

**CIVIL AVIATION AUTHORITY  
MINUTES OF THE 501<sup>st</sup> BOARD MEETING HELD ON  
WEDNESDAY 19<sup>TH</sup> OCTOBER 2016,  
AVIATION HOUSE, GATWICK**

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**Present:**

<b>Dame Deirdre Hutton</b>	<b>Chair</b>
<b>Mr David Gray</b>	
<b>Mr Andrew Haines</b>	
<b>Mr David King</b>	
<b>AVM Richard Knighton</b>	
<b>Mr Michael Medlicott</b>	<b>until XII</b>
<b>Mr Richard Moriarty</b>	
<b>Dr Ashley Steel</b>	
<b>Mr Mark Swan</b>	
<b>Mr Chris Tingle</b>	
<b>Mr Graham Ward</b>	
<b>Mrs Kate Staples</b>	<b>Secretary &amp; General Counsel</b>

**In Attendance:**

<b>Mr Peter Drissell</b>	
<b>Mr Tim Johnson</b>	
<b>Mr Richard Stephenson</b>	
<b>Mr Jeff Butler</b>	<b>for V</b>
<b>Ms Rachel Gardner-Poole</b>	<b>for VI</b>
<b>Ms Sarah Doherty</b>	<b>for IIX</b>
<b>Mr Tony Rapson</b>	<b>for IIX</b>
<b>Mr Steve Forward</b>	<b>for IX</b>
<b>Mr Stephen Gifford</b>	<b>for X</b>
<b>Mr David Stoplar</b>	<b>for X</b>
<b>Mr Nic Stevenson</b>	<b>Minute taker</b>

## **I Apologies**

1. There were no apologies.

## **II Previous Minutes and Matters Arising**

2. The Board approved the minutes of the September Board meeting.

## **III Chair's Update – by Dame Deirdre Hutton**

3. The Chair informed the Board about the successful and constructive visit of Patrick Ky, the Executive Director of the European Aviation Safety Agency (EASA), to the CAA on 23 September 2016. A range of issues was discussed, including the strong relationship between EASA and the CAA, the UK referendum on EU membership and the on-going three-way dialogue between EASA and the Norwegian and UK CAA's on the follow-up to the Super Puma helicopter crash in Norway in April 2016. Other discussion topics included the results of the recent EASA Audit of the CAA, recruitment activity within the Shared Service Centre and CAA's progress with the implementation of performance based regulation. The Chair commented that Mr Ky's visit underlined the importance of EASA and CAA to each other and welcomed the high level of interest from SARG colleagues in meeting Mr Ky during this visit.
4. The Chair had also recently met the Chair and acting Chief Executive of the Competition and Markets Authority to discuss issues of mutual interest and Lucy Chadwick, the Department for Transport's Director General for International and Security, to discuss a range of current issues.

## **IV Chief Executive's Report - Doc 2016-108 by Andrew Haines**

5. Mr Haines updated the Board on the CAA's work to prepare for a potential Government announcement on additional runway capacity in the South East of the UK. In its recent discussions with the Department for Transport, the CAA had emphasised the importance of ensuring that the chosen airport operator would be held to account for the cost effectiveness of the design and delivery of its new runway proposal, a view that was shared by Ministers. In the event of a Government announcement, the CAA was likely to be asked formally by the Government to review the effectiveness of the successful promoter's engagement with their airline customers on the development of a cost effective design. Following any Government announcement, the CAA would write to the

successful scheme promoter outlining how it intends to conduct this review and its wider role as economic regulator for airports.

6. In the event of a Government decision on runway capacity before Wednesday 2<sup>nd</sup> November, there would be an opportunity to discuss the key issues and next steps in the process at the Policy and Information Exchange meeting due to take place that day.
7. Mr Haines paid a heartfelt tribute to the professionalism and commitment demonstrated by many colleagues across the CAA during Project Selkirk, both in supporting the licensing process and in preparing contingency plans. The Chair strongly endorsed this and asked for a message of appreciation from the Board to be communicated to CAA colleagues.

**Action: Richard Stephenson**

8. The Chair asked that the CAA's ability to recruit and retain key skills was the principal focus of the next annual Human Resources report in April 2017. This followed indications that this was becoming an increasing challenge in a number of teams within the CAA.

**Action: Manisha Aatkar**

#### **V CAAPS Presentation - Doc 2016-109 by Jeff Butler**

9. The Board welcomed Jeff Butler, CAA Pension Scheme Director to the meeting. Joanna Matthews, Trustee Chair of the CAA Pension Scheme, had been expected to join the Board meeting but had been involved in an accident the previous day. The Board wished Ms Matthews a speedy recovery.
10. Mr Butler set out the provisional triennial valuation of the CAA Section of the CAA Pension Scheme at 31 December 2015. The valuation (£4.2m deficit) had been approved provisionally by the Trustees, subject to three caveats:
  - CAA Board approval of the valuation and Schedule of Contributions.
  - CAA Board confirmation that there had been no change to its financial situation.
  - No significant deterioration in the funding level since the valuation date.
11. Mr Butler said that there had been some market volatility and resultant deterioration in the CAA Section performance during summer 2016, which, if sustained, could lead to a significant adverse impact on both the funding position and the future service cost to the CAA of the scheme. The Trustees had

concluded that the recent experience could properly be treated as an inter-valuation event and therefore not affect the valuation as at 31 December 2015. The financial position would be reviewed again, carefully, at the next triennial valuation and monitored carefully in the interim.

12. The CAA Board approved the valuation and schedule of employer contributions on this basis. The Board delegated to Mr Haines or Mr Tingle the authority to sign the valuation and Schedule of Contributions in the absence of the Chair.
13. Mr Butler explained that the number of active members of the CAA Section was declining, with the 700 active members at the end of 2015 expected to fall to around 350 by 2020. Both the Trustees and the CAA were planning to discuss the options for best managing the scheme in the longer term as the balance between active and retired members changed.
14. The Board noted the report and thanked Mr Butler and Ms Matthews in her absence.

## **VI Transformation Programme Update - Doc 2016-1010 by Chris Tingle**

15. The Board welcomed Ms Gardner-Poole to the meeting.
16. Ms Gardner-Poole set out the progress and key issues affecting the Transformation Programme (TP) over the previous six months. As a result of changes made to the remit and operation of the TP Risk and Assurance Board, it is now operating more effectively. The TP continued to reduce its reliance on contractors, though there remained a challenge recruiting sufficient permanent staff of the right calibre. A new Portfolio Delivery team was being created to join the TP team with other cross-CAA project management resource.
17. Ms Gardner-Poole provided a brief update on the current status of key TP projects:
  - ATOL: this was expected to go live in mid-2017 and remained a challenging project, in terms of both complexity and timescale;
  - E-licensing: this would now be delayed as a result of the Shared Service Centre's Flight Crew Licensing resourcing position (see Item VII). The later delivery date, however, would be used to ensure that the launch product was superior to that previously planned at launch;
  - Information Strategy: pathfinders for the Sharepoint rollout included the Policy Programmes and Airspace, Air Traffic Management and Aerodromes

teams. In discussion, the Board considered the importance of ensuring the communication around the Information Strategy was effective and meaningful for colleagues.

18. The Chair requested that at the next six-monthly TP update, the Board receives: a summary of current TP projects (current status, next steps, expected implementation dates and progress against the delivery of planned business case costs and benefits); a summary of the overall financing of the TP programme; and an extended risk register that sets out mitigations for identified risks.

**Action: Chris Tingle & Tim Johnson**

19. The Board noted the TP six-monthly report and concluded that although there had been some resourcing and delivery issues over the past six months, some good progress had been made. Over the next six months, it was expecting significant progress with several major projects reaching completion. The Board also asked to have visibility in the CEO's report of ideas developed through the Innovation Fund.

**Action: Andrew Haines**

## **VII Shared Service Centre (SSC) Update - Doc 2016-1011 by Chris Tingle**

20. Mr Tingle began by setting out the current SSC resourcing levels: FTEs were planned at 186 but actual levels were running between 16 and 18 FTE lower. Mr Tingle characterised SSC colleagues as strongly committed to the CAA and performing well, but noted that resource shortfalls were challenging parts of the SSC. This needed addressing along with steps to adjust the focus of the Operational Excellence coaching so it was focussed on achieving the SSC's overall vision and purpose.
21. On Flight Crew Licensing, unforeseeable resourcing challenges had arisen (such as staff illness) and were contributing to a situation where turnaround times were increasing. High priority commercial licences were generally within target over most of the summer, but had slipped considerably in recent weeks, private licences were taking very much longer than intended. A recovery plan was in place to rectify the situation through recruiting and training new staff, including a new approach to on-the-job training. Training timescales meant that

the aim was to return to achieving performance within target by the end of the financial year.

22. Mr Tingle said that a quality control check was applied to 10% of licences before dispatch and that the average detected error rate was around 1.5%. SSC and SARG had work planned to define the types of errors that were relevant to safety and those that were not, and to propose an acceptable tolerance level for both. The Board discussed this issue and requested visibility of the rationale for an acceptable threshold around error rates and a note on the risk assessment undertaken by Flight Crew Licensing when it was decided not to attempt to retrieve licences issued in error.

**Action: Chris Tingle**

23. The Board noted the significant reduction in the number of Mandatory Occurrence Reports awaiting consideration, and commended the team's efforts in achieving this outcome.
24. The Board requested a note setting out how performance standards of key SSC activities had changed since the SSC was created together with the evolution of resources and costs.

**Action: Chris Tingle**

25. In conclusion, the Board said that it valued highly the work of the SSC and strongly supported the steps being taken both to recover and strengthen its performance in key areas. It asked for the next SSC update to address progress with Flight Crew Licensing; recruitment and culture within the SSC; and steps taken to tackle the often unjustly negative attitudes of other CAA colleagues towards the SSC.

#### **VIII Safety and Airspace Regulation Group Annual Report - Doc 2016-1012 by Mark Swan**

26. Mr Swan updated the Board on the work the CAA had commissioned from Cranfield University on safety assurance. The Cranfield team would be undertaking interviews with colleagues across the organisation, including Board members, as part of the data gathering phase of their study. A specific briefing would be arranged for Board members.

**Action: Mark Swan**

27. Mr Swan updated the Board on the CAA's Directive that effectively grounded Airbus Super Puma helicopters following the accident in Norway in April 2016. On 7<sup>th</sup> October 2016, EASA had issued an Airworthiness Directive that allowed for a return to service of these helicopters under certain conditions. The Norwegian and UK CAA Directives remained in place and would remain so until further information around the accident is available from the Norwegian air accident investigation. Notwithstanding the recent EASA Directive, the Board noted that the CAA has the legal power to issue its own Directive to ground the aircraft type under Article 15 of the Air Navigation Order, and considered that its actions were in line with those of the Norwegian CAA.
28. Mr Swan introduced Ms Doherty and Mr Rapson to the Board.
29. Ms Doherty updated the Board on the safety performance of the Fixed Wing Business Aviation sector. The sector had a relatively low number of occurrences, with two fatal accidents in the past five years, both involving non-UK registered aircraft operating in the UK. Of the c.150 UK-based Fixed Wing Business Aviation operators, only around a quarter of them used aircraft registered in the UK. Mr Swan commented that while anecdotally it had been reported that the ability of overseas regulators to process quickly change and certification requests had encouraged operators to register their aircraft overseas, the overall safety risk was assessed as being low given the high safety standards required by business aviation customers. Ms Doherty concluded by setting out how the CAA worked closely with the sector through the Business Jet Safety Partnership to share safety-related intelligence and inform the sector of safety-related trends.
30. Mr Rapson updated the Board on the work of the General Aviation Unit (GAU). Across the sector as a whole, safety performance was close to the ten-year average. Despite the additional work by the team following the Shoreham accident and the subsequent Air Display Review, the team had managed to continue to focus on both its core regulatory activity and change programme projects. Progress on Performance Based Regulation had been slower than he would have liked, but was still moving in the right direction. The Board commended the GAU on their work during a busy summer period.
31. Helios was working with the GAU on an end of season review of the new Air Display requirements. The review would report in due course. During the

season, 175 permissions were granted to air displays, with CAA visits to 14% of those shows. Mr Rapson noted that a small number of shows had moved to featuring only military items during the display, which meant they were regulated by the Military Aviation Authority rather than the CAA.

32. Mr Haines updated the Board on the latest developments relating to the accident at the Shoreham Air Show in August 2015, primarily AAIB's progress with its accident report. A further update would be provided at the Policy and Information Exchange meeting on Wednesday 2<sup>nd</sup> November.

#### **IX UK Airprox Board 2015 Report - Doc 2016-1013 by Chris Tingle**

33. The Board welcomed Mr Forward to the meeting. In introducing the report, Mr Forward said that, although there were slightly fewer airprox events recorded in 2015, the longer-term trend was upward, particularly for risk-bearing airprox. The reduction in airproxes involving Commercial Air Transport was being more than offset by increases in airproxes involving general aviation. There was no clear evidence around causation. One theory was that the main cause of this increase might be pilots failing to see other aircraft, perhaps because they are relying too heavily on technology in the cockpit. Through an education programme in spring 2017, a time of year when many pilots resume flying after winter, Mr Forward was proposing to remind GA pilots about the importance of good airmanship. Mr Forward also encouraged the CAA to consider mandating electronic conspicuity for all aircraft to mitigate the risk of airproxes. Mr Swan set out his programme of action in this area and his vision for full conspicuity based on light weight, low cost transponders, within 5 years.
34. The Board discussed whether drone-related incidents were causing the rise in reported incidents. Mr Forward suggested that, while there were more reports of drone-related incidents, the trend of airproxes would still be increasing even if drone-related incidents were excluded from the statistics.
35. The Board noted the UK Airprox Board Annual Report.

#### **X Independent Enquiry into NATS 2014 System Failure: CAA Implementation, Resilience and the NERL Licence - Doc 2016-1014 by Richard Moriarty**

36. The Board welcomed Mr Gifford and Mr Stoplár to the meeting.

37. Mr Gifford introduced the paper and explained that it focussed on the two most important recommendations from the Independent Enquiry, the CAA's enforcement powers and resilience standards set for NERL by the CAA.
38. Mr Stoplar outlined how, following extensive work with the CAA, the Department for Transport had recently issued a consultation proposing legislative changes to the CAA's enforcement powers for NERL. These changes, which were being proposed as part of the Modern Transport Bill, would bring the CAA's regulatory toolkit for NERL in line with its powers for regulated airports and those available to other regulators. The Chair made it clear that she would expect the CAA to utilise these powers vigorously if circumstances justified it.
39. The Board noted that this was a positive development and that the CAA should continue to work with the DfT to achieve what was required in the Bill as swiftly as possible, as the powers were an important part of the regulatory toolkit.
40. The Chair noted that she had just received the results of Sir Robert Walmsley's review which confirmed that he was content that NERL had implemented the recommendations of the Independent Enquiry. The Chair noted that she would write to NERL indicating that the CAA agrees that it has implemented the recommendations and received no objections to this plan from the Board.

**Action: Richard Moriarty**

#### **XI Report from the Audit Committee – Doc 2016-115 by Graham Ward**

41. Mr Ward introduced the report, and commended Mr Haines and the Executive Directors on the speed of management responses to Audit findings and queries.

#### **XII Finance Report– Doc 2016-116 by Chris Tingle**

42. Mr Tingle introduced the report, noting that, in the period to the end of August, the CAA was ahead of its budgeted profit, with slightly lower than budgeted revenue more than offset by lower costs, due to lower than forecast headcount and ongoing savings in professional fees and training budgets.
43. Mr Tingle noted that the first Finance Advisory Committee discussion on the 2017/18 Charges Consultation would take place on 20<sup>th</sup> October 2016 and would be on the basis of the draft 2017/18 budget and the key proposed changes to the charging schemes described in the Finance Report. The Board

was content that this meeting should proceed, noting that the final charges consultation document would be presented at the November Board meeting.

**XIIV Live Issues - by exception only**

44. The Board noted other Live Issues Reports from other Executive Directors.

**XIV Any Other Business**

45. There was no further business.

**Date and Time of Next Board Meeting:**

**Tuesday 15<sup>th</sup> November, 11.30 am at CAA House, London**