

**CIVIL AVIATION AUTHORITY**  
**MINUTES OF THE 526<sup>th</sup> BOARD MEETING HELD ON**  
**WEDNESDAY 16 JANUARY 2019, CAA HOUSE**

**Present:**

Dame Deirdre Hutton                      Chair  
Mr Richard Moriarty  
Ms Marykay Fuller  
Mr David Gray  
Mr David King  
AVM Gerry Mayhew  
Mr Michael Medlicott  
Mr Graham Ward  
Mr Paul Smith  
Ms Kate Staples                              Secretary & General Counsel  
Mr Mark Swan  
Mr Chris Tingle

**Apologies:**

**In Attendance:**

Mr Peter Drissell		Mr Matt Claydon	for item VI
Mr Tim Johnson		Ms Rachel Gardner-Poole	for item XI
Mr Richard Stephenson		Mr David Oastler	for item X
Ms Angela Lynch	minute taker	Dr Deborah Petterson (NCSC)	for item IV
Mr Ed Weston		Mr Troy Preston	for item IX
Mr Rob Bishton	for item XII	Ms Charlie Reynolds	for item IX
Mr Barnaby Burch	for item IV	Mr Matt Taylor	for item IV
Mr Stewart Carter	for item VI	Mr Andrew Walker	for item VI
Mr Paul Chichester (NCSC)	for item IV		

**I. APOLOGIES AND INTRODUCTIONS**

1. There were no apologies.
2. Board members welcomed new Non-Executive Director, Marykay Fuller and introductions were made.

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

2. The previous minutes were agreed, subject to minor changes to the wording.

3. There were no new conflicts of interest declared.
4. The Board congratulated Mr Stephenson on his recent OBE. He was appointed for his charitable, political and professional achievements.
5. The Chair noted the recent CAA win for Public Sector Legal Team of the Year at the Legal 500 UK Awards 2019. The Board extended its congratulations to Ms Staples and the rest of the OGC team for the well-deserved recognition of the work they did during the Monarch repatriation.

### **III. CHAIR'S UPDATE**

6. The Chair gave an update on recent meetings and events attended. This included the opening of the Cranfield University Digital Tower, with Aviation Minister Baroness Sugg, and a meeting with Ian King, Lead Non-Executive Director on the Board for the Department for Transport (DfT).
7. The Board noted the update.

### **IV. NATIONAL CYBER SECURITY CENTRE – BRIEF TO THE CAA BOARD**

8. The Board welcomed Mr Chichester and Dr Petterson from the National Cyber Security Centre (NCSC) and CAA colleagues Mr Taylor and Mr Burch to the meeting.
9. Dr Petterson gave an overview of the NCSC and its work, highlighting its capabilities and organisational structure. She highlighted the role of Competent Authorities (such as the CAA) and the NCSC's role of providing technical support and guidance under the Networks and Information Systems (NIS) Directive.
10. Mr Chichester briefed the Board on key cyber security challenges across multiple sectors and members discussed strategies for addressing these.
11. The Board welcomed the NCSC's keenness to work with the CAA to promote industry standards in cyber security, as well as to increase the organisation's own resilience. Members noted the effective engagement between CAA teams and NCSC representatives. Dr Petterson confirmed their satisfaction with the quality of the existing relationship. She welcomed the CAA's commitment, with the DfT, to implement the NCSC's updated version of the Cyber Assessment Framework (CAF) across the aviation industry.
12. Dr Petterson outlined guidance materials that the NCSC had published for Competent Authorities and industry stakeholders, including through the Rosa (IT) network and the Industry 100 initiative. She informed the Board of special programmes developed under 'CyberFirst' to train and attract a range of applicants to the organisation. The Chair noted that the NCSC had developed a Board toolkit

to help generate constructive cyber security discussions as part of Board-level governance duties. She asked that the toolkit be downloaded and circulated to members to aid their awareness of how Boards should constructively challenge organisations on cyber risk and capabilities.

**Action: Chair's office/ Mr Weston**

13. Mr Chichester confirmed that NCSC was confident in the CAA's level of maturity for dealing with cyber security threats. Consistent communication between the NCSC and the CAA was emphasised as an important aspect for maintaining this level of confidence. Mr Taylor confirmed that a number of conversations had been had with NCSC representatives on planned and existing CAA systems. Mr Drissell confirmed that the CAA also engages with other authorities, such as the Health and Safety Executive. A brief discussion was had on potential working opportunities to broaden the existing engagement between the CAA and the NCSC. The Chair highlighted that with its experience of communicating key messages to industry, the Communications team could add value to support the dissemination of NCSC guidance. She asked Mr Stephenson to follow up on this.

**Action: Mr Stephenson**

14. Mr Chichester said that the NCSC was asking for more reporting from its stakeholders than previously. Mr Moriarty confirmed that broader aviation sector discussions indicated a high level of appreciation in the industry of the importance of cyber security, with senior management recognising it as a priority on a par with safety. He highlighted, however, that aviation sector businesses were often very complex, meaning a large amount of effort and resource was needed to implement the required measures.
15. Mr Drissell confirmed to the Board that the DfT is the Policy Lead responsible for setting the NIS Directive risk level and appetite for the aviation sector, under which the CAA carries out its regulatory function.
16. The Board noted the update and thanked Dr Petterson and Mr Chichester for their time.

**V. CHIEF EXECUTIVE REPORT (DOC 2019-001) BY RICHARD MORIARTY**

17. Mr Moriarty updated the Board on key meetings and live issues. He briefed the Board on the action taken to support the Government-led response to the drone incident at Gatwick in December. It was noted that the incident had not affected the current Drone Registration Scheme project, although it had highlighted the potential for major disruption from drones more broadly. The Board noted the reactions of different industry stakeholders during the incident and Mr Swan

confirmed the differences between the Gatwick and Heathrow incidents in terms of safety risk and decision-making by the relevant operator groups (ATCs, airport and airlines). Mr Swan noted that, in such circumstances, it is particularly important for the CAA to be clear on its operational responsibility to safety and to avoid being drawn into areas where it has no such responsibility.

18. Mr Moriarty gave an update on airline financial results and the latest market figures. Mr Smith confirmed the details of the publicly announced acquisition of Flybe by Virgin Atlantic and Mr Swan confirmed, in line with normal procedure, that the team was monitoring changes providing assurance on safety.
19. Mr Smith gave an Air Travel Trust update in relation to Monarch Aircraft Engineering Ltd (MAEL). He explained that a lessons learned exercise would be undertaken and any recommendations would be discussed with ExCo and/or the Board in due course. The Board considered the broader effects on the industry. Mr Swan confirmed that no safety issues had been raised. The Chair asked that a more detailed overview of the availability of maintenance capability in the UK be prepared for the Board as part of its next briefing from Airworthiness.

**Action: Mr Swan/John McColl**

20. The Board noted the report.

#### **VI. DRAFT RP3 PERFORMANCE PLAN (DOC 2019-002) BY PAUL SMITH**

21. The Board welcomed Mr Walker, Mr Claydon and Mr Carter to the meeting. The Board considered the key issues covered in the paper, which, once agreed and finalised, would be published for public consultation in February.
22. Mr Smith said that the proposals were developed within the obligations and constraints under the EU framework, as well as taking account of NATS' business plan, its safety functions, the importance of Airspace Modernisation and input received from external consultants.
23. Mr Smith took the Board through the items which he expected would generate the most debate with stakeholders, including operating and capital costs and the rate of return. Following discussion among members, the key proposals were approved by the Board for consultation in draft form in February. Mr Smith and Mr Moriarty were delegated to oversee the production of this document.
24. Mr Claydon outlined the CAA's proposed response in support of agreeing funding for NERL's Oceanic (ADS-B) service. This was done on the basis of its safety benefits and in line with ICAO's position on encouraging the use of ADS-B. The CAA, however, also recognised stakeholders' concern over the service costs and

therefore its proposal included a requirement for a benefits review to be carried out to promote greater transparency.

25. The Board noted the associated risks outlined by the team in relation to the proposed positions. Mr Smith confirmed that in the event of a no-deal Brexit, the assumption is that preparation of the economic settlement would continue under the extant Transport Act 2000.

## **VII. OGC ANNUAL REPORT (DOC 2019-003) BY KATE STAPLES**

26. Ms Staples presented the annual report of the OGC's work, highlighting key challenges and future areas of focus.
27. The Board noted the appointment of a new Deputy General Counsel due to start in March. Ms Staples noted that the team had moved to smarter working processes, in line with the CAA-wide policy to promote more agile ways of working.
28. Ms Staples outlined the structural and safety review work planned for 2019, including a full organisational design review and implementation of the end-to-end review of regulatory decision making. Under the safety assurance work, Ms Staples confirmed that a standard set of questions was being implemented as part of the iterative review process. The Chair asked that an overview of the review assessment process be provided to her for further information.

### **Action: Ms Staples**

29. The Board noted the resource-related challenges faced by the OGC, which in part arise from the need to react to litigation, which is often unforeseen and can extend over several years. The Board noted that aviation would continue to be a litigation heavy environment compared to some other regulated sectors. To help manage this, Ms Staples has communicated the extent of legal capacity to other departments and legal needs have been considered under recruitment for specific policy programmes (e.g. airspace regulation). It was noted that aviation regulation and the CAA itself remained an attractive offer of employment for legal professionals. On this basis, Ms Staples confirmed that attracting high-calibre staff and retention were not concerns. The Chair agreed that the OGC resource challenge should continue to be closely monitored with issues raised and escalated as needed.
30. Members agreed that there was a good working relationship between OGC and the rest of the CAA, as well as with external legal advisors. The Chair said that these relationships had been influenced by Ms Staples' leadership.
31. The Board endorsed the OGC priorities for 2019 and noted the report.

**VIII. AVIATION SECURITY QUARTERLY REPORT (DOC 2019-004) BY PETER DRISSELL**

32. Mr Drissell gave an overview of key areas of Aviation Security (AvSec) and associated regulatory oversight developments over the past three months. This included work being done with industry and the Government under the Aviation Security Strategy Programme Board and for the planned introduction of Next Generation Security Checkpoints.
33. Following previous discussion, Mr Drissell updated the Board on ongoing engagement with Do&Co and British Airways. Members were pleased to note the progress being made and agreed that a future Board visit or meeting should be considered as an opportunity to enhance this relationship and gain a deeper understanding into the In Flight Suppliers (IFS) market.

**Action: Chair's office/ Mr Drissell**

34. The Board noted the increased level of team involvement with vetting and the increased volume of inspections and audits being carried out. This approach had also seen improved oversight of industry Security Management Systems (SeMS).
35. The Board noted the report.

**IX. SAFETY ASSURANCE REPORT (DOC 2019-005) BY MARK SWAN**

36. Mr Preston and Ms Reynolds were welcomed to the meeting to present the key findings of the latest report on SARG Safety and Business Assurance. The Board noted the observations and independent recommendations contained within the report.
37. Mr Preston said that overall levels of assurance remained positive, noting specific areas of improvement and additional areas of reporting, incorporated in response to previous input from the Board.
38. Detailed discussion was had on the progress and planned next steps for ongoing work in developing the Safety Maturity Model, safety accountabilities across SARG and increasing use of the regulatory bowtie tool (to enhance risk management processes).
39. Ms Reynolds confirmed that the work carried out to assess the risk of regulatory capture in past cases had returned favourable results. Further work was being done to embed guidance on how to mitigate this risk, which would assist in the future.
40. Mr Preston highlighted the team's work in relation to learning from external cases and incidents in other sectors. A review, similar to the one produced after the

Grenfell tragedy, is being carried out in response to the case of the junior doctor Dr Bawa-Garba.

41. The Board discussed the current structure of the assurance report. Members agreed that it was challenging to agree a progress metric for presentation purposes that offered enough flexibility and insight, without overloading the Board with too much detail. It was agreed the team would consider alternatives to the current RAG ratings system.

**Action: Mr Preston/Ms Reynolds**

42. Mr Preston confirmed that he was keen to see further developments in the CAA's use of data and intelligence, on the basis that this is vital for iterative monitoring and performance improvement. Mr Swan gave a brief status update on the current data workstream projects, noting that the Board would receive more information on these as they developed.
43. The Board noted the report.

**X. CAA BREXIT READINESS UPDATE (DOC 2019-006) BY TIM JOHNSON**

44. The Board welcomed Mr Oastler to the meeting, for an update following last month's report on CAA contingency plans and Brexit-related developments.
45. Mr Johnson briefed the Board on the meeting he had attended with the Secretary of State and Aviation Minister that morning to discuss industry priorities and business plans. Discussion was had on the European Commission's proposals for air services agreements as well as domestic considerations for the industry and consumers.
46. Under ongoing CAA activity, Mr Johnson gave an update on the latest engagement on Bilateral Air Safety Agreements (BASAs) with the US, Canada and Brazil. The Board considered the existing timelines for these negotiations and the legislative processes in each jurisdiction required to finalise them. He confirmed that good progress in the discussions had been made, but that consideration had also been given as to what alternative outcomes were possible and how this would be managed on the part of the CAA to support the continuation of relevant operations.
47. Mr Johnson briefed the Board on corporate moves to prepare for Brexit. He confirmed that the DfT had endorsed the continuation of its contingency plans at this stage. Mr Tingle gave details of the Shared Service Centre's licensing work. He confirmed that the team was on track for applications received by the CAA's publicly stated deadline. The Board noted that there could be delays for applications not received by the deadline, with work being done on how to minimise

these delays and how to ensure communications on the process were clear and consistently delivered.

48. Mr Johnson updated the Board on the progress in putting in place the required State of Design resource within the CAA, confirming that this was currently on track.
49. Longer-term consideration of the potential effects of Brexit on the CAA's revenue sources was underway and more detail on this would be supplied as part of budget forecast discussions.
50. The Board endorsed the prioritisation of Shared Service Centre licensing work and continuing BASA negotiations.
51. The Board noted the report.

#### **XI. PORTFOLIO DELIVERY REPORT (DOC 2019-007) BY CHRIS TINGLE**

52. The Board welcomed Ms Gardner-Poole to the meeting. She presented the progress report on key projects managed by the Portfolio Delivery team. This included the completed delivery of the Airspace Change Portal and the final stage of the ATOL project, following the system's launch last month. The Board noted that, under corporate projects, the new HR, Procurement and Finance system was expected to go live in April.
53. The Board reviewed the Portfolio Delivery risks, noting improvement in mitigating the top ones. Ms Gardner-Poole outlined the next steps for further improvement.
54. Following a previous Board request, Ms Gardner-Poole briefed members on the main findings of the benefits review on the Transformation Programme, which was closed in December 2018. Under the future benefits summary, Ms Fuller suggested that future reports include a breakdown of cash estimates against each project to help the Board fully assess their value.
55. The Chair asked about the sustainability of maintaining the Portfolio Delivery department. Mr Moriarty confirmed that the current level of organisational need for project delivery support consisted of more than enough work to sustain it in its current structure. Ms Gardner-Poole agreed to share the three-year project plan with the Board as part of the next update.

**Action: Ms Gardner-Poole**

56. The Board noted the report.

#### **XII. SARG MONTHLY REPORT (DOC 2019-008) BY MARK SWAN**

57. The Board welcomed Mr Bishton to the meeting. Mr Swan briefed the Board on recent safety events and oversight activities since the last meeting.

58. Mr Bishton briefed the Board on the latest activities and key industry topics relating to Flight Operations. As part of this, he highlighted the launch of the final phase of the Flight Operations Resourcing project. Mr Bishton explained that the substantial changes to the team had increased the effectiveness of its oversight and had seen closer working ties develop internally with CMG. The Chair agreed that this was very encouraging, and it was recognised that the positive change had been achieved through a proactive approach to addressing issues.
59. Mr Bishton briefed the Board on Oversight of Non-Commercial Complex operations (NCC). He informed the Board of the plans for an updated and revised strategy to be developed over the next year. An update on progress would be included under the next Flight Operations update to the Board.

**Action: Mr Bishton**

60. Under initiatives launched in 2018, Mr Bishton highlighted the Pilot-Peer Assistance Network (P-PAN) Project, about which the CAA would be making a further public announcement in March 2019. The national P-PAN aims to positively promote and support the health and wellbeing of commercial pilots. The Board endorsed this worthwhile activity and members were invited to contact Mr Swan and Mr Bishton if they wanted more information. Mr Stephenson added that the Communications team recognised the initiative as a significant opportunity but was also keen to manage expectations around it. He agreed to discuss this further with the team.
61. The Board noted that an Annual Flight Ops report was planned for publication later in the year.
62. The Board noted the reports.

**XIII. FINANCIAL REPORT (DOC 2019-009) BY CHRIS TINGLE**

63. Mr Tingle reported on the CAA Group's financial results for the 8 months to 30 November 2018, which continued last month's trend ahead of budget.
64. The Board noted the report.

**XIV. ANY OTHER BUSINESS AND FORWARD AGENDA**

65. None raised.

**Date of Next Board Meeting:  
20 February 2019, CAA House**