



**CIVIL AVIATION AUTHORITY
MINUTES OF THE 519th BOARD MEETING HELD ON
WEDNESDAY 16 MAY 2018, CAA HOUSE**

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should be kept secure.**

Present:

Dame Deirdre Hutton Chair
Mr Andrew Haines
Mr David Gray (until item X)
Mr David King
Mr Michael Medlicott
Mr Richard Moriarty
Ms Kate Staples Secretary & General Counsel
Mr Mark Swan
Mr Chris Tingle
Mr Graham Ward

Apologies:

Dr Ashley Steel
AVM Mike Wigston

In Attendance:

Mr Peter Drissell		Ms Vanessa Jones	(for item VII)
Mr Tim Johnson		Mr Sean Parker	(for item VIII)
Mr Richard Stephenson		Mr Phil Dykins	(for item IX)
Mr Mike Smethers	(for item VI)	Mr Peter Fiddy	(for item IX)
Mr David McMillan	(for item VI)	Mr Peter Kirk	(for item IX)
Mr David Oastler	(for item VI)	Mr Iain Libretto	(for item X)
Ms Caroline Chalk	(for item VII)	Mr Rob Bishton	(for item XI)
Mr Chris Whitehurst	(for item VII)	Ms Angela Lynch	Minute taker
		Mr Ed Weston	

I. APOLOGIES

1. There were apologies from Dr Steel and AVM Wigston. Mr Gray confirmed he would need to leave early owing to other commitments.

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

2. No new or changed conflicts of interest were declared.
3. The minutes of the last meeting were agreed.
4. The Board noted that actions 40-41 (Budget Proposals) were complete and, based on the information received, it approved the CAA Budget 2018/19.

III. CHAIR'S UPDATE

5. The Chair gave an update on recent meetings and events including her participation in the UKRN Annual Conference. Her remarks on the Monarch repatriation programme had been well-received with a high level of interest shown. It was clear that the details of the programme were not widely known amongst other regulators. For this reason, the Board agreed the work being undertaken by Cass Business School in writing up the experiences as a case study, could be of value to them, as well as to the CAA. The Chair confirmed that it is intended that the final report will be published.
6. The Chair gave a summary of her recent meeting with Lord Deighton KBE (Chair of Heathrow). The discussion had proved useful and regular meetings would be arranged to maintain communication on key issues.

IV. CHIEF EXECUTIVE REPORT (DOC 2018-037) BY ANDREW HAINES

7. Mr Haines updated the Board on key meetings and live issues.
8. The Board approved the change to the CAA's banking mandate, adding the new Head of Finance and Corporate Services (Julie Bryer) as a panel "A" signatory.
9. Mr Moriarty gave an update on recent activity related to the Heathrow expansion. He confirmed that the CAA was on track to deliver on its current project commitments and was continuing to monitor external developments. He reiterated the CAA's support for further engagement between Heathrow and third parties, including in-depth exploration of all commercial options. It was recognised that ongoing uncertainties over the decision-making process and the high level of scrutiny required at each stage added complexity to the project, with investors keen for answers.

10. Mr Swan gave an update on the safety team's ongoing work in relation to Trent engines, which is being carried out in accordance with existing SARG processes. He confirmed that further information would be circulated to the Board as required.
11. The Board was informed of auditing work the CAA is carrying out on behalf of the DfT in Guernsey and the resultant engagement with the DfT. Ms Staples confirmed that Guernsey's status as a self-governing Crown Dependency places it outside the remit of the CAA regulation and that the governance framework is unique and different from that applicable to the UK's overseas territories in respect of which ASSI has certain responsibilities.
12. Mr Johnson gave an update on the CAA's response to NERL's initial business plan for 2020-2024 (RP3), received last month. Mr Moriarty confirmed he would continue to engage with NERL over the next 12 months, to oversee the transition into the RP3 period.
13. Mr Johnson updated the Board on the drone registration scheme that DfT has mandated the CAA to deliver. He confirmed that project scoping was underway and that governance and procurement arrangements were in the process of being finalised with DfT. Mr Haines suggested that within the final terms, it should be made clear whether the scope of work or the timeline is the overall determining factor and who is responsible for owning the project risks. Mr Johnson confirmed the CAA's costs in setting up the scheme will be borne by DfT and operating costs by registered users. He also confirmed that the scheme would require a standalone IT system.
14. The Board noted that EasyJet's corporate restructuring meant that it now has 3 operating airlines (Switzerland, Austria and UK).
15. In response to a question, Mr Haines confirmed that annual CAA pay discussions with the trade unions were ongoing.
16. Under lines to take from Communications, Mr Ward asked that use of the word 'ensure' be reconsidered where appropriate.
17. The Board noted the report.

V. CEO ANNUAL REPORT (DOC 2018-038) BY ANDREW HAINES

18. Mr Haines presented the Annual CEO Report. He gave an overview of how the past 12 months had compared with last year's predictions of major challenges for the CAA. He also provided a detailed summary of the high- and lowlights experienced.
19. Mr Haines noted challenges that the CAA had faced in preparing for Brexit, although recent UK Government and European Commission statements indicated

the potential for positive outcomes for aviation, including possible continued engagement with EASA.

20. Mr Haines noted that despite the political uncertainty, legislative progress had been seen over the past year in significant, targeted areas. He was hopeful that there would be further appetite for introducing legislative change in uncontentious areas and that would bring practical benefits to the aviation sector.
21. Under internal highlights, the Board noted that good progress had been made in planning for next year's accommodation move and in the establishment of a new personal development process, which had been designed by colleagues from across the organisation. In addition, Mr King felt that the CAA's risk management processes had continued to improve and safety reporting to the Board was now of a consistently high standard. The Chair also felt substantial progress had been demonstrated in the handling of resourcing and ad hoc 'spikes' in activity.
22. Mr Haines noted that the CAA's work on emerging technologies had not progressed as quickly as had been hoped, owing to a range of internal and external factors. The Board agreed that discussions planned on this topic over the coming months would help to address this and provide direction for the CAA's strategic approach.
23. The Board agreed that areas where improvement had been made would continue to be monitored, to maintain the high quality already achieved and prevent any slippage.
24. The Board noted Mr Haines' suggestions on areas to focus on for further improvement. Mr Ward also felt that further improvement was needed on ensuring that deadlines were met and understanding whether reported missed deadlines resulted from a change in scope or lack of discipline. The Board agreed that it was important that the attitude of the Board and staff continued to demonstrate a desire to learn, question and improve.
25. Mr Moriarty outlined the direction for the CAA over the next year, stressing the need to continue to work across teams in order to deliver the complex and multifaceted programmes it needed to. He shared his intention to lead a stronger focus on internal development, including further investment in strengthening management and colleague behaviours. Mr Medicott noted that this also should include significant consideration of engagement scores. He suggested that softer initiatives were needed to create social, as well as professional, opportunities for staff to engage with each other and the organisation. The Chair asked that the forward work programme factor in ad hoc and crisis management activities.

26. Mr Haines reflected on the major changes in the CAA since he became CEO in 2009. These included a modernised business approach, increased focus on consumer protection and the integration of additional responsibilities (such as Aviation Security). The Board agreed that these experiences had shown the importance of retaining sight of the linkages between specific topics and overarching themes, such as resourcing, airspace modernisation and airport capacity expansion. The Board noted Mr Haines' suggestions on forthcoming opportunities for the organisation, including how to make the most of existing programmes and optimise wide-ranging benefits.
27. The Board gave its formal thanks to Mr Haines for his outstanding service to the CAA. The Chair noted the extraordinary extent of his contribution to the Board and colleagues, as well as to the organisation as a whole.
28. The Board noted the report.

VI. BREXIT QUARTERLY AND EU NETWORK UPDATE (DOC 2018-039) BY TIM JOHNSON

29. The Board welcomed Mr Smethers and Mr McMillan - representing the CAA's EU network - and Mr Oastler to the meeting.
30. Mr Johnson updated the Board on activities carried out over recent months as part of the CAA's Brexit programme, including contingency planning and dialogue with industry.
31. The Chair asked that an update be given to the Board in July detailing the timeline for CAA activities over the coming months, alongside external timelines and matched against specific CAA priorities.

Action: Mr Johnson/ Mr Oastler

32. Mr Smethers and Mr McMillan provided feedback to the Board on their recent discussions with European stakeholders. A common theme was that stakeholders regretted the fact that the UK would be leaving the EU, because in the aviation arena the UK had always been a key contributor. The Board noted that although a number of different responses had been received, there was a substantial amount of uncertainty voiced by other member states as to what the UK wanted for the outcome of Brexit. Mr Smethers highlighted that in the absence of certainty, strict adherence to the existing rules that make up the EASA and EU systems was likely to be the approach taken by European stakeholders. Some stakeholders had expressed concern over the potential loss of CAA expertise and its commitment to EASA-wide safety initiatives and rulemaking processes.

33. The Board noted that recognition of the European Court of Justice was likely to be a key principle of participation in the EASA system for European stakeholders, although in practical terms to-date, very few if any safety issues had been referred to the ECJ. Decisions on the UK's role in EASA and its terms was a matter for the UK Government.
34. The Board discussed Third Country status in EASA. It agreed that effective membership in EASA - in any form - required substantial, early-stage involvement, as well as consideration of diplomatic sensitivities and a demonstrable willingness to commit resources.
35. The Board discussed some of the key issues relating to aviation sector access agreements. The Government was making progress on these agreements. As previously raised, ownership and control issues were thought to be one of the key issues to be resolved
36. The Board reiterated the CAA's current desire to remain part of the EASA system and continue to play a significant role in EASA's work programme.
37. The Board noted the report.

VII. GDPR REPORT (DOC 2018-040) BY KATE STAPLES

38. The Board welcomed Ms Chalk, Mr Whitehurst and Ms Jones to the meeting.
39. In her capacity as Data Protection Officer Ms Chalk provided the board with her assessment of the CAA's preparations and readiness for the new requirements under GDPR.
40. She informed the Board that henceforward quarterly reports on data protection issues would be provided, with directors receiving reports relating to their specific business areas for scrutiny and action as needed.

Action: Ms Chalk

41. Ms Chalk reported that substantial progress had been made in ensuring that data subjects are properly protected, and she expected further improvements over the next 6 months. She highlighted other ongoing work, including completing the processing and risk registers, improving online forms and updating privacy notices. The Board noted the timeline for the next steps, with Ms Chalk confirming that the data processing register would be finished on Friday and the corporate-wide risk register by the end of May.
42. The CAA e-learning programme was discussed, with Ms Chalk confirming that response rates were at their highest levels, pass marks were high (an average of 90%) and that there had been positive feedback on the course. The Chair advised

members that the e-learning package offered a good way of increasing general knowledge of the GDPR and it was agreed that consideration would be given to extending the training to Non-Executives as well.

Action: Ms Staples/ Ms Chalk

43. In response to a question, Ms Chalk confirmed that she agreed with the independent report produced by the auditors from UKGDPR on the CAA's overall level of preparedness. The report had been particularly complimentary about the positive attitude towards 'cultural compliance' demonstrated by colleagues in the Shared Services Centre (SSC).
44. Ms Chalk noted that there had been a delay in recruiting the SARG Data and Asset Manager. Given the high level of crossover between the department and the SSC this could be managed until they were fully in place.
45. Ms Chalk confirmed that a number of data and information management policies are already in place. Ms Staples noted that further discussions on information management and security will be held in June by the Executive Committee. She confirmed that quantitative and qualitative KPIs would be set to measure performance and the maturity of the CAA's processes.
46. The Board thanked the team for their work and praised the significant amount of progress achieved in a short time.
47. The Board noted the report.

VIII. ANNUAL WHISTLEBLOWING REPORT (DOC 2018-041) BY MARK SWAN

48. The Board welcomed Mr Parker to the meeting.
49. Mr Swan introduced the topic, noting that whistleblowing reporting had matured, with focus turning to developing a more joined up approach and identifying common trends ahead of next year's report.
50. The Board noted the findings of the past 12 months and discussed the breakdown of types of reporter under each category. Mr Parker said that further work was being done to investigate the low numbers of reports in General Aviation from employees, to ascertain whether a better reporting culture was needed or whether it was a result of how whistleblowing was used alongside other reporting and safety processes (such as SeMS). He confirmed that he would analyse these results further and then take appropriate action as required.

Action: Mr Parker

51. The Chair noted that Aviation Security was finding whistleblowing a useful mechanism for supporting their inspections and audits and that it was helping to produce results.
52. Mr Parker confirmed that internal whistleblowing within the commercial sectors of industry was dealt with in-house, although CAA inspectors did have oversight of anonymised records.
53. In response to a question, Mr Parker confirmed that the rise in figures under the Consumers and Markets Group reflected the change of the reporting approach. Mr Moriarty said that although the results had been largely as expected, it was useful to have the numbers of reports confirmed.
54. The Board noted the report.

IX. AVIATION SECURITY ANNUAL REPORT (DOC 2018-42) BY PETER DRISSELL

55. The Board welcomed Mr Dykins, Mr Fiddy and Mr Kirk to the meeting.
56. Mr Dykins briefed the Board on the current threat picture in the UK.
57. Mr Drissell introduced the annual report for the Aviation Security (AvSec) directorate. He highlighted its performance and the major challenges and opportunities faced over the past 12 months. The UK continues to perform at a high level for AvSec compliance and tops the EC performance tables jointly with the Netherlands.
58. The Board noted the industry compliance ratings, which showed improvement and were consistently high. It noted the specific activities that contributed to the positive results in different areas, including in cargo where the use of dogs was one of the methods recently stepped up.
59. Mr Haines reminded the Board that they were now receiving quarterly updates from AvSec, which would include tracking of its resourcing and performance figures. Mr Drissell confirmed that the Board would receive the same information sent to the National Aviation Security Committee.
60. The Board noted the work that had been done on increasing AvSec accreditation. Mr Drissell confirmed that the CAA AvSec Auditor's course had been accepted as a Security Institute Membership qualification.
61. The Board discussed the potential effects of Brexit on AvSec's work. Mr Dykins confirmed that the UK would, based on current practices, already be compliant under a full market access model and that its measures often went further than the minimum requirements set under the EU regime. He confirmed that the team was working with DfT to identify areas of its work that could be affected. Mr Johnson

confirmed potential increased resourcing had been factored into the contingency planning budget.

62. The Board discussed horizon scanning activities related to AvSec. Mr King suggested that the National Aviation Security Committee was a useful forum for identifying cross-cutting future issues and he agreed to raise the topic at the next meeting.

Action: Mr King

63. Mr King updated the Board on the recent meeting he attended at Cranfield University which aimed to bring together academic, government and private sector security strategies. The Board agreed that a CAA representative should attend future meetings of the group.
64. In response to a question from the Chair, Mr Johnson updated the Board on the CAA's Cyber programme. He confirmed that it was currently being managed by the Strategy and Policy team, but was likely to be moved to the AvSec team once sufficiently developed.

X. ANNUAL RISK REPORT (DOC 2018-43) BY TIM JOHNSON

65. The Board welcomed Mr Libretto to the meeting. He briefed the Board on key changes to the risks register over the past 12 months.
66. A new risk on consumer awareness (risk 15) had been added. He confirmed the threat level would be reassessed once further survey data was received and that further mitigating activity would be considered after discussion of the topic in June.
67. Mr Libretto reported that the threat level for network resilience (risk 4) had been reduced due to additional mitigations implemented.
68. Under top strategic risks, Mr Libretto highlighted the new risk 7 (clarity of legal obligations across the business) and Ms Staples confirmed that the team had begun work to identify target areas to address the concerns raised.
69. The Board noted the new risk 10 (airspace strategy delivery), with mitigations being worked on relating to governance and as part of the CAA's work to support the development of the Government's Aviation Strategy.
70. Mr Ward reported that the Audit Committee had held a thorough and useful discussion on the full risk register at a recent meeting.
71. The Board noted the report.

XI. SAFETY AND AIRSPACE REGULATION GROUP REPORT (DOC 2018-044) BY MR MARK SWAN

72. The Board welcomed Mr Bishton to the meeting.

73. Mr Swan provided an update on key safety issues raised and recent incidents since the last meeting.
74. Mr Swan reported on EASA inspection findings and the ongoing discussion the team was having with its representatives on how to bring further improvement to the inspection regime.
75. The Board was briefed on the topic of 'Programme Making and Special Events (PMSE) radio spectrum sharing' and the views of international stakeholders. Mr Swan confirmed that he would provide a further update as needed.
76. The Board noted that a new EASA rulemaking group is being set up to review its medical rules on an ongoing basis, and that unfortunately the CAA's nominee has not been made a member of its main taskforce.
77. Mr Swan briefed the Board on Carlisle Airport. The Chair asked for a two-page report at the end of the week to update her on the details of the situation.

Action: Mr Swan

78. Mr Bishton briefed the Board on the recent work of the Flight Ops team, which included Brexit contingency planning activities.
79. The Board noted that there had been a sharp increase in the volume of work being carried out by the team, made possible by the fact that the team was now fully resourced and had the right capabilities.
80. Mr Bishton outlined next steps for the team, including further improvement in accreditation and continuing to hone the standardised functions now in place. The Chair congratulated Mr Bishton for leading the transformation of the Flight Ops team.
81. Mr Bishton reported on industry findings. They remained relatively consistent with previous ones, although the CAA's approach had become more direct and proactive, which was demonstrated in part by the increased number of level 1 findings and more unannounced inspections by the team.
82. The board discussed the ongoing issue of Flight Time Limitations and Mr Bishton confirmed that the team was still developing its approach to communicating operator responsibility requirements. Mr Swan remarked that the increased level of intelligence communicated in the management information data was starting to build up a stronger image of the issue that would help with this.
83. The Board discussed the take up of the Fatigue Risk Management System (FRMS) by industry. It agreed that it was a useful mechanism for providing the correct data to assess the management of fatigue, but that other approaches – such as establishing a panel to oversee fatigue management – could also demonstrate management of the issue, provided that they were properly implemented.

84. Mr Bishton gave an update on the ongoing review of Onshore Helicopters, previously mentioned to the Board. Six workstreams are now in place and safety culture seminars are being carried out.

85. Mr Bishton briefed the Board on the introduction of Non-Commercial Complex (NCC) & Specialised Operations (SPO), which are not 'approved' by the CAA for which the CAA acknowledges declarations provided by industry. He confirmed the team was continuing to monitor the data being collected and would support EASA in their oversight as and when appropriate.

86. The Board noted the reports.

XII. FINANCE REPORT (DOC 2018-045) BY CHRIS TINGLE

87. Mr Tingle reported the financial results for the full year (end of March 2018), which were ahead of forecast. He confirmed that the excess would be used to fund programmes next year that would have required use of CAA reserves.

88. The Board noted the report.

XIII. ANY OTHER BUSINESS AND FORWARD PLANNING

Board awayday

89. Mr Moriarty briefed the Board on preparations for next month's awayday, which would cover horizon scanning, emerging technology and external stakeholder strategy. He confirmed that a full briefing would be circulated to members in due course and noted that during the awayday he would also answer any broader questions in relation to the Heathrow expansion.

EASA contract management

90. The Board formally gave approval for Mr Swan to authorise Steve Long to agree and carry out contract management tasks in relation to contracts between EASA and the CAA and Ci.

**Date of Next Board Meeting:
20 June 2018, Hartwell House**