

**CIVIL AVIATION AUTHORITY**  
**MINUTES OF THE 515<sup>th</sup> BOARD MEETING HELD ON**  
**WEDNESDAY 17 JANUARY 2018, CAA HOUSE**

**Present:**

Dame Deirdre Hutton                      Chair  
Mr Andrew Haines  
Mr Peter Drissell  
Mr David Gray  
Mr David King  
Mr Michael Medlicott  
Mr Richard Moriarty  
Ms Kate Staples                      Secretary & General Counsel  
Mr Mark Swan  
Mr Chris Tingle  
Mr Graham Ward  
AVM Mike Wigston                      (except for items VII-IX)

**Apologies:**

Dr Ashley Steel

**In Attendance:**

Mr Tim Johnson  
Mr Richard Stephenson  
Mr Peter Fiddy                      For item VI  
Ms Rachel Gardner-Poole              For item V  
Mr Padhraic Kelleher                  For item X  
Ms Angela Lynch                      Minute taker  
Mr Ed Weston

**I. APOLOGIES**

1. There were apologies from Dr Steel and it was noted that AVM Wigston would be absent between 11:30 and 13:30.

**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 Board meeting were approved, subject to minor rewording under paragraph 91 to reflect that the Board had approved the Chair's proposal for this year's Board evaluation.

4. Under matters arising, Mr Haines confirmed that Baroness Sugg would be visiting CAA House on 2 February for a briefing session as reported at the December meeting.

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

5. The Chair informed the Board of recent meetings, including a breakfast roundtable discussion with Sir Keir Starmer MP on the topic of Brexit. The need to focus on an outcome that supported the UK economy and jobs was highlighted, along with Sir Keir's own views on the need to continue cooperating with relevant EU agencies, future EU decision making and the role of Northern Ireland in the negotiations. During the discussion, the Chair shared key aviation sector issues.
6. The Chair noted that Sir Keir had knowledge of some aviation issues, but agreed with the Board that she would follow up with him to offer a more detailed briefing on the sector's current views.

**Action: Chair's Office**

7. The Chair and Mr Moriarty informed the Board of the recent meeting with the Chair of ATIPAC. It was agreed that the forum was useful for engaging trade consumer groups and exploring potential new policy ideas.

### **IV. CHIEF EXECUTIVE REPORT (DOC 2018-001) BY ANDREW HAINES**

8. Mr Haines updated the Board on key meetings and live issues.
9. The Board approved the appointment of Garry Copeland to the role of ASSI Chair, replacing Roger Whitefield, who is standing down. Ms Staples noted that the recruitment competition had produced a number of high calibre applicants.
10. Mr Haines briefed the Board on the ongoing Star & Key Travel court case, previously reported to the Board following the CAA's discovery of a number of apparently fraudulent claims against the ATT.
11. The Board noted the good news that the EASA Basic Regulation had been endorsed by the 28 Member States. If passed through its final stages it will form part of the EU acquis. The Board recognised the significant contributions from CAA staff to this work and extended their thanks in particular to Sarah Hill.
12. The Chair requested that a one-pager be circulated to the Board to brief them on the significant changes within the new regulation.

**Action: Mr Johnson**

13. Mr Haines noted the update on the CAA's work with MedView airlines, following passenger disruption in the UK over the Christmas period.

14. The Board briefly discussed the Heathrow expansion plans and recent related media coverage. It noted the ongoing stakeholder debate relating to sole promoter status. Mr Moriarty commented that stakeholders were likely to debate the topic with increased vigour over the coming months ahead of the parliamentary scrutiny sessions due to take place in the summer.
15. Mr Moriarty updated the Board on the CAA's input into the Government's plans for the Airline Insolvency Review. He clarified the expectation that small changes to the insolvency regulations would provide assurance for the CAA working more closely with administrators to provide repatriation when market failures occur. Ms Staples noted that accessing aircraft for wide-scale repatriation was an ongoing issue being investigated. The findings would be fed into government ahead of the full insolvency review.
16. Ms Staples clarified the information in the report relating to the DfT's support for proposals to create a provision for accident planning as part of the CAA's airline licensing and foreign carrier permit processes.
17. The Board noted the report.

## **V. OGC ANNUAL REPORT (DOC 2018-002) BY KATE STAPLES**

18. Ms Staples reported on the OGC's performance and work programme over the past 12 months. She highlighted forthcoming structural changes, which included increased business management support across the directorate and the appointment of a Deputy General Counsel to provide direct support to the General Counsel. AVM Wigston commented that the appointment of a Deputy would also reduce the concern over single point of failure issues.
19. Ms Staples discussed the OGC approach and experiences of cross-team working. She stated that there had been improvement in several areas, but there was still further work to be done.
20. Ms Staples highlighted that over the past 12 months the CAA's public profile had risen considerably, with it receiving positive recognition of its value in promoting passenger rights and the successful Monarch repatriation programme. 2018 would potentially be a more challenging year with the focus on a number of legal cases that could prove more contentious.
21. The Board discussed feedback from internal audit. The importance of teams not relying on internal audit as a line of defence was noted, both for their benefit and to maintain the independence of internal audits. This matter would be covered formally at the next Executive Committee audit reporting session and if necessary at the next Audit Committee meeting. Mr Ward confirmed that he, Ms Staples and the Head of Internal Audit were also currently reviewing the quality of external and internal reports.

22. The Board discussed colleague feedback from within the OGC, which supported the information provided on the strengths and weaknesses of the directorate. Mr King noted that the responses were consistent with wider feedback from CAA staff that referred to an apparent reluctance of some to speak up. Ms Staples confirmed that this was one of the wider topics that was being looked at across the organisation, as well as in OGC. It was notable, however, that other elements of feedback provided a different view.
23. On the topic of enforcement, Ms Staples highlighted that occasionally it remained unduly cumbersome to take swift action in respect of individuals where questions arose about their conduct. Despite improvement, there was further work being done to ensure that quicker decisions were made. The Board agreed this was a priority and Mr Swan highlighted that a report being presented to the Board next month would pick up on some of these decision-making issues. Further work being done across the consumer and safety groups was also expected to address this concern over the next few months.
24. Ms Staples highlighted that the new approach taken to enforcement had enabled the CAA to take action better to inform and educate parts of industry. The approach is geared towards setting standards and finding solutions before issues reach the level where intervention is needed and before prosecution becomes a realistic possibility.
25. Ms Staples explained the specialist legal skills required and the directorate's flexible approach to bringing in additional support as and when required. The Board noted that, except for some competition and criminal cases, all members of staff could deal with any aviation enquiries received.
26. The Chair noted that previous OGC reports had raised concerns over the number of prosecutions. Ms Staples confirmed that the current approach had seen the numbers of prosecutions reduce, with an increase in other forms of intervention. This was a positive change reflecting the use of a variety of more assertive actions being taken at an earlier stage and in proportion to the alleged offence. Mr Swan agreed with this and confirmed that his team had also developed a greater ability to track intervention actions taken.
27. Ms Staples confirmed that the change in approach had not increased the amount of resource required, but had necessitated stronger coordination with other CAA colleagues and enabled more time to be spent on each prosecution case.
28. In relation to the location of OGC staff, Ms Staples highlighted that the team would be anchored in the London office, but that colleagues were flexible and would be prepared to work in different locations to follow specific business need. The team had already adopted an open plan set-up and used a range of flexible working arrangements.
29. The Board noted the report.

## **VI. AVSEC QUARTERLY REPORT (DOC 2017-003) BY PETER DRISSELL**

30. The Board welcomed Mr Fiddy to the meeting. Mr Drissell and Mr Fiddy provided a briefing on key issues relating to AvSec over the past three months.
31. The Board discussed current performance metrics, resourcing and key components of AvSec's work programme.
32. The Board noted AvSec's compliance regimes set by the DfT and the European Commission.
33. The Board noted the report.

#### **PORTFOLIO DELIVERY UPDATE (DOC 2018-004) BY CHRIS TINGLE**

34. The Board welcomed Ms Gardner-Poole to the meeting, who introduced the paper outlining major areas of progress in projects managed by her team. This was the first update since the establishment of the Portfolio Delivery team, whose remit currently covers 21 projects across the CAA.
35. The Board noted that a number of projects had entered key implementation phases over the past few months. Notable progress included the launch of the ATOL e-system, which was launched the previous evening.
36. Ms Gardner-Poole noted that, improvement in delivery had resulted from the establishment of the project management office, improved relations with key delivery partners, and the use of 'soft launches' to enable projects to be implemented at the same time as final improvements to the systems were being made.
37. Mr Tingle clarified that, although current completed e-licences numbers were low, this was due to the low quality of applications that had been received and the number of pending applications was much more encouraging.
38. The Board noted positive comments from members of the Executive who had benefited from the Portfolio Delivery team's support. Mr Swan highlighted the efficiency benefits that had been brought in through the development of Resource Scheduling for SARG and Mr Johnson commented on the project management support provided for emerging technology projects.
39. In response to a question from Mr Gray, Mr Haines confirmed that the e-licensing system agreement left room for potential commercial benefits and that work had begun to assess whether there was market appetite for the service that could be provided.
40. Ms Gardner-Poole confirmed there was still work to be done in establishing clear boundaries around the types of projects covered by the Portfolio Delivery team. This was not always clear owing to the complexity and variety of work carried out, which required a flexible approach to leading and supporting specific projects.
41. Under financial costs, Ms Gardner-Poole noted that the forecast spend for the entire programme was currently £2.7 million over budget (i.e. less than 5%), but that the team

was looking at options for reducing this (such as creating commercial work through CAAi). Mr Gray noted that some of the spending forecasts for December showed reduced costs for certain projects. Ms Gardner-Poole confirmed that this was due mostly to different approaches being taken, which had resulted in lower costs than originally budgeted for but had still delivered what had been promised.

42. Mr King noted that the Board had raised questions about the CAA's overall delivery ethos in the past, which the Portfolio Delivery team appeared to be in part addressing. Mr Swan added that there was also a separate delivery ethos workstream, whose work had been reinforced in the Cranfield review and that Mr Swan would brief the Board on in future.
43. The Chair commented that the progress detailed in the update report was encouraging. She asked that next month's CEO report include a further update on the roll-out of the ATOL e-system.

**Action: Ms Gardner-Poole**

44. The Board noted the report.

## **VII. CAA STRATEGY AND POLICY ANNUAL REPORT (DOC 2018-005) BY TIM JOHNSON**

45. Mr Johnson provided an overview of the report on the CAA's Strategy and Policy Team (CSP). He highlighted that, owing to the nature of its work, CSP's relationships with colleagues in other teams were key factors for its programmes' success.
46. The Board noted the diverse range of work carried out by CSP. In response to a question, Mr Johnson confirmed that a smaller number of activities would simplify the team's work commitments but that the responsive approach taken by CSP to emerging issues provided significant value to the CAA as a whole and was therefore important to maintain.
47. Mr Johnson highlighted the new Airspace Change Process as a successful programme that had been launched a few weeks ago with support from colleagues in SARG.
48. Mr Johnson cited recent work on aviation noise as having supported significant changes to government policy.
49. He also briefed the Board on the topic of cyber, which had made a lot of progress over the last 12 months and was continuing to be a focus. In response to a question from the Chair, Mr Johnson confirmed that the programme's timings were on track as previously detailed.
50. The Chair noted Mr Gray's significant help in driving forward the CAA's sandbox initiative as part of the Emerging Technology programme.

51. Mr Swan noted that CSP's work underpinned the effectiveness of cross-matrix working across the organisation. Mr Johnson agreed, noting that he would like to see more colleagues from other parts of the organisation taking up secondments in CSP to continue to build on its capacity and create closer working relations.
52. The Board discussed the effects of DfT policy and decision making on the work of CSP. It noted that mutual benefits were more likely to be achieved if the CAA could secure government buy-in early on, whereas delays could cause knock on effects to the directorate's work.
53. The Chair asked whether commercial opportunities were considered within CSP. Mr Johnson highlighted that an increase in workload had limited the amount of resource that could be dedicated to furthering commercial interests, but that with improved resilience and capacity this would be something that could be further explored. The Board agreed that commercial interests were secondary to ensuring that the team delivered on its existing regulatory and policy commitments.
54. The Board noted the make-up of CSP and the points raised by staff as key areas of concern. It was noted that improvement was needed in increasing diversity, which would be linked to wider work being carried out across the CAA.
55. Mr Johnson outlined CSP's priority areas for the next year, detailing where his own focus would be. The Board noted the expected timeline for the DfT Aviation Strategy, which the team would be supporting on behalf of the CAA and industry.
56. The Board noted the report.

#### **VIII. 2018/19 CAA BREXIT CHARGING OPTIONS AND CONSULTATION (DOC 2018-008) BY CHRIS TINGLE AND TIM JOHNSON**

57. Mr Tingle introduced the paper, which had been finalised following previous discussion at the Board.
58. The Board noted the details of the paper.
59. Mr Tingle confirmed that the charges proposed would begin to come in from June 2018 and that staff would be recruited through a phased approach. Mr Tingle confirmed that introducing two charging periods created more work for the Finance team, but it was necessary in order to allow enough time for the consultation to be completed and the responses to be considered in full.
60. The Board noted the clear narrative from the CAA to industry within the consultation, including that the contingency planning had been arranged at the request of the Government. Mr Tingle reminded the Board that the Finance Advisory Committee had already commented on the draft proposals.

61. Mr Johnson confirmed that he was working with Mr Stephenson to prepare a CAA response to the consultation's release. The Chair requested that CAA commentary highlight that, if the contingency plan were not required, the charges collected would be returned to industry.
62. The Board agreed that Mr Johnson would inform them if a change in circumstances occurred. Otherwise the Board approved the consultation for circulation by Mr Tingle and Mr Johnson in line with the proposed timeline.
63. The Board noted the report.

**IX. SAFETY AND AIRSPACE REGULATION GROUP (SARG) REPORT (DOC 2018-006)  
BY MR MARK SWAN**

64. The Board welcomed Mr Kelleher to the meeting.
65. Mr Swan provided an update on key safety issues raised since the last meeting.
66. Mr Swan briefed the Board on ongoing discussions with ANSL about Gatwick staffing for summer 2018, including proposals submitted to the CAA for review. The Chair noted that the lessons learnt by the CAA in its engagement with ATM providers at one airport should be used to support future decision-making.
67. Mr Swan noted the recent parliamentary question on the issue of pilot HIV certification and the CAA's stance on the issue, which it had communicated to the Government and would be reinforcing in forthcoming public statements.
68. The Chair noted the positive news in the report relating to Flight Ops resourcing in the CAA. Mr Swan provided a short update on ongoing recruitment and retention in airworthiness, which would be discussed further by the Executive.
69. Mr Kelleher briefed the Board on the work of the Innovation, Strategy and Performance (ISP) team over recent months and its current focus areas.
70. Mr Kelleher highlighted the structural changes that had taken place. He also noted the individual recognition that staff had received from key stakeholders and the team's progress towards completion of its business plan.
71. Mr Kelleher informed the Board of key projects the team had been involved in, including engagement with international stakeholders and the support it had provided to other teams in the CAA on topics such as Brexit planning and emerging technology.
72. The Board noted the team's risk map which Mr Kelleher highlighted had been discussed in full at yesterday's Audit Committee meeting.
73. The Board noted that ISP produced a number of high quality analytical reports, including the Annual Safety Review that was published in 2017 for the first time (and on which the Board had previously been briefed).

74. Under internal recruitment, Mr Kelleher confirmed that there had been challenges in filling posts that required specialist knowledge. It was also noted that the team had taken on a more forward-looking role, which would help it better to prioritise its work and to focus on addressing emerging or future challenges in line with industry developments.
75. Mr Kelleher highlighted a major forthcoming conference that the team was supporting called Enabling Innovation in Aviation. Several high-profile organisations and individuals had already signed up and the event was expected to provide important insight into the industry, as well as establish the CAA's position on encouraging innovation. Mr Haines noted that there would need to be agreement before the event on the CAA's role in this area and how best to communicate it. Mr Swan agreed to confirm this position for the event and include further information in the February CEO report for the Board.

**Action: Mr Swan**

76. The Board noted the report.

#### **X. FINANCE REPORT (DOC 2018-007) BY CHRIS TINGLE**

77. Mr Tingle gave an overview of the Finance report to November 2017, which continued the trend of positive results ahead of budget. Headcount was recorded as slightly higher for the month.
78. Mr Tingle highlighted that income levels were expected to slow down over the next quarter, with no accelerated or decelerated spending being advised at present.
79. In response to a question from the Board, Mr Tingle confirmed that with regard to DfT funding for the Monarch repatriation programme, relevant invoices were still being received and processed, but no shortfall was currently expected.
80. The Board noted the report.

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

##### ***Board Membership and Board Effectiveness Review***

81. The Chair updated the Board on conversations with the DfT on the timeline for Non-Executive Director appointments over the next three years. She confirmed that the DfT had agreed her proposed phased approach to ensure that the Board balanced its existing experience and knowledge with the introduction of new members. The Chair highlighted that the Board Effectiveness Review would also address aspects of succession planning to advise the Board on how best to prepare for change.
82. Following on from the Board's agreement at the last meeting, the Chair informed members that the consultants carrying out the Board's review would be attending next month's Board Meeting and the ExCo Policy and Information Exchange Meeting.

83. In response to a question, the Chair confirmed that the review would include consideration of what skills and experience would be looked for in prospective new Non-Executive Directors. The Chair confirmed that this would also be discussed at the next Nominations Committee meeting and welcomed any suggestions that current Board members might have for potential new members.

***Accommodation Project update***

84. Mr Tingle provided an update to the Board on progress with the Accommodation Project since last month's discussion. He highlighted a change to the shortlist and confirmed that revised quotes had been received. Indications were that all properties on the shortlist offered cost savings on current circumstances and further financial testing would take place later this week. The project was still expected to meet its previously agreed timelines.

**Date and Time of Next Board Meeting:  
12pm, 21 February 2018 at CAA House**