



CIVIL AVIATION AUTHORITY
MINUTES OF THE 508th BOARD MEETING HELD ON
WEDNESDAY 17 MAY 2017,
CAA HOUSE, LONDON

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should be kept secure.**

Present:

Dame Deirdre Hutton, Chair

Mr Andrew Haines

Mr David Gray until item IX

AVM Mike Wigston from item VI

Mr Michael Medlicott

Mr Richard Moriarty

Dr Ashley Steel

Mr Mark Swan

Mr Chris Tingle

Mr Graham Ward

Ms Kate Staples Secretary & General Counsel

Apologies:

Mr David King

In Attendance:

Mr Tim Johnson

Mr Richard Stephenson

Mr Peter Drissell

Ms Sarah Doherty for VIII

Mr David Elbourne for VII

Ms Rachel Gardner-Poole for IX

Ms Claire Muir for VI

Mr Jon Round for VIII

Ms Sophie O'Sullivan for VI

Ms Angela Lynch Minute taker

I. APOLOGIES

1. There were apologies from David King, who was overseas on business.

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

2. There were no conflicts of interest for declaration.
3. The minutes from the previous meeting were approved, subject to a minor rewording of paragraph 52.
4. Under matters arising, it was confirmed that the work on the EC225 helicopter is ongoing (paragraph 14, 15 February 2017).

III. CHAIR'S UPDATE

5. The Chair informed the Board of her recent meetings. These included a meeting with the Chair of the Consumer Challenge Board (CCB) to discuss the set-up and initial focus of the group; a meeting with the Chair of HSE that included discussion of shallow-water breathing training for helicopter teams; and a meeting with new DfT Permanent Secretary, Bernadette Kelly, to introduce the CAA' s work and current key issues.
6. The Chair also met with the Chair of the Food Standards Agency. They discussed a suggestion to establish a group for safety-focussed regulators in the UK to meet and discuss areas of mutual interest.
7. The Chair highlighted her participation at the recent EUROCAE Symposium, where she gave a keynote speech to senior aviation representatives from Europe and further afield.

IV. CHIEF EXECUTIVE'S REPORT (DOC 2017-026) BY ANDREW HAINES

8. Mr Haines updated the Board on his recent meetings, including his latest interaction with HAL on its expansion plans. With Mr Swan he had also met with the Executive Director of EASA on current live issues and collaboration.
9. The Chair requested that the next CEO report include further updates for the Board on security inspections in the UK - under both UK and EU regimes - and on airline licensing.

Action: Mr Drissell and Mr Moriarty

OGC

10. The Board approved the adoption of the new CAA Ethics Policy, which had also been considered by the Remuneration Committee, Executive Committee, Audit Committee and shared with the Employee Forum. The Board supported the outline method of implementation for the policy.
11. An amendment was agreed in respect of the best practice recommendations document, to clarify that although the CAA's contracts did not explicitly match the Committee on Standards in Public Life's process for departing members, its practices are consistent with it.

Action: Ms Staples

Aviation Security

12. Mr Drissell provided an update to the Board on the incident at Heathrow terminal 3 that had been reported in the media.
13. Mr Haines highlighted the meeting of European and US officials in Brussels that was being held on the topic of personal electronic devices. The CAA will monitor outcomes and continue to engage constructively on the topic with the Government and industry.

Strategy and Policy

14. The Board noted the largely positive results of the latest CAA staff Engagement Survey, and supported the Executive's decision for each Director to lead work on individual action plans to implement further improvements.
15. Mr Haines informed the Board of the DfT's recently published proposals for the Independent Commission on Civil Aviation Noise. He confirmed that the CAA was continuing to stress its position that the independence of the organisation could be critical to securing public support without in any way seeking to veto government's proposals.

SARG

16. Mr Swan provided an update on engagement with Airbus, CAA Norway and EASA in connection with the EC225 Helicopter. The Board agreed to the ongoing work being carried out by the CAA team.

17. Mr Haines confirmed that recent constructive discussions held with US counterparts on opportunities for the effective sharing of safety data would fully consider the differing requirements under each jurisdiction.

V. ECONOMIC REGULATION OF RUNWAY CAPACITY AT HEATHROW: CONSULTATION ON REGULATORY FRAMEWORK (DOC 2017-037) BY RICHARD MORIARTY

18. The Board welcomed Mr Walker to the meeting. Mr Moriarty introduced the paper and requested the Board's guidance on the interrelated topics of timings and cost of capital considerations, as part of the CAA's updated framework for the economic regulation of HAL.
19. The Board agreed that pronouncements on cost of capital indicators should be deferred until further information is available later on in the year.
20. To help the Board to determine its position with regards to timing of the CAA's regulatory processes, it was agreed that a clear explanation of the advantages and disadvantages of different options would be presented to the Board in June with an explanation as to why the course of action was proposed. The Board would also be asked to consider and approve a consolidated timetable for the release of the formal guidance.

Action: Mr Moriarty/ Mr Walker

VI. CAA'S CIVIL DRONE STRATEGY (DOC 2017-036) BY TIM JOHNSON

21. The Board welcomed Ms Muir and Ms O'Sullivan to the meeting. Mr Johnson introduced the paper, outlining the CAA's strategy for civil drone use and proposed priorities of the ongoing work programme, as well as work already undertaken.
22. On the issue of scope, the Board discussed and noted that the CAA's existing regulatory remit covered public safety as well as aviation safety. Although the CAA's primary expertise relates to aviation safety, the existing UK regulatory regime for drones that had been developed and promulgated by the CAA over the last decade, explicitly targeted both aviation and public risk - as did the emerging ICAO and EASA drone regulations. Under the MoU signed with the Police and Government agencies, however, enforcement of regulation breaches that create public safety risk is primarily a matter for the Police.

23. The Board noted the initial desktop analysis the CAA had undertaken to calibrate the probability and consequences of risks to aviation and the public from drones. Based on information currently available, the risk to commercial aviation and the public was assessed as relatively low at present, though the level and nature of drone use was evolving quickly. This analysis would be updated from time to time if significant new external research or information became available. In addition the CAA would continue to encourage EASA to build a more comprehensive risk picture, including engine testing.
24. The Board supported the proposed approach of focussing primarily on developing EASA's draft regulation for drones. It considered EASA's direction to be sound, though some simplification of the regulation itself would be desirable. At this stage, the CAA was working on the assumption that EASA's regulation would apply in the UK, irrespective of the outcome of Brexit. Where practicable, the CAA would work with the DfT to implement into UK law key elements of EASA's proposal ahead of the latter's expected implementation date. In particular, measures to strengthen risk mitigation, information campaigns and electronic conspicuity solutions.
25. The Board noted that the CAA would continue to support the UK Government's work on drones, particularly through its membership of the Cross Government Drone Steering Group, and reiterated its support for the CAA position that a registration scheme should be implemented only if it enabled tracking and identification of drone operators to aid enforcement activity.
26. Mr Stephenson confirmed that the CAA was working collaboratively with a range of stakeholders in the drone sector to strengthen the CAA-led education and communications campaign and that this activity was separated from the regulatory decision making task which was carried out by a different team within the CAA.
27. The Board endorsed the work programme and will be kept informed as appropriate.

VII. AVIATION SECURITY ANNUAL REPORT (DOC 2017-038) BY PETER DRISSELL

28. The Board welcomed Mr Elbourne to the meeting. Mr Drissell introduced the annual report, which highlighted key achievements and challenges experienced during AvSec's third year within the CAA. The Board agreed that the bedding-in process for the department had been completed and that there was greater clarity and acceptance of the CAA's role across DfT and industry.
29. Mr Drissell highlighted improvements made, largely due to the department's drive for greater efficiency, the ongoing review of More Stringent Measures and the wider

adoption of Security Management Systems (SeMS) among the major airports and airlines.

30. It was noted that further work would be carried out in key areas this year, including in relation to In-Flight Services, supporting current Government reviews and ongoing engagement with the industry through multiple channels.
31. The Board noted the report. It was requested that additional time be allocated on a quarterly basis to provide the Board with a deeper analysis on key areas under AvSec's remit. The Chair will consider how this can best be accommodated.

Action: Chair / Secretariat

VIII. SARG REPORT (DOC 2017-030) BY MARK SWAN

32. The Board welcomed Ms Doherty and Mr Round to the meeting.
33. Mr Swan provided an update on safety issues, informing Board members about key live issues. This included information on a recent successful air display training session and ongoing SARG recruitment. Mr Swan highlighted that internal arrangements had been made to improve project management of the ongoing Safety Review and ensure the manager and CEO received timely updates throughout.
34. Mr Swan informed the Board of recent reported safety events. Mr Swan advised the Board that the system for reporting safety occurrences was capable of improvement. Ms Doherty was currently leading an end-to-end review of the system to implement an improved approach and her findings would be reported back to the Board in a couple of months.
35. Mr Swan reported on the ongoing scoping work being done to optimise the use of data and information. The Board will be kept informed in due course.
36. Ms Doherty briefed the Board on the safety performance overview over the past five years of air traffic services. The data showed very low numbers of incidences overall. Of the occurrences, drones were often reported as the cause. This was unsurprising given the growing nature of the market and the nature of unverified reporting. It validates the CAA's strong focus on the topic as earlier discussed. There were no other significant linkages amongst the occurrences.
37. Mr Round briefed the Board on recent activity and focus areas of the Airspace, ATM and Aerodrome team. Mr Round highlighted developments taking place to establish a "Digital Tower" at London City Airport by the end of 2019. Mr Round advised that this type of technology was more commonly known as "remote towers" and had already been deployed in other countries, including Sweden. The CAA team is assessing how best to regulate remote towers in anticipation of the concept expanding across the

aviation sector as a whole as well as considering a formal approval regarding London City.

38. Mr Round informed the Board of the implementation of the new airspace change process. Mr Johnson confirmed that embedding the process will take time and that current political uncertainty could potentially delay this process due to interdependencies without Government policy decisions.
39. The Board noted the report.

IX. TRANSFORMATION PROGRAMME UPDATE (DOC 2017-040) BY CHRIS TINGLE

40. The Board welcomed Ms Gardner-Poole to the meeting. She provided a comprehensive update on the progress of key projects within the Transformation Programme.
41. Recent developments included the launch of AvStats upgrade and Resource Scheduling (Phase 1), as well as the appointment of a dedicated stakeholder engagement manager.
42. The Information Strategy project and the Accommodation Project would be key areas of further work over the coming months. The team had invested time in creating a more robust Project Management Office, which would improve the planning of forthcoming projects and next steps within existing ones.
43. Although challenges continued to arise, Mr Tingle confirmed that the team has much better visibility of these and has been better able to address them.
44. The Board noted the report and the Transformation Programme's progress.

X. ANNUAL WHISTLEBLOWING REPORT (DOC 2017-41) BY MARK SWAN

45. Mr Swan presented the Whistleblowing report for 2016 alongside the recently completed internal audit report on the CAA's processes for whistleblowing.
46. Mr Swan confirmed the team would be following up the results, with consideration being given to including benchmarking to build a more comprehensive picture.
47. A new process had been initiated to escalate reports to Mr Swan to ensure more timely action is taken where needed. The Board was invited to follow up with any further questions directly to Mr Swan and it was agreed that a scale indicator would be considered for inclusion in the next whistleblowing report.

Action: Mr Swan

48. The Board noted the reports.

XI. FINANCE REPORT (DOC 2017-034) BY CHRIS TINGLE

49. Mr Tingle reported on the full year finance report for 2016/17, which gave overall positive results, in line with expectations. Positive cash and pension assets results were highlighted as significant contributing factors to the results.
50. The figures for the month of March showed higher expenditure than expected. This was due to a small number of larger ticket items coming as a result of a readjustment of priorities.
51. The Board noted the report.

XII. ANY OTHER BUSINESS AND FORWARD PLANNING

52. Board members expressed their sympathy at the sad passing of a member of the CAA House security team.

**Date and Time of Next Board Meeting:
21 June 2017 at 10am, Hartwell House**