the strong relationship between the airport and the Met Police. Mr Round added that, as part of this work, a Threat Assessment protocol had been developed to aid decision-makers carry out real-time assessments.
  18. Mr Swan added that the CAA continued to liaise with airports and NATS to emphasise their role in protecting the airspace under their control using available technology. The CAA did not have the remit or powers to protect airspace.
  19. Drone Registration and Education Scheme – Mr Johnson confirmed the development of the system was complete and that it had recently passed the Government Digital Service's public beta assessment. Mr Johnson added that the SoS was currently reviewing the system and the proposed price.
  20. Boeing 737 Max 8 – Mr Swan provided an update on the work being carried out by the FAA and EASA to re-certify the aircraft. Mr Bishton, SARG's Head of Flight Operations, had attended the recent EASA Management Board and confirmed that

progress was being made. Mr Swan emphasised that pilot simulator training was likely to be a requirement of the return to service package.

21. The Board noted the report.
22. Ms Gardner-Poole provided a briefing to the Board on the General and Business Aviation Strategic Forum (GBASF), in preparation of the discussion that would follow. Ms Gardner-Poole stated that the GBASF was set up in 2013, following the Government's publication of its General Aviation Strategy. GBASF brings together representatives from a range of leisure and commercial entities in the GA sector. The forum has a close relationship with Government and is focused on promoting the smooth operation of GA, including improving airspace routes in the South East.

#### **V. GENERAL AND BUSINESS AVIATION STRATEGIC FORUM – STAKEHOLDER SESSION (DOC 2019-064) BY MARK SWAN**

23. The Board welcomed Roger Hopkinson (General Aviation Alliance Facilitator and Chair of the GBASF), Marc Bailey (CEO of the British Business and General Aviation (BBGA)) and Martin Robinson (CEO of the Aircraft Owners and Pilots Association UK (AOPA)) to the meeting.
24. Mr Hopkinson presented an overview of the top issues in general aviation, including airspace, GNSS approaches, model aircraft's inclusion in the scope of the UK's drone registration scheme, aviation services and aerodrome closures.
25. On electronic conspicuity (EC), the GBASF supported the introduction of a system that would make aircraft visible to each other, particularly given rapidly expanding drone usage and moves towards urban mobility. Mr Robinson outlined some of the challenges as he saw them, for example the cost of purchasing and installing a system that provided electronic conspicuity and the current absence of common interoperability standards for all devices.
26. AVM Gale commented that the benefit of interoperability was that it would incentivise the MoD increasingly to share airspace. Having different solutions that were not compatible or visible to one another made this more complicated.
27. Mr Swan noted that the Government had indicated it would be willing to provide some funds to encourage equipage, but that electronic conspicuity could only work if everybody signed up to it. Mr Swan added that CAA was working on an EC strategy and that it would consult later in the year. He encouraged the GBASF to submit a response to the consultation.
28. Ms Corich commented that she was impressed with the quality of training provided by the UK, but that the GBASF might want to explore the reasons why young people

- were not attracted into a career in GA. Reasons might include the impact of aviation on climate change and the increase in digitalisation.
29. Mr Bailey commented that GA was suffering from the increasing lack of interest in STEM subjects at school. The industry was working hard to make a career in GA attractive to young people by highlighting possible educational and vocational paths. But the cost of training was a factor and often those who qualified chose to go into management rather than keep flying as it was better remunerated.
  30. Mr King commented that the definition of GA itself was unhelpful as it was generally linked with the community of leisure flyers rather than a wider business group. This made it difficult for GA to take a common position on some issues. Mr Bailey agreed and added that EASA had nine descriptions for GA and that the media and certain Government representatives had a poor understanding of GA.
  31. The GBASF concluded by emphasising that improving airspace access for GA was its key priority. On the question of illegal charter activity, the GBASF offered to collaborate with CAA to progress matters.
  32. The discussion continued informally over coffee. The GBASF then left the meeting.
  33. AVM Gale took an action to discuss with Ms Gardner-Poole the ways in which CAA could engage more successfully with the broader GA community.

**ACTION:** AVM Gale

## **VI. PENSION VALUATION UPDATE (DOC 2019-065) BY CHRIS TINGLE**

34. Mr Tingle reminded the Board of the position it had endorsed at its July meeting for the 2018 CAAPS valuation, which consisted of introducing a CPI rather than an RPI cap to pensionable salaries, CPI rather than RPI dynamization and some changes to assumptions.
35. Mr Tingle and Mr Moriarty had submitted the proposals to the CAAPS Trustees who were supportive, but could not formally accept, nor recommend members accept the proposals, until they were able to consider the feedback from the forthcoming colleague consultation. The Trustees expressed a reservation on the ability to complete the consultation by the end of year, indicating that early 2020 would be a more realistic timeframe.
36. Mr Tingle added that the next steps were to consult with the scheme members from mid-October and that CAAPS would provide modelling data to help in-scope members understand how CPI dynamization could affect them.
37. Mr Medicott enquired whether the performance of the asset managers had been discussed. Mr Tingle commented that a procurement tender was in progress for a new investment advisor.

38. The Board noted the update.

#### **VIII. TARGET BUDGET 2020/21 AND SCHEME OF CHARGES ASSUMPTIONS (DOC 2019-66) BY CHRIS TINGLE**

39. Mr Tingle explained that on 4 September ExCo had held an initial discussion about the scope of changes to the charging schemes for 2020/21. This identified new activities and those where a change in price may be appropriate. A detailed paper would be prepared for the October Board to agree proposals that would be presented for consultation later in the Autumn.

40. Mr Tingle commented that the new projects and income requirements included work on Brexit, CAA's statutory competition work, space regulation, rocket permissions and cyber work. Among the areas of continuing activity there was a review of funding for the Passenger Advice and Complains Team (PACT), an overall review of s.16 funding from Government, various funding options for the Innovation Hub and consideration on the level of financial contributions expected from CAAi in view of potential changes to the EASA revenue streams. Other issues discussed included a review of the projects on the Portfolio Delivery list, the proposed pay and headcount assumptions and the impact of a CPI increase across the scheme of charges.

41. Mr Moriarty emphasised two key points in considering charges for next year. The first was to highlight the decision made at the June Board awayday to continue with the Innovation Hub activities. The second was that the charges would need to reflect the reduction in CAAi's ability to sustain current levels of financial contribution to the CAA given reducing volumes of EASA work. This would have an impact on charges, which are currently subsidised by this financial contribution.

42. The Board offered a number of observations. These included: the inflexibility of CAA's currently funding model, including particularly in relation changes in activity levels such as competition activities and the contributions from CAAi; the requirement to continue to fund improvements to the organisation's corporate systems; and whether the increasing levels of work would require increased resourcing levels.

43. Mr Tingle confirmed that a follow-up report would be presented at the October Board, with more information on figures, risks and potential savings.

44. The Board noted the report.

**IX. MONTHLY FINANCIAL REPORT (DOC 2019-067) BY CHRIS TINGLE**

45. Mr Tingle provided a summary of the CAA Group's financial results for the three months to 30 June 2019 and an overview of the four months results.
46. Mr Tingle highlighted some key points from the report. He commented that the profit and loss and cash balance were as planned, with costs and headcount within budget. The impact of Brexit on CAAi was a risk, as was the Matterhorn project. The team were still working through changes associated with the new finance system, but this was not expected to affect the overall result.
47. The Board noted the report.

**X. MATTERHORN UPDATE (VERBAL) BY RICHARD MORIARTY**

48. Mr Ward, Ms Lambert and Ms Fuller recused themselves from the meeting.
49. Mr Moriarty provided the latest update on the Matterhorn project, including the status of discussions with the Government.

**XI. CMG ANNUAL REPORT (DOC 2019-68) BY PAUL SMITH**

50. Mr Ward, Ms Lambert and Ms Fuller rejoined the meeting
51. Mr Smith highlighted the key points from his report. He commented that CMG was a team with strong technical skills in economic regulation, financial analysis and competition with generally a good morale and low turnover. Mr Smith mentioned a number of key achievements by the team, such as work on passengers with reduced mobility (PRM), consumer work and economic regulation of Heathrow, which was a large project. The challenges for the team include being able to balance short-term priorities with longer-term thinking, such as the ability to capitalise on the large amount of ATOL-related data and a move to online certificates. Diversity and gender balance were also still issues, although improving.
52. Ms Lambert commented that a more in-depth overview of CMG's PRM and consumer protection activities would be a beneficial briefing for the Board.

**ACTION:** Mr Smith

53. Mr Smith explained that the team was actively involved in EU work, with the European Commission valuing their input and encouraging the development of bilateral relationships. With regard to cross-regulator work, the team was an active member of the UK Regulators Network, particularly its Cost of Capital working group, and Mr Smith had regular meetings with peers from other regulators to ensure awareness of broader issues.
54. AVM Gale commented that most of the risks seemed to be focused on bandwidth and asked whether more recruitment was required. Mr Smith replied that bandwidth

- in the team was not solely about numbers, but more about opportunities to push people to grow professionally and get involved into a wider range of activities as well as leadership development.
55. Ms Fuller commented that she recently received very good feedback from an ex-KPMG employee on her new role in CMG.
  56. Mr Smith added that the relocation to Westferry had gone well. It had encouraged collaboration and understanding of each other's work. A number of colleagues had moved to different roles within the team, aiding professional development and upskilling. The team also had five apprentices, included one that it shared with Ofcom.
  57. The Chair commented that among the risks listed in the report, the most significant was whether the Government would choose to implement the recommendations of the Airline Insolvency Review. This meant the team operated at a heightened state of alert, as it was responsible for passenger repatriation and refunds.
  58. The Board noted the report.

## **XII. SARG MONTHLY SAFETY ISSUES REPORT (DOC 2019-060) MARK SWAN**

59. The Board welcomed Mr Round to the meeting.
60. Mr Swan provided an update on the Leonardo AW169 helicopter incident, where a fault in one of the rotor bearings had been found. CAA and EASA had been monitoring progress and Leonardo issued a redesigned version of the bearing to mitigate the failure, which would have to be re-certified. Mr Swan confirmed that the current mitigation arrangements were satisfactory in the short term, but that CAA would continue monitoring the situation.
61. Mr Swan gave the Board a progress report on the off-shore helicopter incident involving the H225 Super Puma Eurocopter and confirmed the AAIB had identified the root cause of the issue and were satisfied that this was now rectified.
62. Mr Round presented the report on his Airspace, Aerodromes and ATM team. Resourcing had improved in the past year, with a beneficial impact on gender diversity following the introduction of flexible working practices. Recruitment was progressing well across the team. The team had also all recently relocated to the Gatwick office. Mr Round added that the team had a pool of prospective candidates on hold until further funding was available and that it was exploiting contacts from colleagues to maximise the recruitment for roles with the highest technical specification.
63. Mr Round briefed the Board on the recently implemented Plan 39, a contingency plan designed to coordinate mass-diversions following restriction of a single runway,

for example due to drone incursion. The protocol has already been used in live incidents and it guided entities into flexible re-opening of an aerodrome. Mr Round added that there was also a Plan 78 being developed by the Industry Resilience Group (IRG) to deal with mass diversions following the restriction of multiple runways. There was much more to be done in this area of work, especially on drone counter-measures, which airports such as Heathrow and Gatwick had started to put in place. The Chair congratulated Mr Round and the AAA team on the implementation of both Plan 38 and 78, as well as on recent recruitment.

64. Mr Round provided an update on airspace infringements. Although they had increased slightly in number they were of a less severe nature and were better reported thus giving a clearer analytical picture. Prosecutions occurred for the most significant cases, and in other cases, the team tended to write to all of those who had committed an infringement, referring them to take a GASCO re-education course. Mr Round added that he considered encouraging attendance on the course for all pilots, however, the logistics were proving difficult.
65. Mr Tingle commented that many infringements seemed to occur around Stansted. Mr Round explained that the airspace in the area was very congested and had hot spots where infringements are common. Electronic conspicuity should help matters as would implementation of the airspace modernisation strategy.
66. The Chair asked AVM Gale to explain why the MoD was not incentivised to share airspace and whether its stance on the benefits of electronic conspicuity could help influence DfT. AVM Gale replied that he had already pursued this train of thought with Mr Moriarty and was keen to progress further.

**ACTION:** AVM Gale

67. The Board noted the report.

### **XIII. ANY OTHER BUSINESS**

68. *CAAPS Trustees:* Ms Staples advised the Board that the Trustee roles of David Armstrong, Dave Howson and her own on the CAA Pension Scheme were due for renewal. The Board approved all three re-appointments.
69. *CAA's legal boundary:* The Chair asked Ms Staples to provide a brief overview of the CAA's legislative remit, the SoS's interest in our input on GA matters and the specifics of the recent Farnborough airspace change. Ms Staples explained that the SoS could legitimately and lawfully set strategic policy direction and require the CAA to perform or prioritise certain activities, in each case using the mechanisms set out in the relevant primary legislation. In setting such direction or requirements the

Secretary of State would also need to be mindful of the applicable international framework, the requirements of public law and the value of transparency.

**Date and Time of Next Board Meeting:  
16 October, 9:30 hours, Westferry**