

CIVIL AVIATION AUTHORITY
MINUTES OF THE 511th BOARD MEETING HELD ON
WEDNESDAY 20 SEPTEMBER 2017,
AVIATION HOUSE,

Present:

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

Apologies:

In Attendance:

Mr Peter Drissell
Mr Tim Johnson (except items 6-10)
Mr Richard Stephenson
Bronwyn Fraser (item 7)
Dr Sally Evans (item 8)
Ms Norma Hastings (item 6)
Andrew Walker (item 7)
Mr Ed Weston
Ms Angela Lynch Minute taker

I. APOLOGIES

2. There were no apologies.

II. CONFLICTS OF INTEREST, PREVIOUS MINUTES AND MATTERS ARISING

3. Conflicts of Interest were declared by the CAA Executives present for agenda item 6 due to their CAA employment terms. It was agreed that they would stay for the discussion but that decision on that item would be made only by the Non-Executive Members.
4. The minutes of the last Board meeting were approved with no matters arising.

III. CHAIR'S UPDATE

5. The Chair informed the Board of her recent meetings and other relevant activities carried out since the last meeting. This included the Chair spending time at Aviation House in August to meet with staff based there, primarily from the safety and airspace and shared services departments.

IV. CHIEF EXECUTIVE'S REPORT (DOC 2017-067) BY ANDREW HAINES

6. Mr Haines updated the Board on relevant meetings and live issues since the last meeting. This included an update on the DfT's consultation on drones, which stated their intention to introduce a drone registration scheme. In the light of the DfT's intention, the CAA would be providing ongoing support to help DfT's development of a drones Bill in the long term and the more immediate task of drafting amendments to the Air Navigation Order. The CAA had emphasised the need to ensure the deliverability and workability of any scheme and to take into account the rapidly changing nature of the sector.
7. The Board noted the considerable quantity of ongoing work on airspace change. This included the establishment of a working group with DfT, NATS and CAA, which will support DfT preparations for the release of its Aviation Strategy white paper, due for completion by the end of 2018. It is hoped that the strategy will set out a more robust policy and clearer masterplan for airspace modernisation. Mr Johnson confirmed that a paper on the CAA's airspace change process guidelines would be shared with the Board in October.
8. Mr Haines reported on recent engagement on the topic of the Heathrow expansion. The CAA was pleased to see that HAL had been developing a new approach for engagement with its commercial stakeholders. The CAA has offered to support this further as appropriate.
9. Mr Haines and Mr Johnson briefed the Board on recent work on the topic of Brexit. Mr Haines reported that the CAA, in consultation with DfT, was considering liaising with a small number of additional aviation experts to engage with other EU states to build on existing relationships in the area of safety. The Board supported the idea.

10. The Board noted the ASSI Audit Report and approved it for sending to DfT. It was noted that the ASSI Board had recorded their response to the report under its last Board meeting minutes.
11. Mr Haines reported that ASSI colleagues had not been directly affected by the devastation caused by Hurricane Irma but were involved in helping the FCO to prioritise infrastructure repairs. Ms Staples reported that a notice had been added to the ASSI website, ensuring that it was clear in respect of the regulatory status and condition of aviation facilities in the affected territories. Work was being done to address any potential issues that could arise and the CAA had offered to provide further help to ASSI as required.
12. The Board noted the report.

V. CAA 2018/19 TARGET BUDGET STRATEGIC PRINCIPLES – (DOC 2017-068) BY CHRIS TINGLE

13. Mr Tingle introduced the paper and the Board would additionally receive a Scheme of Charges update in November.
14. The Board endorsed the principles for the increase in charges to cover incremental Brexit costs for 2018/19, subject to its review of the full charging scheme proposals in November. The Chair recommended that Brexit costs should be positioned as a discrete package and presented to industry with a clear explanation of what the charging process for these would be. The Board noted that Brexit related funding was unlikely to be received from Government because of probable requirements across the whole of the economy. It was noted that, owing to the nature of the CAA's statutory requirements, it could be one of the first regulators to address this issue through its charging scheme.
15. The Board agreed the zero assumption principle for further UAS costs for the year 2018/19, on the basis of the current DfT position. It was acknowledged that costs would be likely to arise in subsequent years.
16. The Board agreed the principles under cyber and Transformation Programme costs. Mr Tingle confirmed that the funding indicated for the Transformation Programme was available. It was noted that the 'pinch point' for Transformation Programme costs was likely to be reached in 2019/2020.
17. The Board agreed the principles outlined on the accommodation project. These reflected the project plan discussion held with the Board in July in terms of timings and when potential costs would emerge.

18. Under the competition cases section, Ms Staples requested that an amendment be made to reflect funding being required. She informed the Board that it would receive an update on a specific case next month.

Action: Ms Staples

19. The Board agreed the proposed general charge increases and growth principles. The Board noted a risk amounting to up to £0.8million could occur if the volume of growth expectation was not met. It agreed that current core regulatory activities would no longer be funded from reserves.

20. The Board agreed the principle of setting nominal pay increases against CPI, subject to checks being made against comparative public sector and wider market pay decisions before a specific deal being put forward.

21. The Board agreed the principle for handling vacancies on the basis that the approach outlined would provide sufficient flexibility within teams, whilst maintaining appropriate control over vacancy levels.

22. Under resourcing principles, Board members discussed potential ways of funding additional costs for 2018/19. They highlighted the importance of considering all options, as well as ensuring that the final decisions were effectively communicated to industry. The Board asked that the funding options include real term values and give an indication of how this would affect the end consumer.

23. The Board approved the report, subject to the points above.

I. PENSIONS CASH ALTERNATIVES (DOC 2017-069) BY CHRIS TINGLE

24. The Board welcomed Ms Hastings to the meeting. She introduced the paper, which had been approved by RemCo and proposed a policy for offering cash alternatives to pensions in certain specified circumstances. The policy amounted to a change in the components of the rewards package of eligible staff who chose to participate, and would create savings for the organisation as a whole. The Board highlighted that this approach was one not a novel one and had been implemented elsewhere.

25. In answer to a question from the Board, Ms Hastings confirmed that the figures presented in the paper were in keeping with broader market values.

26. The Board agreed that the CAA would not cover the costs of a financial advisor but would implement a process for establishing in writing that the individual had consulted one or had made their own decision not to do so.

27. The Board approved the proposals.

II. CAA CONSULTATION ON 'GUIDANCE TO NERL PLC ON ITS RP3 BUSINESS PLANNING' (Doc 2017-070) BY RICHARD MORIARTY

28. The Board welcomed Mr Walker and Ms Fraser to the meeting. Mr Walker introduced the key points from the paper, highlighting the twin approach to the provision of guidance to NERL on business planning for RP3. In response to a question from the Board, Mr Moriarty confirmed that the CAA would have appropriate mitigations in place to address any divergence between the two tracks.
29. The Board noted that the paper contained post-Brexit assumptions and that there was therefore the potential for some changes to occur due to potential changes to the roles of the CAA and NATS.
30. Mr Moriarty confirmed that the CAA had clearly communicated its expectations for NATS to carry out their own detailed forecasts as part of their business planning and to make all associated decisions based on their independent findings. It was acknowledged that this could require some outsourcing or 'upskilling', but that all of these considerations would be for NATS to determine.
31. The Board noted that from the CAA's perspective there are risks owing to the uncertainty of future developments and the granularity of the planning detail being asked for. Specifically the Board noted the intention of NATS to replace its infrastructure system over the next five years, which would need to be carried out alongside current requirements and incremental modernisation. The Board agreed that this added layer of complexity makes the need for NATS to present robust operational plans even more significant and suggested that NATS will need to engage fully with their stakeholders throughout the process. Mr Moriarty confirmed that the CAA would support this engagement if required and as appropriate.
32. The Board approved the approach outlined in the paper, including the proposed two-track approach. The Board agreed to delegate final sign off of the consultation to Mr Moriarty, subject to the inclusion of an explicit mention of the issue of safety within the strategic outcomes and the acknowledgement that the planning decisions made at this stage may change due to Brexit outcomes.
33. The Board supported the positioning of the paper to place full responsibility on NERL for their planning decisions and avoid any reliance on CAA or any other data sources.
34. The Board expressed some nervousness over the challenging work programme that will need to be delivered over the next five years, including the updating of its infrastructure systems and processes. As a result it requested more consistent sight of NERL's progress and other related issues, through increased regular reporting to

the Board by the appropriate CAA executives. Mr Swan agreed to find out details of NERL software engineering resilience plans.

Action: Mr Swan and Mr Moriarty

III. SAFETY AND AIRSPACE REGULATORY GROUP (SARG) SAFETY ISSUES REPORT (DOC 2017-071) BY MARK SWAN

35. The Board welcomed Dr Evans to the meeting. Mr Swan provided an update on safety issues, informing the Board of key live issues and recent incidents since the last meeting.

36. He updated the Board on recent media reports relating to Ryanair. Mr Swan confirmed that as they are not regulated by the CAA there were no further safety oversight actions required from the CAA at this time. The CAA would, however, continue to monitor the situation and maintain close communication with the relevant regulatory authorities to ensure that there continued to be no safety implications or detriment to passenger rights.

37. Mr Swan updated the Board on the most recent meeting of the OHSAG Group, which included discussion of industry views following the return to service of the Airbus 225 helicopters, related commercial market changes and regulatory changes being brought in under CAP 1145.

38. Mr Swan reported on the work being done by the airworthiness team in relation to the oversight of overseas maintenance stations. He confirmed that he would inform the Board of the applicable reporting channels for matter referred to the CAA.

Action: Mr Swan

39. Mr Swan provided a brief update on a recent stakeholder meeting to discuss reports on disruptive passengers. He noted that there had been a productive discussion of key issues and potential actions to be taken. Further discussion would be held towards the end of the year.

40. Dr Evans briefed the Board on the work of the medical department and related key issues being discussed within the aviation sector. She provided analysis on reported medical incidents with a summary of risks and mitigations identified as a result. The Board noted that some causes of medical incidents had been considered in the context of wider social changes, such as rising retirement ages. Dr Evans reported that in some instances, changes in behaviours could also be associated with increased reporting in a specific area. For example, less attention was being paid by industry in some instances to emphasising food hygiene precautions. The Board acknowledged that the CAA was not able to mandate action in this area, but that it could play an important role in supporting education and awareness raising.

41. Dr Evans highlighted that there was difficulty in collecting medical data, as it was not readily attainable through the MoRs reporting process and medical 'contributions' were often difficult to quantify. Dr Evans also confirmed that there was little international data available for comparison, although there were ongoing discussions being carried out at an EASA and ICAO level.
42. The Board discussed actions that had been taken by the CAA and in other countries to tackle minor health problems, as well as to pre-emptively mitigate against any serious incidences. With respect to the CAA, Dr Evans reported that a working group had been set up in August 2015. The group had implemented a number of actions, including setting up the Pilot-Peer Assistance Network (P-PAN) and a portal on the CAA website where any concerns could be anonymously reported.
43. Dr Evans briefed the Board on proposals for changes to drug and alcohol testing, in the UK and through EASA. The topic was due to be discussed again next month and work was in hand to establish how to take the CAA's preference for operator testing forward. It was confirmed that the majority of drug and alcohol testing for ATCOs was carried out separately through NATS and that UK airlines had varying processes as to how they carry out their own employees' testing.
44. Dr Evans reported on organisational changes within the medical department to address resourcing issues, including the appointment of a new Head Medical Assessment. She noted that there were still some service issues due to ongoing vacancies. The team was working out how to improve the communication between the CAA and AMEs to help to reduce this, although it was expected that it could take a year or more for the desired level of improvement to be reached.
45. Dr Evans reported that the medical department was on track for reaching its goal of 200 audits in three years and that the training of a new specialist had begun as part of the Aviation and Space Medicine specialty training curriculum. Additional trainees could not be brought in until the first trainee had completed certain components of the programme. It was noted that the training process had been a lengthy one, as required by the GMC, and that additional trainees could not be brought in until the first trainee had completed the full programme.
46. The Board congratulated Dr Evans and her team for its progress towards establishing the department as a medical centre of excellence and for its substantial progress over the past months.
47. Ms Staples provided a brief update on recent enquiries relating to cabin air. Recognising the significance of this topic as a whole, the Board noted that the CAA had supported the development of a Care Pathway by an independent working group, to provide advice to health professionals in managing patients who report

symptoms which they believe might be a result of aircraft cabin fumes. Further information had been published in the 'Guidance for Health Professionals' part of the CAA's website.

48. The Board noted the report.

IX. FINANCIAL REPORTING FOR THE FOUR MONTHS TO 31 JULY 2017 (DOC2017-072) BY CHRIS TINGLE

49. Mr Tingle reported on the findings for the first quarter of the financial year, which showed the CAA to be ahead of budget. He reported that some higher costs received would be offset against income from the recently completed letting arrangements at CAA House.

50. The Board noted that CAA International (CAAi) targets could be challenging to meet, but that figures under specific projects were overstated because the income had come in earlier than expected under the previous financial year.

51. Mr Tingle clarified that costs for additional staff had been included in the budget estimates in financial terms but not in terms of headcount.

52. The Board noted the report.

X. INTERNATIONAL GROUP REPORT (DOC 2017-073) BY BEN ALCOTT

53. The Board welcomed Mr Alcott to the meeting. Mr Alcott introduced the paper, highlighting the key achievements and challenges the International Group had faced over the past 12 months, along with its current focus areas.

54. Mr Alcott reported on the group's strategy, including the efforts that had been made to ensure CAAi was well aligned to the rest of the CAA from the perspective of business planning and through its rebranding. He highlighted that CAAi had been granted Social Enterprise status, which would be beneficial for competitive reasons, as well as in supporting the way in which key stakeholders viewed and engaged with it going forward.

55. Mr Alcott reported that over the next few months the CAAi reinvestment strategy would be completed and that he was focussing on completing the resourcing policy to alleviate remaining issues, in coordination with other relevant departments.

56. The Board discussed specific recent projects, including ones that had been successfully closed and those that would potentially result in further work. The Chair requested that further consideration be given on how to provide continuity of work. This would be essential in creating sustainability through CAAi's work programme, whilst avoiding any conflicts of interest and maintaining CAAi's strict independence from oversight assessments by international or national bodies. Mr Alcott agreed and

highlighted that the key factor of sustainability was reflected in CAAi's purpose statement and through project specific activities, such as supporting its customers' organisational design process.

57. Mr Alcott briefed the Board on the work of the International Strategy and Engagement (ISE) team, which included a focus on Basic Regulation discussions in Europe; working with counterparts to support its timely implementation.
58. The Board noted that significant work on the UK-US State Safety Partnership had been carried out, including in the area of information sharing. This work would help to coordinate differences in operational behaviour and how the respective airspace jurisdictions were managed.
59. Relating to the International Group as a whole, Mr Alcott reported that he was looking to do more in terms of ensuring the wellbeing of staff. He highlighted that the establishment of ISO and BAC processes would support future growth and that although the lack of IT systems had caused some issues previously, these were now being dealt with.
60. Mr Alcott outlined key strengths of the group, including the positive track record it had built up internationally for delivering expertise. The CAA's reputation had been improved through increased and more consistent engagement with counterparts bilaterally and at international fora. He also highlighted areas where further work was needed, such as continuing to address problems with Flight Ops resourcing, on which the Board had been previously fully briefed.
61. The Board noted that the outcome of Brexit could have a significant bearing on the International Group, both in terms of its priorities and in changing resource requirements. It was noted that with the uncertainty over the EASA status after Brexit and whether sector specific discussions would take place, planning for specific eventualities would be difficult. Mr Alcott confirmed that despite this the group was working closely with the Strategy and Policy directorate and others to develop contingency and action plans for the CAA as a whole. Irrespective of the outcome, the Board agreed that, in addition to EASA, the ICAO relationship was of key importance. Mr Alcott confirmed that there was a substantial amount of work being done to maintain and build on previous engagement on a wide range of topics.
62. The Board supported the planned approach to build a more 'product based' portfolio of services for CAAi, with the potential to develop further in areas such as e-licensing and AvSec. Mr Alcott confirmed that the group would consider new markets and areas of work to focus on, alongside building on areas in which it had already achieved success.

63. The Chair commented on the need to ensure that information is shared across the whole group, particularly given that the vast majority of staff is based in CAAi.

64. Dr Steel suggested that Mr Alcott consider awareness training for staff within the group, to recognise how to avoid any potential commercial conflicts. She and Mr Ward confirmed that this type of training was commonplace in their experiences and offered to provide further advice on how this could be set up to Mr Alcott.

Action: Mr Alcott (Dr Steel / Mr Ward)

65. The Board noted the report, including its principles and subject to the suggestions made.

XI. ANY OTHER BUSINESS AND FORWARD PLANNING

66. The Board offered congratulations to the CAA's SAFA team for the announcement made that day that they had been given an EASA award for their performance.

67. Mr Johnson reported to the Board that the CAA's set of assumptions for contingency planning on Brexit had been approved by DfT and DEXEU officials that afternoon.

68. The Chair reminded Board members that the next meeting would take place in Aberdeen. The Board discussed the itinerary and final logistics for the day that would include meetings with industry and wider stakeholder groups. It was confirmed that the Board members would receive a full briefing ahead of the meetings, including key messages and any specific questions that members should consider raising.

Action: Mr Swan

69. The Chair asked Board members to note that the November meeting might be moved to Aviation House. Confirmation would be circulated within the next week.

70. Mr Stephenson reminded the Board of a recent FOI enquiry received and asked that they respond with the required information to him as soon as possible if they had not already done so.

Date and Time of Next Board Meeting:

18 October 2017 at 08:30am, Bristow Helicopters (Aberdeen)