

**CIVIL AVIATION AUTHORITY
MINUTES OF THE 489th BOARD MEETING HELD ON
WEDNESDAY 21 OCTOBER 2015,
AVIATION HOUSE, LONDON**

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Present:

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| Dame Deirdre Hutton | Chair |
| Mr Andrew Haines | |
| Mr David Gray | |
| Mr Michael Medlicott | |
| Dr Ashley Steel | |
| Mr Mark Swan | |
| Mr Richard Jackson | |
| Mr Graham Ward | |
| AVM Richard Knighton | |
| Miss Chris Jesnick | |
| Mr David King | |
| Mrs Kate Staples | Secretary & General Counsel |

In Attendance:

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|------------------------------|---------------------------------------|
| Mr Peter Drissell | |
| Mr Richard Stephenson | |
| Ms Manisha Aatkar | |
| Mr Tim Johnson | |
| Mr Peter Mee | Minute taker and for item VIII |
| Mr Dan Edwards | for item V |
| Mr Joji Waites | for item VI |
| Mr Rob Bishton | for item VI |
| Mr Tony Rapson | for item VII |
| Mr Philip Clarke | for item VII |

I Apologies

1. No apologies were received.

II Previous Minutes and Matters Arising

2. The Board approved the minutes.
3. There were no matters arising.

III Chair's Update – by Dame Deirdre Hutton

4. The Chair informed the Board of her recent activities, including attending a Flight Simulator demonstration. She had also attended, with fellow Board members, the Arup Sound Lab, which replicates aircraft noise and found this to be a productive and educational experience.
5. The Chair updated the Board on the most recent Regulatory Chairs meetings, which Mr Gray also attended in his capacity as Chair of OFGEM. Topics for discussion included the Enterprise Bill and the National Infrastructure Commission and attendees included representatives of the Commission and the Treasury. The Commission will support the Chancellor in advising on significant infrastructure needs for the UK and may draw on resource from various regulators. It was not expected to tackle airport infrastructure. Discussion on the Enterprise Bill related to the desire for clarity concerning its impact on non-economic regulatory activities.

IV Chief Executive's Report - Doc 2015-120 by Andrew Haines

6. Mr Haines noted four key items of his report for discussion: Enterprise Bill; new runway capacity; discussions with HMT; and an update on legal matters.
7. The Board were informed that there had been suggestions from some within Government that economic regulation functions could be aggregated into one regulatory body. HMT did not appear to support this idea.
8. There had, thus far, been limited interest from other regulators on sharing back-office functions with the CAA, with the exception of the Water Services Regulation Authority. HMT is expected to want to see progress in this area and it was suggested that it would be better to undertake such rationalisations voluntarily.

9. Mrs Staples provided an update on the nature and quantity of legal work, noting a substantial amount of litigation as well as routine regulatory business. Mrs Staples advised that in addition to the matters covered in Mr Haines' report, she anticipated further additional work on airspace matters. Mrs Staples also provided an update on Regulation 261 activity.
10. The Board requested clarification about the Amazon UK Services Ltd prosecution, especially concerning how Dangerous Goods are regulated by the CAA. The Board noted that one of the areas of highest risk was from lithium batteries shipped from abroad. Mr Swan informed the Board that a switch to a risk-based approach in this area was underway, so as to ensure a stronger focus on the most dangerous items and that the CAA Dangerous Goods team would report to the Board as required. The Board noted its concern on this issue.
11. The Board noted Mr Haines' report.

V Draft CAA Strategic Plan 2016 to 2021 – Doc 2015-121 by Tim Johnson

12. The Board welcomed Mr Edwards to the meeting. Mr Johnson introduced the paper, noting that this version of the CAA Strategic Plan (the Plan) incorporated Board feedback from early in 2015. The paper addressed big-ticket items and strategies and not a 'granular' level of detail, which would be detailed in business planning work. Mr Edwards explained that there had not been a significant change in approach from previous iterations of the plan, just a refinement. It now included Enabling Strategies, which were intended to drive internal actions to achieve the Plan outcomes. After feedback from the Board, the draft Plan would be finalised and return to the Board in November for final approval before public consultation.
13. The Board noted that some of the language and tone within the plan required further consideration. In particular, the Board highlighted the word "ensure". The Board felt the CAA could not ensure any particular outcome; regulated entities bear that responsibility and the plan needed to reflect this nuance. It also felt the measures of success were insufficiently clear to be useful and should be re-articulated.
14. As an overall message, the Board felt the tone of the Plan was too heavy on the weaknesses of the CAA, such as capability and achievement of the 2011-15

Plan goals. Inclusion of a history of the CAA achievements over this period, including work in de-regulation, was considered appropriate.

15. The Board noted the emphasis given to intelligence-driven decisions as compared to expert judgement. Mr Swan explained that expertise and judgment would still be required, but that the CAA was moving from 'single-point' expert judgement, to collective judgement that utilised data in support of decision-making. The Board asked that the Plan be updated to reflect this helpful explanation.
16. The Board felt that the paper was light on information technology needs, data skills and cyber skills. There was also very little on the 'people needs' of the CAA, including the resourcing strategy, training, and how staff will be managed going forward. These should be incorporated under the Enabling Strategies.
17. The Board felt more should be included on the political operating context, such as issues involving the Gulf Carriers, developments in Europe, and the security and safety of civil aviation flying over conflict zones. The Board also requested greater emphasis on the CAA's role in relation to UK aviation commercial competitiveness.
18. The role of the CAA in regulating and facilitating technological innovation was discussed. It was noted that the CAA is regarded as a leader in the development of regulations that enable innovative technologies. It was agreed that limited resources meant the CAA cannot always lead in this area but, that it should strive to be an attractive source of proportionate, risk-based regulations that can facilitate technological development.
19. On the question of who the audience for the Plan was, Mr Johnson said the Plan had two key audiences: the aviation industry and internal CAA employees. Traditionally there has not been significant public or industry interest in the CAA's Strategic Plan and Mr Stephenson noted that Corporate Communications was developing a stakeholder map and working on various innovative channels to share the Plan with stakeholders, focusing on the key issues in the Plan as opposed to the document itself. The Board noted the challenges in accommodating both of these audiences in the Plan, and agreed that it was important to clearly lay out the CAA direction.

20. The Board queried why there was no mention at all of the runway capacity issue. Mr Haines informed the Board that this had already been flagged by ExCo in a recent meeting and would be incorporated into the final version.
21. The CAA's role in environmental issues was considered, noting that while the CAA has no general environmental duty, it does have statutory responsibilities relating to noise and to provide information to consumers and Single European Sky performance targets to meet.
22. The Board requested the Plan be updated to reflect the conversation, including but not limited to: a tightening up of the language; expansion of sections on IT, including cybersecurity; inserting a section on runway capacity; the central 'themes', made more prominent; inclusion of a section on previous CAA achievements.

ACTION: Mr Johnson

23. The Board **agreed** that, pending the required changes, the Plan did not need to return to the Board for final approval before consultation. The final version was to be circulated to Board members out-of-session for information and any final comments, before public consultation.

ACTION: Mr Johnson

VI Safety and Airspace Group (SARG) Report – Doc 2015-122 by Mark Swan

24. The Board welcomed Mr Waites and Mr Bishton to the meeting and invited Mr Swan to introduce the report. Mr Waites would present on Individual Sector Safety Performance for UK Large Commercial Air Transport Aeroplanes, and was spearheading the much better use of CAA data-streams, so as to turn data into actionable intelligence.
25. The Individual Sector Safety Performance monthly reports were a new piece of work. Set in the context of accidents that have occurred, these reports were focused on identifying the precursors and causal factors to accidents and the effectiveness of risk controls that are in place. This information would be fed into the appropriate bodies, such as the Regulatory Safety Management System, to guide decision-making on any actions.
26. Mr Waites explored the example of the Close Proximity in Overseas Airspace category accidents. Identifying the risks in this area through data allowed the

development of corrective action to ensure that this risk control remained effective. Mr Waites noted that, in order for safety information to be useful, it was important that industry report and code it in a way that enables priority to be established.

27. The Board queried whether the new European reporting requirements would help with this kind of safety performance analysis. Mr Waites confirmed that they would and noted that the new regulations also required reporting organisations to undertake an investigation of any incidents and to share their findings with the CAA. This will be very beneficial for the identification of causal factors. This reporting requirement was expected to bring immediate benefit, as many organisations were known to already be holding information from previous investigations.
28. The Board thanked Mr Waites for his presentation and acknowledged the good work that was going on in this area.
29. Mr Bishton was introduced to provide the Capability Team Update for Flight Operations, to outline how the department functions, how they manage risk and the future challenges.
30. Mr Bishton explained how the Flight Operations team had been through significant changes over the last 18 months, developing a proactive stance based on enhanced management information, aimed at preventative activities and influencing industry. There has been a focus on strategic communications, to aid in the identification of risks that can help improve industry safety performance. This change process had been challenging, but was now on the way to being embedded.
31. Training was an area of focus. CAA staff had to be credible to industry in this area to be able to influence it, which was more important than mere compliance. This area had considerably improved of late with some key recruitment, which allowed the team to more effectively address the major issue of pilot competency.
32. Mr Bishton noted that the improved access and use of management and safety information had led to improvements in team performance indicators and more targeted action toward the identified risks. Flight Operations was working closely with Mr Waites' team to improve data use.
33. The Board thanked Mr Bishton for his update, which was very encouraging.

34. Mr Swan provided the Board with an overview of airspace changes that he had approved as part of the LAMP Phase 1A. The relevant parties will be notified in November 2015, following final legal review. The changes would lead to less complexity over South-East England, with a reduction in NATS 'tactical' interventions. The changes offered considerable benefits in terms of airspace and fuel efficiency, with minimal noise impacts.
35. Mrs Staples noted that the CAA legal unit had reviewed the changes thoroughly and that concerns raised had been addressed in Mr Swan's final decision. The Board felt it was important that public communications should note who benefits from these changes, rather than just the dis-benefits.
36. The Board noted the airspace changes that Mr Swan had approved and the assurance provided by Mrs Staples.
37. The Board noted the SARG report.

VII Air Display Review - Progress Report – Doc 2015-123 by Mark Swan

38. The Board welcomed Mr Rapson and Mr Clarke to the meeting, who provided an update on the progress of the Review. They noted that the Progress Report was to be published in the near future and they were working closely with Police to ensure the families of those affected by the Shoreham accident would be fully informed as to its contents. The Board cautioned the team to manage expectations at this early stage, especially with the AAIB investigation still in train.
39. The Board noted the interim Progress Report and that further work by the Review team was intended prior to release.

VIII The Regulation of Unmanned Aircraft Systems – Doc 2015-124 by Tim Johnson

40. Mr Johnson introduced the paper and outlined that its focus was on the broader policy framework by which the CAA should regulate UAS, taking into account government aspirations in this area and EASA regulatory developments. The Board would be updated in the next couple of months on a more defined risk profile for UAS activity, and a deeper examination of the options to address these risks.

41. The Board expressed concern about the perceived risks from this sector and asked whether more should be done to understand and quantify these risks. The Board acknowledged the difficulty of accurately predicting the likelihood of an occurrence.
42. The Board considered the challenges of regulating UAS, noting that technological solutions such as 'geo-fencing' could be circumvented. There were also considerable difficulties in enforcement, especially in identifying the non-compliant UAS operator. The Board went on to consider how best to manage both risk and expectation in these circumstances.
43. Mr Stephenson informed the Board that recent communications actions, such as promoting activity earlier in the year around the 'Dronecode', appeared to have had an impact and continued to receive media attention. He noted that it was important the CAA set the right tone, so as to not encourage sensationalist reporting. The Board opined that CAA message should highlight the potential risk posed by these aircraft.
44. The Board considered that more energy and creativity to address the risk might be required from the CAA in the immediate term, conscious that EASA rule-making will take some time and recognising the limitations of acting on a national basis especially with respect to manufacturing standards.
45. The Board suggested there were three central elements of UAS regulation: enforcement, education, and equipment. Enforcement may require stricter penalties; while educational out-reach needed to be more innovative. Equipment related to the more rapid deployment of technological solutions such as geo-fencing and other altitude inhibitions.
46. The Board agreed more should be done to engage with others in Government and industry, so as to develop creative solutions and inform and educate operators. The CAA should to engage Government to outline those risks that cannot be managed or controlled by the CAA.

Action: Mr Johnson

47. The Board noted the paper.

IX Report from the CAA Audit Committee – Doc 2015-125 by Graham Ward

48. The Board noted the report.

X Finance Report – Doc 2015-126 by Chris Jesnick

49. Miss Jesnick presented her report to the Board, which outlined the CAA's Group summary financial results for the five months to 31 August 2015. The Board noted the deterioration in the CAA's income and asked for a discussion of the CAA's financial position in December.
50. The Board noted the report.

XI Live issues and monthly reports

MCG Live Issues – Doc 2015-127 by Stephen Gifford, Will Webster and Matt Buffey.

51. The Board noted the report.
- PPT Live Issues* – Doc 2015-115 by Mr Johnson
52. Mr Johnson informed the Board that the Alternative Dispute Resolution (ADR) initiative was making progress, with one provider authorised. Mr Johnson also informed the Board as to the concerns of the DfT about UK infractions from European proceedings if, as ADR goes ahead, the CAA no longer provides PACT services to airlines not signed up to ADR.
53. The Board noted the report.
- CPG Live Issues* – Doc 2015-117 by Mr Jackson
54. The Board noted the report.
- CCD Live Issues* – Doc 2015-118 by Mr Stephenson
55. Mr Stephenson highlighted the BBC Inside Out report concerning an aviation security breach at Leeds-Bradford Airport and noted that this report had been broadcast on 12 October. As yet there appeared to have been little interest in the report from other media.
56. The Board noted the report.
- AvSec Live Issues* – Doc 2015-119 by Mr Drissell
57. The Board noted the report.

XII Any other Business & Forward Planning

58. The Chair noted that Mr Medicott had recently stepped down from the Board of OCS and had joined the Board of Virgin Healthcare. The Board were satisfied that there was a clear distinction between the Virgin Healthcare and Aviation businesses.
59. The Chair noted that both Mr Gray and Mr Medicott had been reappointed to the CAA Board.

Date and Time of Next Board Meeting: 17 November 2015, at 13:00am, K5 Earhart Room, CAA House, London