

CIVIL AVIATION AUTHORITY
MINUTES OF THE 520th BOARD MEETING HELD ON
WEDNESDAY 20 JUNE 2018, HARTWELL HOUSE

Present:

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

Apologies:

In Attendance:

Mr Tim Johnson
Mr Richard Stephenson
Ms Angela Lynch Minute taker
Mr Ed Weston

I. APOLOGIES

1. There were no apologies.

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

2. The Board welcomed Mr Smith to his first Board meeting since taking up his role as Director of the Consumers and Markets Group last month.
3. The Chair declared a potential new conflict of interest. She informed the Board that she had been appointed by Which? to carry out an independent review of Governance, which would include consideration of consumer issues.

4. The minutes of the last meeting were agreed, subject to minor typographical changes and an expanded clarification under paragraph 68.
5. Under actions, Mr Swan gave an update on work relating to SARG's process for reviewing Instrument Flight Procedures. It was agreed that the action capturing this work (action 32) had been superseded by the new approach the team is taking.

III. CHAIR'S UPDATE

6. The Chair gave an update on meetings and events over the last month, including the recent UKRN Chairs meeting, the leaving reception of former Chief Executive Andrew Haines and a joint-meeting with senior DfT representatives, Bernadette Kelly and Lucy Chadwick.
7. The Chair informed the Board of the latest meeting of the Safety Regulator CEO Group that focused on Dame Judith Hackitt's *Independent Review of Building Regulations and Fire Safety* report. The report had been circulated to Executive Directors and Non-Executive Directors (NEDs) were asked to contact the Chair's office if they also wanted to receive it.
8. The Board noted that the Minister for Aviation, Baroness Sugg, had visited Aviation House following a visit to Gatwick Airport. She met with representatives from the Shared Services Centre, the International Group and the CAA interns.
9. The Chair informed the Board of her participation in the KPMG and the Whitehall Industry Group events respectively, where she spoke about the CAA's experiences managing the Monarch repatriation programme. She noted that stakeholders continued to show a high level of interest in this topic and that she had received requests to participate in subsequent events once the CAA's case study report was complete.
10. The Chair informed the Board of the joint IPPR and UKRN event she and Mr Gray had attended yesterday on the future of regulation. She said that the event had raised interesting points on the subjects of 'fairness' and digital marketing.

IV. CAA ANNUAL REPORT AND ACCOUNTS (DOC 2018-048) BY CHRIS TINGLE

11. Mr Tingle presented the Annual Report and Accounts to the Board, giving an overview of the CAA's performance and the related External Audit report.
12. Mr Ward agreed with Mr Tingle's assessment of the report. He confirmed that the report had been discussed by the Audit Committee and that he was satisfied that previously outstanding issues had been dealt with.

13. The Board approved the additional external audit fees as detailed in the report. Mr Tingle confirmed that the amendments requested by the Remuneration Committee had been made and were reflected in the final version of the report.
14. The Board approved the Annual Report and Accounts and the Letter of Representation to the auditors, delegating sign-off of the Report to Mr Moriarty and Mr Tingle and of the Letter to Mr Moriarty and the Chair.
15. Mr Ward noted that a wash up meeting with the auditors had been scheduled to suggest further improvements for the process for next year.
16. The Chair thanked Mr Tingle, the Finance team, Mr Ward and the Audit Committee for their work in preparing the Annual Report and Accounts. She commented that this year's process had gone smoothly and Mr Tingle affirmed that the Finance and Communications teams had worked well together to support this.

V. CHIEF EXECUTIVE REPORT (DOC 2018-047) BY RICHARD MORIARTY

17. Mr Moriarty updated the Board on key meetings and live issues.
18. The Board noted that the House of Commons would vote on the National Policy Statement (New Runway Capacity and Infrastructure at Airports in the South East of England) on Monday.
19. Mr Moriarty informed the Board of the main discussion points covered at the latest Heathrow Board dinner and outlined the views of HAL's investors.
20. The Board noted that a Brexit-focussed roundtable had been held with Airlines UK at CAA House. The session was attended by the DfT and by representatives from DExEU. Airlines UK expressed a high level of interest in the CAA's ongoing contingency planning activities, undertaken in line with the CAA's safety obligations and to support industry. Mr Johnson confirmed to the Board that the Brexit programme team was continuing to monitor developments and to work with the Government to support its needs. The Board noted that the CAA was already receiving a high volume of Brexit inquiries and industry requests for advice and that these were expected to increase throughout the second half of the year. Mr Stephenson agreed to circulate lines to take on the CAA's positions to the NEDs.

Action: Mr Stephenson

21. Mr Swan provided an update on Carlisle Airport and the relevant work being carried out by CAA teams.

22. The Board noted the update relating to the Guernsey Register with Mr Moriarty confirming that the terms of reference had been agreed for the audit to be carried out by CAAi on behalf of the DfT.
23. Mr Smith gave an update on airline licensing.
24. Mr Moriarty drew the Board's attention to the CAA's service performance in processing Flight Crewing Licensing applications, which had dropped below service level standards. He confirmed that a recovery plan was in place and that it included a prioritised approach to prevent the grounding of pilots or loss of earnings. The team's aim is to return to service level standards by the end of the month. Mr Moriarty had responded to political stakeholders who had asked about the matter and he confirmed he would update the Board further on the team's progress at the next meeting. Mr Tingle confirmed that once service level standards were back in place, the process would continue to be monitored, with a 'lessons learned' review being carried out to identify potential improvements over the longer term. Dr Steel asked that the clarity of CAA instructions on how to complete the forms be considered as part of this review.
25. The Board noted two recent Health and Safety incidents in the CAA.
26. The Board noted recent correspondence from the Government that emphasised the strong political will for regulators, such as the CAA, to play an increasing role in introducing initiatives to improve accessibility, based on the needs of vulnerable consumers. This is already a key theme for the CAA and Mr Moriarty said that he would share his written response to Nusrat Ghani MP's letter on the subject with the Board.

Action: CEO's office

27. Dr Steel noted with concern the timeline set in the ANO amendment for the CAA to deliver the Government mandated drones registration scheme by the end of November 2019. Mr Johnson confirmed that the project's challenges had been communicated to the DfT and if issues arose, the scope would need to be looked at, as the timings were now fixed in law.
28. The Board noted the report.

VI. SAFETY AND AIRSPACE REGULATION GROUP REPORT (DOC 2018-049) BY MR MARK SWAN

29. Mr Swan provided an update on key safety issues and recent incidents since the last meeting.
30. Following on from last month's report, Mr Swan gave an update on the Trent 1000 engine and the ongoing work being carried out by the team.

31. The Board discussed the CAA's engagement with industry through accountable managers. The Chair noted that, in general, it was a good idea for accountable managers to be members of their organisation's governance Board, to assure the senior-level link between an organisation's safety oversight regime and its Board members.
32. Mr Swan gave an update on the monitoring of gearbox chip detectors.
33. The Board noted the recent case reported in the media in relation to alcohol misuse. Mr Swan commented that the CAA's work in developing a firm drugs and alcohol policy had been well received by the EASA Committee. He was pleased that other member states look set to introduce their own protocols to mitigate against risks in this area. The UK's policy for prevention is expected to be amongst the most stringent and Mr Swan said that he would provide an update on the timeline for its further implementation.

Action: Mr Swan

34. A question was asked relating to the process involved if a pilot is banned from flying for committing a crime that requires them to undergo some form of remedial action. It was confirmed that in such instances an independent assessor reviews the ban to decide the subsequent outcome. Once the assessor's requirements have been met, the CAA decides on whether the ban should be removed. This decision is then subject to appeal through the normal channels.
35. Mr Swan gave an update on a recent airspace change proposal. He confirmed that Board members would receive information on this along with any relevant CAA communications.

Action: Mr Swan

36. The Board noted the report.

VII. FINANCE REPORT (DOC 2018-050) BY CHRIS TINGLE

37. Mr Tingle reported on the financial results for the first month of financial year 2017/2018, which were ahead of budget.
38. The Chair asked whether the increased number of pilots applying for non-UK licences had affected the CAA's financials. Mr Tingle said they had not but that there was a potential that these could have an effect over the longer term. The Chair asked that a discussion be scheduled for a later date for Mr Tingle to provide more in-depth reflections on longer term financial implications due to these potential external factors.

Action: Mr Tingle

39. The Board discussed the overall rate of return figures, with Mr Tingle highlighting that the Accommodation programme costs would distort these over the next couple of years, but would result in lower costs over the longer term. He confirmed that cash figures were likely to give a more accurate indication of overall performance.
40. In response to a question, Mr Tingle confirmed that the procurement team was maintaining a holistic view over the use of consultants across the CAA, ensuring value for money was achieved whilst keeping the process competitive.
41. The Board noted the report.

XIII. REMUNERATION COMMITTEE REPORT (DOC 2018-051) BY DAVID GRAY

42. Mr Gray presented the report from the last Remuneration Committee meeting. He noted that the committee had approved the bonus recommendations and Directors' objectives as detailed within the report.
43. The Board noted the report.

IX. ANY OTHER BUSINESS AND FORWARD PLANNING

Queen's Birthday Honours list

44. The Board expressed their congratulations to David Kendrick, Dr Sally Evans and Andy Cohen for their appointments as MBEs for their outstanding work within the CAA and for the aviation sector. The Board also noted the honours received by Chair of the Consumer Panel Jenny Willott and by Lucy Chadwick.

CAA Board – recruitment process

45. The Chair updated the Board on recent discussions on the recruitment process for her replacement and for new NEDs, as previously reported. She confirmed that an agency had been appointed to manage the recruitment process for two of the NEDs and the Chair, with the third NED's recruitment to be carried out through a separate process.
46. The Board noted that Lucy Chadwick would be attending part of next month's Board meeting to receive the Board's input on its requirements and suggestions for the new Chair. Mr Gray will chair the discussion.
47. The Chair confirmed that a request had been made to the DfT for a CAA representative to join the recruitment panel for the new Chair.

Board membership change

48. The Chair noted that this was AVM Wigston's final Board meeting. She thanked him for his valuable work with the Board and in helping to maintain the CAA's collaborative links with the Ministry of Defence. The Board congratulated him on his recent promotion and wished him well in his new role.
49. The Board noted that AVM Wigston's successor, AVM Gerry Mayhew CBE, would join the Board from next month's meeting.

July Board agenda

50. The Board noted the draft agenda for next month's meeting.
51. The Chair confirmed that she had discussed the forward agenda more broadly with Mr Johnson and that it was being reviewed to ensure that strategic and policy decision making remained at the top of the Board's agenda.

**Date and Time of Next Board Meeting:
18 July 2018, CAA House**