

CIVIL AVIATION AUTHORITY
MINUTES OF THE 509th BOARD MEETING HELD ON
WEDNESDAY 21 JUNE 2017,
HARTWELL HOUSE

Present:

Dame Deirdre Hutton Chair
Mr Andrew Haines
Mr David Gray
Mr David King
AVM Mike Wigston
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:

In Attendance:

Mr Tim Johnson
Mr Richard Stephenson
M Simon Baker for IV
Mr Andrew Walker for VIII
Ms Angela Lynch Minute taker

I. APOLOGIES

1. There were no apologies.

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

2. There were no conflicts of interest for declaration.
3. The minutes of the last Board meeting were approved with no matters arising.

III. CHAIR'S UPDATE

4. The Chair informed the Board of her recent meetings, which included a meeting with Karen Dee, the new CEO of the Airport Operators Association.

5. Mr Gray informed the Board of the most recent meeting of Regulatory Chairs (UK Regulators Network). It was agreed that the group would look through its current priorities in light of the recent general election and consider changes. It was clear, however, that consumer's perceptions of 'fairness' of a company's behaviour was a key focal point.
6. Following on from discussion at the last meeting, the Chair confirmed that she had written to safety regulators and had so far received positive responses on creating a Chair's group similar to the one that meets for economic regulators, but for safety agencies. It is expected that the group will be established this autumn.
7. The Chair noted the recent success of the Annual Colleague Recognition Awards, which had almost 100 participants and was enjoyed by them as well as other CAA staff, who followed the event through its intranet page. The Chair expressed particular thanks to the team who organised the event, especially with their handling of the last minute need to change the venue.
8. Following the general election, the Chair noted that confirmation of the new Minister for Aviation was pending. The Chair would engage with the Minister once he/she is in place to ensure a smooth transition from Lord Ahmad who has moved to the Foreign and Commonwealth Office.
9. The Chair informed members that a book of condolence to mark the sad passing of one of the security/reception team at CAA House, as reported at last month's meeting, was available for signing at CAA House reception.

IV. CAA ANNUAL REPORT AND ACCOUNTS – DOC 2017-045 BY CHRIS TINGLE

10. The Board welcomed Mr Baker to the meeting. Mr Tingle noted that the Audit Committee and external auditors had reviewed the Annual Report and Accounts. All requested amendments had been made.
11. The Chair requested one minor amendment to record accurately that the service efficiency goal had been achieved by Easter (not the end of the financial year).
12. Mr Ward confirmed the Audit Committee's satisfaction with its review on this basis. Mr Ward drew attention to management's letter of representation to the Board and it was confirmed that it would be signed by the CEO, Secretary and COO.
13. The members of the CAA approved the CAA Annual Report and Accounts and the Board's letter of representation to the auditors, subject to the minor change requested.
14. The Board thanked Mr Tingle and his finance team, and Mr Ward and the Audit Committee for their work in preparing the Annual Report and Accounts.

V. CAA EXTERNAL AUDIT CONTRACT AWARD (DOC 2017-051) BY GRAHAM WARD

15. Mr Ward explained that following a competitive tender exercise the Audit Committee had identified new external auditors for the CAA.
16. The Board considered a written report on the exercise, presented by Mr Ward, approved the selection and noted that the next step was to seek DfT endorsement, which would need to allow for the applicable procurement “standstill period”.
17. Mr Medicott noted that the procurement team had handled this process well. The Board agreed that a review of the new audit firm’s work would be held at the end of next year’s annual audit.

VI. CHIEF EXECUTIVE’S REPORT (DOC 2017-046) BY ANDREW HAINES

18. Mr Haines updated the Board on recent meetings of note, including with BA who he confirmed were complying with CAA checks following the IT system failure incident.
19. The Board noted reports of low levels of visibility from senior BA staff during the IT outage and the impact of baggage system failures on passengers and expressed its concern as to the service standards that consumers were receiving. It was noted that although the CAA’s role does not extend beyond compensation for delays and cancellations, it had issued a clear statement setting the tone for its expectations of BA.

SARG

20. Mr Swan updated the Board briefly on his team’s latest interaction with EASA relating to the EC225 helicopters and general inspection regimes. He would provide a longer update to the Board next month.
21. Mr Haines informed the Board of Rolls-Royce’s recently issued revised guidance to operators for dispersal of volcanic ash. He praised the move as a potential step to recognise that safe operations could be maintained with higher ash tolerance levels, pending further outcomes of work that the CAA and other stakeholders are continuing to carry out.

OGC

22. On the matter of legal privilege, the Board confirmed that CAA employees continue to be authorised to seek and receive legal advice on any matter relating to the performance by the CAA of its functions. Such advice is available from either the in-house team or external legal advisers instructed by the in-house team.
23. The Board noted that guidance on this is being prepared to assist colleagues working on the most significant of the CAA’s cases, and that it will be circulated in due course.

24. Ms Staples informed the Board of the outcomes of the pre-inquest Shoreham review held on 20 June.

CMG

25. The Board noted the recently reported financial results from airline operators regulated by the CAA and discussed associated ongoing business engagement.

VII. ANNUAL CHIEF EXECUTIVE'S REPORT – (DOC 2017-047) BY ANDREW HAINES

26. Mr Haines highlighted the key activity of the last year, noting that the report highlights how often the CAA is subject to “events”, being required to react quickly to unplanned occurrences or changes in priority. Consideration was given as to whether better planning would prevent the frequency of ‘pop ups’. It was agreed that, in general, it would not, although other improvements within the planning process would be considered, including ensuring that the correct amount of time and resource was being used to address specific issues.
27. Mr Haines noted under the allocation of effort across the organisation that significant focus had been placed on embedding risk-aware culture. This was particularly evident in the area of safety with Mr Swan and his team leading a drive to create a more agile approach to address issues. This year’s deliverable on resource management and the inclusion of allocated time for ‘pop ups’ as part of the planning process would further strengthen this approach.
28. The Board discussed key achievements for the year, which included making real progress with radical improvement in MORs data; and practical steps to professionalise aviation standards to increase long term capacity for the aviation sector.
29. In discussing areas that had posed a particular challenge over the year, the Board highlighted maintaining stakeholder relationships and the rapid rise of emerging technology. The Board acknowledged that this year’s high level of political uncertainty had created an additional challenge.
30. It was agreed that attention would also be given to remove remaining instances of ‘silo mentality’ and demonstrate more strongly that the CAA is configured for engagement across communities.
31. On this year’s priorities, the Board agreed that the establishment of the safety assurance methodology would be an important focus. Ongoing discussions on Brexit preparations would also feature prominently and work would continue to define the role and focus of the CAA in connection with consumer rights.
32. The Board noted the report.

VIII. CONSULTATION ON THE CORE ELEMENTS OF THE REGULATORY FRAMEWORK TO SUPPORT CAPACITY EXPANSION AT HEATHROW (DOC 2017-048) BY RICHARD MORIARTY

33. The Board welcomed Mr Walker to the meeting. Mr Moriarty introduced the paper which followed on from previous Board discussions and engagement with relevant external stakeholders. Board members were asked for their views on the framing and content of the document, with comments to be incorporated into the final document being published at the end of the month.
34. Mr Moriarty noted that stakeholders agreed that the current timetable is not plausible and closer consideration would be given before a final announcement from HAL later in the year.
35. The Board:
- agreed that the current tone of the Executive Summary was appropriate,
 - requested a change to include a reference to safety and security under key regulatory incentives (paragraph 1.14),
 - requested that a clear statement outlining the role of the CAA in the process be added at the beginning of the document and suggested that this might also include a reference to the CAA's better regulation principles,
 - asked that the CAA's position and possible actions be more clearly articulated in certain places.
36. Mr Moriarty agreed to consider strengthening the link between business planning/ operations and incentive setting, covered in chapter 4 of the document.
37. It was noted that surface access costs, covered under chapter 7, could prove contentious given the high number of interests involved. In recognition of this possibility it was noted that the CAA's position on the topic has been clearly stated here and on previous occasions. The risks associated with this issue would also be addressed within the document and Mr Moriarty agreed to circulate a more detailed background note on the recent court ruling regarding Heathrow Express access charges.

Action: Mr Moriarty / Mr Walker

38. Further minor amendments to the wording were requested and Mr Moriarty requested that any additional points on the drafting should be sent to Mr Walker for inclusion in the final version.

39. The Board noted that no indication of the likely cost of capital was covered in the paper, but, as highlighted during previous discussions, was a topic that was being worked on. A note updating the Board on this work would also be circulated.

Action: Mr Moriarty / Mr Walker

40. The Board discussed ongoing decisions relating to price controls covered under chapter 8. It was agreed that a note providing additional details would be circulated ahead of further discussions and produced by the end of July.

Action: Mr Moriarty / Mr Walker

41. The Board approved the report, subject to the discussed changes.

IX. SAFETY AND AIRSPACE SAFETY GROUP (SARG) REPORT BY MARK SWAN

42. Mr Swan provided an update on safety issues, informing the Board of key live issues and incidents. He highlighted that the Board would receive information on Flight Ops resourcing within next month's Annual HR Report. Mr Swan noted the important closer working relationship between CMG and SARG, which included significant information sharing to build up profiles of regulated entities, adding to more robust overall knowledge and safety assurance activity.

43. As part of the CAA's work to professionalise aviation training, Mr Swan highlighted the recent certification of Deutsche Flugsicherung (DFS) for its delivery of initial training for UK Air Traffic Control Officers. This was agreed as a significant step in helping to train air traffic control officers, which is a broader topic of interest.

44. Mr Moriarty and Mr Swan confirmed that they would be submitting a paper to the Board over the next few months looking at air traffic control from the perspective of the CAA and NATS' working relationship.

Action: Mr Swan & Mr Moriarty

45. Mr Swan drew attention to the recent launch of the Skyway Code¹, expressing his thanks to Mr Stephenson and his team for their hard work in connection with it. There had been an overwhelmingly positive response for the code from the GA community.

46. Mr Swan reported on recruitment that would bolster the CAA's air display capability and noted that the team had been speaking to relevant stakeholders as part of their ongoing monitoring and analysis of displays.

¹ The Skyway Code can be viewed on the CAA website at - <https://www.caa.co.uk/General-aviation/Safety-information/The-Skyway-Code/>

47. Mr Swan highlighted that Board members would receive, alongside continued safety updates, monthly snapshots taken from SARG's comprehensive heat map of risks.

X. REPORT FROM THE REMUNERATION COMMITTEE (DOC2017-050) BY DAVID GRAY

48. Mr Gray gave an update on the latest meeting of the Remuneration Committee (RemCo), which focussed on performance management measured over the past year and on the issue of cash alternatives for pensions, which will be considered in detail by the Executive Committee next month.

XI. ANY OTHER BUSINESS AND FORWARD PLANNING

49. There was no other business reported.

**Date and Time of Next Board Meeting:
19 July 2017 at 9:30am, CAA House**