

**CIVIL AVIATION AUTHORITY**  
**MINUTES OF THE 510<sup>th</sup> BOARD MEETING HELD ON**  
**WEDNESDAY 19 JULY 2017**  
**CAA HOUSE**

**Present:**

Dame Deirdre Hutton            Chair  
Mr Andrew Haines  
Mr David Gray                    except VI  
Mr David King  
AVM Mike Wigston                until VIII  
Mr Richard Moriarty  
Dr Ashley Steel  
Mr Mark Swan  
Mr Chris Tingle  
Mr Graham Ward  
Ms Kate Staples                 Secretary & General Counsel

**Apologies:**

Mr Michael Medicott

**In Attendance:**

Mr Tim Johnson  
Mr Richard Stephenson  
Ms Manisha Aatkar                for VII  
Mr Rob Olney                        for VII & VIII  
Mr Rob Bishton                    for VIII  
Ms Sarah Doherty                 for VIII  
Mr Mike Gadd                        for V  
Ms Emma Simpson                 for V  
Mr David Tait                        for V  
Mr Peter Hammond                for VI  
Ms Angela Lynch                  Minute taker

**I. APOLOGIES**

1. There were apologies from Mr Medicott, due to illness.

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

2. Mr Gray declared a conflict of interest due to Ofgem having an interest in one of the potential location options under agenda item VI. With agreement from the Chair he left the room for the full discussion of that item.
3. The minutes of the last Board meeting were approved, subject to a minor spelling correction in paragraph 13.

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

4. The Chair informed the Board of her recent meetings, which included a meeting with the Board of Highlands and Islands Airports in Inverness and an introductory meeting with the new Chair of Gatwick Airport on important topics including, long-term punctuality and engagement with the community.
5. The Chair had also had a call with the new Minister for Aviation, Lord Callanan. She had briefed him on the CAA's role and current focus areas, including its work in relation to cyber security.

## **IV. CHIEF EXECUTIVE'S REPORT (DOC 2017-052) BY ANDREW HAINES**

6. Mr Haines updated the Board on recent meetings of note. In particular, Mr Haines had received an update on the root cause and subsequent resilience strengthening steps being taken following the IT system failure at BA. Mr Moriarty confirmed that his team was monitoring responses to compensation claims and had confidence that correct action was currently being taken by BA.
7. The Board gave its consent for specified changes to the Trust Deed & Rules of CAAPS pension scheme, authorising the Secretary to sign the Deed of Amendment on their behalf.
8. Mr Haines informed the Board of relevant parliamentary business, which included the respective second readings of the Air Travel Organisers' Licensing Bill and Space Industry Bill.
9. Mr Haines noted the formal accreditation of the CAA's Aviation Security Compliance Auditor training course by the City and Guilds on 30 June. He congratulated the team responsible, saying that it could also prove to be a useful model to apply to training in other areas of the CAA's security and regulation remit.
10. Mr Drissell informed the Board of the latest political and regulatory discussions on the carriage of personal electronic devices in aircraft cabins. Discussions with airlines would continue over the coming weeks.
11. Mr Swan informed the Board of the lifting of restrictions on H225LP and AS332L2 Super Puma helicopters and the associated release of information to stakeholders. As

had been communicated through a public statement by the CAA, the lifting of restrictions is due to the aircraft types being considered to be airworthy. All decisions relating to the subsequent use of the aircraft remain the responsibility of the operators, with the CAA's role being to approve the operator means of compliance and in accordance with its safety remit.

12. The Chair noted that the Board would visit Aberdeen in October and will require a further briefing on this subject to prepare it for direct stakeholder engagement.

**Action: Mr Swan**

13. Mr Haines reported that over the summer recess period there was likely to be an announcement from the Government on recent work on its aviation strategy and the response to their consultation on drones.
14. Mr Moriarty updated the Board on the latest engagement and media reports relating to the new runway planning at Heathrow. Mr Moriarty and Mr Haines were attending a working dinner with investors that evening where long term cost of capital trends were likely to be a discussion point building on broader regulatory trends.
15. Mr Haines informed the Board that the Executive Committee had held a workshop to consider broader themes of safety accountability. Attendees at the workshop had considered existing work being done in a number of areas, such as assessing aviation system risks to drive better safety outcomes and the effective use and analysis of available data and information. The matters identified at the workshop would be further developed, including through a crisis management exercise and input from the Board in October.
16. Mr Haines noted the recent high level of activity in the CAA's Transformation Programme, which included the soft launch of ATOL licensing.
17. The Board noted that the CAA had reissued guidance contained within Article 92 of the Air Navigation Order (ANO) 2016, owing to increases of reported incidents relating to aggressive kite flying.
18. The Board noted the report.

#### **V. CYBER SECURITY STRATEGY – (DOC 2017-053) BY TIM JOHNSON**

19. The Board welcomed Mr Gadd, Ms Simpson and Mr Tait to the meeting. Mr Johnson introduced the paper, which proposed a strategy for the CAA to address relevant aviation cyber security oversight, in accordance with existing and potential legislation in the UK and Europe.
20. The Board noted the nature of cyber security risk, particularly its dynamic nature and the limited availability of risk intelligence, two important characteristics which had informed the CAA's proposed approach to cyber security oversight. It also noted the

existing legal framework for cyber security oversight that is relevant to aviation safety, and the absence of guidance from EASA on how the framework should be implemented by operators and their regulators. The introduction of the European Network and Information Services Directive would potentially give CAA from 2018 some additional responsibilities for cyber security oversight of the aviation industry, though this remained subject to a forthcoming consultation by the Government.

21. The Board discussed the proposal that the CAA should start with a compliance rather than a primarily risk based approach to managing its cyber oversight responsibilities. This recommended approach would involve CAA endorsing a set of cyber protection standards, requiring most of the entities we regulate to procure periodically an audit against those standards by a competent third party and accrediting a list of competent suppliers to undertake this audit. CAA would hold regulated entities to account for addressing deficiencies identified by the audit. Early work indicated that there were a number of suppliers of cyber security audit. As part of the next stage of the work, the CAA would assess further this market and consider how to develop a robust accreditation system for cyber auditors, given the central role they would play in the oversight regime.
22. This standards and audit approach was recommended because cyber security is an economy wide rather than aviation only risk and therefore it was not necessary for the CAA to develop large scale expertise in this field. The CAA would seek to build some additional cyber expertise internally. It should, however, look to learn from the experience and best practice that was developing across other sectors, and by engaging with other regulators through UKRN and other networks and new pools of expertise.
23. In the longer term, the Board recognised that it was desirable for government to address the lack of clarity in current legislation, which was acknowledged as being a difficult task due to the global and dynamic nature of the issue. Mr Gadd confirmed that the CAA was working with the DfT and other relevant government agencies to support their work and to keep the CAA involved in developments that could have a bearing on broader or aviation specific cyber security.
24. The Board agreed to the strategy approach outlined in the paper and the following next steps:
  - To adopt a compliance based approach to cyber security oversight in the first instance, starting with setting high quality cyber security protection standards;
  - To establish a list of accredited third parties to conduct audits of CAA regulated entities against standards;

- Establish with UKRN and potentially other networks, a “pool of experts” to assist and guide its approach.

25. The Board requested that the risk register on this topic be updated, including a consideration of the impact risk on CAA systems.

**Action: Mr Johnson**

26. The Board approved the report on the basis of the agreed course of action.

## **VI. ACCOMMODATION PROJECT REVIEW (DOC 2017-054) BY CHRIS TINGLE**

27. The Board welcomed Mr Hammond to the meeting. Mr Tingle outlined the paper and recent work by the project team to identifying options.

28. The Board endorsed the principles behind the approach, requesting minor rephrasing to reflect the importance of: maintaining connectivity between Gatwick and London offices; maintaining the CAA’s identity; and minimising loss of key talent to maintain delivery of high quality performance.

29. The Board approved for consultation with the organisation the relocation of certain work functions to Aviation House which would be established as the CAA’s registered office and the key criteria to determine the residual London location.

30. The Board agreed that key considerations in addition to financial viability and consistency with the agreed principles, included a location that maintained the CAA’s independence and identity, provided a flexible layout (for expansion or other changes over the long term) and provided required security.

31. The Chair recognised that a decision should be made as soon as possible to maximise choice and to get the best conditions for the organisation and colleagues.

32. The Board supported the project team’s approach to considering a multitude of smarter working options, which would be considered in more detail by the Executive Committee in due course.

33. The Board was informed that Mr Haines would be sending an update to colleagues on this topic next week, with support from the communications team, to ensure the Employee Forum, Unions and individuals were kept informed throughout the decision making period. This would include a consultation phase from September and the Board would receive a fully costed options plan in December.

**Action: Mr Tingle**

## **VII. ANNUAL HUMAN RESOURCES REPORT (DOC 2017-055) BY MANISHA AATKAR**

34. The Board welcomed Ms Aatkar to the meeting. Since the last report, the department had undergone a significant amount of change and a large volume of work had been completed particularly under business modelling and design activities, which had been used in preparing readiness for local change plans.

35. An increase in focus on managers and succession planning had been seen over the period. Following successful implementation of these, the learning and development focus for managers has now shifted towards capacity building, helping managers to take the time, and deploy the necessary skills, to manage and lead their teams. In this context it was very important to understand both extrinsic and intrinsic motivators of their team members. The Chair agreed that the CAA was intrinsically attractive to many owing to its nature of 'doing good' and that this factor should potentially be made more of during the recruitment stages and during any CAA career.
36. The Board also noted the report's findings that satisfaction levels fluctuated several times across its staff's careers, with further monitoring of the 'unlearn and relearn' phenomenon needed, to pinpoint the root causes.
37. Increasing the CAA's diversity was highlighted as an area for improvement and Ms Aatkar informed the Board of activity that was being done in this area to achieve this. More details would be reported to the Executive Committee by the end of the year.
38. Ms Aatkar noted that resource planning remained a challenge as it was still at an early phase; however work was being done in connection with business planning and finance colleagues to develop this.
39. The Board welcomed Mr Olney to the Board who provided a first-hand update on the approach to recruiting skilled resources in Flight Operations. This had a focus on building managerial skills and recruiting solutions, including creating a pool of high quality inspectors and establishing irreducible minimums in staffing numbers.
40. The Board noted the report. The Chair also noted the new and preferred format of the report.

#### **VIII. SAFETY AND AIRSPACE REGULATORY GROUP (SARG) SAFETY ISSUES REPORT (DOC 2017- 056) BY MARK SWAN**

41. The Board welcomed Mr Bishton and Ms Doherty to the meeting. Mr Swan provided an update on safety issues, informing the Board of key live issues and recent incidents. This included a matter relating to Flight Time Limitations (FTL). The way in which the incident had been administered would be reviewed, as would the means of receiving relevant information in the broader context of performance based regulation. During a routine annual airline audit attended by a CAA FO FTL expert several significant FTL findings were raised with the airline concerned. In response to a subsequent whistle blower investigation, an additional audit was carried out and the significance level of some of the findings was raised as a result. The whistle blower report added substance to the findings, but the core issues had already been identified by CAA staff. Mr Swan will update the Board on findings as appropriate. FTL is a key

area of focus for SARG and there has been significant investment in a two phase strategy to substantially increase assurance activity in this area.

42. The Board discussed the importance of whistleblowing as a legitimate channel for improvement and safety assurance. The Board emphasised its support for the proper use of whistleblowing information by the entities it regulates.
43. Mr Swan confirmed that the AAIB recommendations from the Shoreham accident report have been implemented with the exception of two, which are in train and will be completed in due course. Broader AAIB recommendations (unrelated to Shoreham) are also being worked on by the relevant teams.
44. Mr Swan reported that the team is monitoring disruption resulting in diversions at Gatwick Airport and will use the related MOR system to assess the potential for applying lessons learnt in a broader context.
45. Mr Swan highlighted the reported incident in Egypt involving a passenger evacuation. Full details would be provided to the Board at the next meeting.
46. Air traffic controller numbers continued to be an area of interest, which the safety and consumer and markets teams are continuing to work on with the relevant external parties. The Board will receive an update in due course.
47. Ms Doherty briefed the Board on the safety performance of UK large, high complexity air operators (AOCs) based on data and insight collated between 2012 and the end of 2016. Ms Doherty noted a request from the Board and would provide comparisons of data to include UK passenger risk levels where appropriate in future. Mr Swan noted that this data would form part of ongoing activity to analyse trends in incidents, reporting and the use and analysis of appropriate data sources.
48. Mr Bishton briefed the Board on the Flight Operations team's monthly management information report, which included details on the pilot performance programme, AOCs auditing, FTL trends and unannounced inspections.
49. The Board noted the report.

#### **IX. BOARD AWAYDAY: SUMMARY OF DISCUSSIONS AND NEXT STEPS (DOC2017-057) BY TIM JOHNSON**

50. The Board agreed the outcomes of the discussions that took place during this year's Board away day in June, subject to minor rewording.
51. The responsible Executive members confirmed that the next steps to incorporate these outcomes into their ongoing business activities were underway.
52. The Board noted the report.

**IX. REPORT FROM AUDIT COMMITTEE (DOC 2017-058) BY GRAHAM WARD**

- 53. Mr Ward reported on the key issues covered in the latest report from the Audit Committee.
- 54. He highlighted the appointment of new external auditors that was proceeding well and had been approved by the DfT.
- 55. The Chair thanked the Committee for its work.

**X. FINANCE REPORT (DOC 2017-059) BY CHRIS TINGLE**

- 56. Mr Tingle reported on the financial results for the first two months of the financial year. Although on course, this year's budget may be more of a challenge than the previous one, in part due to factors including the highly variable nature of Transformation Programme costs; difficulty in predicting full CAAi figures at this stage; and the fact that the efficiency factor does not apply until Q2.
- 57. Mr Tingle also provided the Board with the three year cash flow projections. They provided a positive cash flow picture, with the low point expected to come at the end of the 3-year period owing to the last tranche of significant Transformation Programme costs coinciding with the necessary move out of CAA House. Section 16 financing was not possible to account for with certainty at this stage, in part due to uncertainty over final expectations on emerging areas such as Brexit and Emerging Technology.

**XI. ANY OTHER BUSINESS AND FORWARD PLANNING**

- 58. Mr Moriarty gave an update on Olympia.
- 59. Mr Stephenson noted the recent publication of the Air Travel Trust Annual Report and Accounts for 2016 and responses to it.

**Date and Time of Next Board Meeting:  
20 September 2017 at 11:30am, Aviation House**