

**CIVIL AVIATION AUTHORITY
MINUTES OF THE 487th BOARD MEETING HELD ON
WEDNESDAY 15th JULY 2015,
K5 EARHART ROOM, CAA HOUSE, LONDON**

Present:

Dame Deirdre Hutton	Chair
Mr Andrew Haines	
Mr David Gray	
Mr Michael Medlicott	
Mr Iain Osborne	
Mr Mark Swan	
Mr Richard Jackson	
Mr Graham Ward	
Miss Chris Jesnick	

In Attendance:

Mr Peter Drissell	
Mr Richard Stephenson	
Mr Tim Johnson	
Mr Peter Gardiner	
Mr Ian Russell	Minute taker
Mr Martin Jones (Department for Transport)	For item V
Mr Phil Dykins (Department for Transport)	For item V
Mr Nigel JT-1 (Ministry of Defence)	For item V
Mr Peter Kirk	For item V&VI
Mr David Elbourne	For item V&VI
Mr Stephen Gifford	For item VII
Mr Dan Edwards	For item VIII
Mr Keith Richards (CAA Consumer Panel)	For item X
Mr Tony Rapson	For item XII
Mr Edward Bellamy	For item XII

I Apologies

1. Apologies were received from Mr David King, AVM Richard Knighton, Mrs Kate Staples and Ms Manisha Aatkar.

II Previous Minutes and Matters Arising

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

III Chair's Update – by Dame Deirdre Hutton

4. The Chair briefed the Board that the announcement of the appointment of the new Group Director would be made to staff on Monday 20th July. The Chair also informed the Board that DfT Ministers had approved the appointment of a new non-executive director. This appointment would now need No.10 approval that was expected to be received on 20th July.
5. The Chair briefed the Board on the lunch that she and Mr Haines had had with Dr Paul Golby and Mr Martin Rolfe, chair and acting CEO of NATS. She explained that the discussions had centred on recalibrating the relationship with the CAA and NATS and focusing on how both organisations can work together to tackle the challenges that managing congested airspace brings.
6. The Chair briefed the Board on the Infrastructure Forum that she had attended. Mr Gray and Mr Johnson had also attended. She described the large amounts of infrastructure investment that were planned in the UK and the scale of the challenge in delivering it. The Chair also asked the Board to give consideration to how disruptive technology could impact the aviation sector and affect the way that the CAA undertakes its regulation. The Chair's final reflection was that the importance of meeting the needs of the end user (consumer) of infrastructure would be crucial in all infrastructure development.
7. The Chair briefed the Board on the Regulatory Chairs meeting that she attended. She explained how the future direction of this forum would require careful thought to make sure that it provides a meaningful contribution to regulation.

IV Chief Executive's Report - Doc 2015-078 by Andrew Haines

8. Mr Haines asked the Board, in its capacity as the principal employer of CAAPS¹, for approval to re-appoint Mr Guy Evans as an Employer nominated Trustee Director (NATS) for the period 1 October 2015 to 30 September 2018; and to approve an amendment to the CAAPS Trust Deed and Rules that relate to same sex marriage. **The Board approved the re-appointment and the amendment to the CAAPS Trust Deed and Rules.**
9. Mr Haines provided the Board with detail of the key elements of the Airports Commission final report published on 1st July. Mr Haines described how the Airports Commission had used a lot of CAA analysis to inform its work. He also brought to the Board's attention that the Airports Commission had emphasised the need for Government to lead on airspace policy development. Mr Haines informed the Board that the CAA would be providing some additional support to Government as it analysed the Airport's Commission's report. This work would be in an advisory role, based on the CAA's approved policy position. Mr Haines informed the Board that Mr Justice Haddon Cave had reserved judgement in respect of the Gatwick Obviously Not Challenge, in which it is alleged that the CAA should have instigated the airspace change process when NATS revised its tactical vectoring procedure that led to the redistribution of aircraft noise. The Board had been provided with a briefing note explaining the airspace issues around Gatwick airport and a further discussion would be held at a future Board meeting. Mr Haines also emphasised that notwithstanding the lack of any formal role for the CAA in the matter, he was encouraging NATS to ensure that it appropriately considered the impact of changes to operational practice on local residents both before and after such changes were introduced.
10. Mr Haines asked Mr Jackson to update the Board on ATOL Reform. Mr Jackson explained how the CAA was fully participating with DfT as it develops its thinking on reform proposals.
11. Mr Haines briefed the Board on his meeting with the Daily Mail on Regulation 261/2004. He explained that in light of this meeting and the subsequent article, four airlines had committed to join the Alternative Dispute Resolution (ADR) –

¹ Civil Aviation Authority Pension Scheme

which comes very close to the 50% of passengers covered that the CAA felt desirable for the ADR to function effectively.

12. Mr Haines explained progress with dealing with ongoing litigation issues in relation to cabin air toxicity.
13. Mr Haines briefed the Board on the content of the witness statements provided by the CAA to the Vauxhall helicopter inquest (G-CRST). The statements clearly set out the CAA's position in relation to this incident. The Board were also informed that the nature of the relationship that the CAA has with the AAIB² means that the CAA are given sight of recommendations made by the AAIB when reporting on air accidents.
14. Mr Haines asked the Board to note the progress being made in the formation of the Competition Decision Panel.
15. Mr Haines briefed the Board on the progress with the next phase of organisational design with the creation of the role of Chief Operating Officer (COO) with responsibility for the day to day organisation of the CAA. He explained that Miss Jesnick, the current Finance & Corporate Services Director, had confirmed that she would not be interested in the COO role and had decided to leave the CAA at a similar time to when the COO is appointed. Currently there was no fixed timetable for this change and an announcement would be made on Monday 20th to staff. Mr Haines, on behalf of the Board, expressed his immense gratitude to Miss Jesnick for the contributions that she had made during her long career at the CAA.

V The Terrorist Threat to Civil Aviation: Joint Presentation by Department for Transport and Joint Terrorism Analysis Centre – Doc 2015-079 by Peter Drissell

16. A presentation on the terrorist threat to civil aviation was made to the Board.

VI Aviation Security Annual Report – Doc 2015-080 by Peter Drissell

17. Mr Drissell explained to the Board that the Aviation Security Annual Report reflected progress made since AvSec was transferred to the CAA. He outlined two key issues for AvSec in its first year of operation: i) to get metrics clearly established to enable progress to be accurately monitored; and ii) to get the unit

² Air Accidents Investigation Branch

embedded in to the CAA culture. Mr Kirk informed the Board that the move to Egress from the government secure intranet will help the AvSec team to become more embedded and that the relationship between the team and DfT is working well, with both sides clear on where the different responsibilities lie.

18. The Board were told that the higher than anticipated level of charging had caused some initial concern from industry but that as time has progressed this was being voiced less often. It was anticipated that the current funding model would need to stay in place for several more years, although with the full rollout of SeMS³ and in due course, performance based regulation, the funding model could be reviewed.
19. Mr Kirk reported to the Board that the major recruitment exercise had been successful. To date staff turnover is low at 5%.
20. The Board welcomed the report and were pleased that AvSec had integrated so well in the CAA.
21. Mr Kirk updated the Board on the runway incursion that had occurred at Heathrow airport by a group of protesters on 13th July. DfT had asked the CAA for a formal report on the incident, to cover compliance shortfall or evidence of regulatory gaps. The Board requested a fuller briefing once the CAA had written its report (and before that was submitted to the DfT).

Action: Peter Drissell

**VII Independent enquiry in to NATS System Failure on 12th December 2014:
Initial analysis of recommendations and next steps – Doc 2015-081 by
Mark Swan**

22. Mr Swan explained to the Board that a very thorough enquiry had been undertaken in to the system failure at NATS on 12th December 2014. He said that the CAA was proposing that all recommendations in the final report should be supported and that the recommendations would help with the future reform and modernisation of UK airspace when implemented. The Board were asked to note that the recommendations do come with challenges for the CAA; mainly on how to bring the interests of passengers more directly in to the regulatory framework; how the ‘ability to fine’ would work in practice; and putting in place

³ Security Management Systems

mitigation to prevent risk of regulatory capture and group think due to the small pool of experts available in this field. On the latter point, Mr Ward agreed to share with the Board experiences from other sectors on how to reduce the risk of regulatory capture.

Action: Mr Ward

23. The Board considered whether the enquiry in to this incident had set a precedent for how to deal with similar events in the future. The Board agreed that the enquiry occurred due to a number of consequences and other external events at the point in time. This very thorough piece of work should negate such a detailed piece of work being required in the future.
24. The Board agreed to support the recommendations from the independent enquiry and agreed with the implementation plan.

VIII Review of Board away day outputs – Doc 2015-082 by Tim Johnson

25. Mr Johnson asked Mr Edwards to present the paper. Mr Edwards told the Board that the purpose of the paper was to check that the essence of the discussion at the away day had been captured; and check that the Board were content with the next steps in the development of the CAA Strategic Plan 2016-2021. Mr Edwards explained that the Board would be presented with a draft Strategy in October with the aim of asking for Board approval to go out to consultation on the Strategy at the November Board meeting. The project team had now completed a first draft of the Strategy, which will help the team to work with the business to develop what's needed to deliver the Strategy (the enablers and resources).
26. The Board confirmed that the Board away day outputs were accurate and they were content with the next steps.

IX Annual report of the Consumer Issues Panel (CIP) – Doc 2015-083 by Iain Osborne

27. Mr Osborne presented the annual report of the Consumer Issues Panel and brought to the Board's attention the success that had been obtained in getting greater compliance with Regulation EC261; and how the team had begun using a higher level of combined enforcement action and publicity. He asked the

Board to focus on how much further does the CAA want to go with leveraging positive consumer outcomes through the use of reputational regulation.

28. The Board felt that it was both more sensible and easier to focus on specific non-compliance with the law; but far trickier for the CAA to determine how to tackle the more general consumer duty of care and fair trading issues, such as consumers being aware of who they are actually flying with under wet leasing arrangements.
29. The Board supported some efforts being undertaken on decency issues (those issues that affect a limited number of people but on decency grounds are blatantly wrong) because this can also help wider enforcement work due to the media attention that they generate.
30. The Board were advised that, in relation to 'reputational regulation', a 'one size fits all' approach doesn't work; it needs to be delivered on a case by case basis. Having a well planned approach is crucial.
31. The Board concluded that reliability, resilience and transparency should be three key things for the CAA to concentrate on because of the risks of consumer detriment. The Board noted the rest of the report and thanked the team for their efforts in making considerable progress in consumer enforcement.

X CAA Consumer Panel Annual Report 2014/15 – Doc 2015-084 by Tim Johnson

32. The Chair welcomed Mr Richards, chair of the Consumer Panel to the Board and asked him to present his annual report. Mr Richards began by supporting the work of the CIP. He thought the CAA had made good progress in taking a more strategic approach to consumer protection and that the CAA should seek to promote itself more widely as a consumer champion. He said that with the Panel now in its third year of operation, the culture change of putting the consumer at the heart of everything it does in the CAA was very noticeable compared to when he started.
33. The Board thanked Mr Richards for his report and the work undertaken by panel members over the year and the recognition that the CAA had made good progress. The Board emphasised its support for the Panel looking at a broader range of policy issues but did draw a note of caution with how ambitious the

Panel's work programme is for the coming year. Mr Richards noted this but did expect it to be deliverable now that Panel members will be remunerated. This will enable the Panel to do more work between meetings and in smaller working groups.

34. Mr Richards outlined to the Board that four key areas will be targeted by the panel: i) using consumer research findings; ii) work for People with Reduced Mobility (PRMs); iii) continuing to monitor the appropriateness of how extra airport capacity could be funded; and iv) contributing to the successful delivery of Alternative Dispute Resolution. In relation to pre-funding of airport capacity the Board asked for clarification on why this was an issue for the Panel with infrastructure often funded by current consumers in other sectors. Mr Richards clarified that the Panel were urging the CAA not to discount other funding models that have been applied in other sectors and not to presume that pre-funding is the one and only option.
35. Mr Richards also asked the Board to define further the CAA's role in balancing consumer protection with its statutory duties on protecting those overflowed by aircraft. The Board concluded that differences probably remained on how the Board and the Panel challenge each other's positions and it was an appropriate time to move the maturity of conversations between Board and the Panel to another level.

XI Safety and Airspace Regulation Group (SARG) Report – Doc 2015-085 by Mark Swan

36. Mr Swan presented his report. He updated the Board on the AAIB report that had been published on 14th July into a BA Cowling incident in May 2013. He reported that the CAA was pushing hard to get a manufacturing fix agreed with Airbus and EASA (for certification).
37. The Board asked that Mr Swan introduce and explain the revised SARG reporting structure ahead of the SARG report at the September Board.

XII General Aviation (GA) Air Navigation Order (ANO) Review – Doc 2015-086 by Mark Swan

38. Mr Swan asked Mr Rapson to introduce the paper. Mr Rapson told the Board that the purpose of the paper was to bring the Board up to date on the review of

the ANO in relation to GA that was being undertaken. He explained that the Review had been undertaken to support the CAA's policy on how it regulates GA as well as supporting the Government's aims for the GA sector. Mr Rapson brought to the Board's attention that in some areas, feedback had been that a degree of regulation was still desired (e.g. parachuting) but that retaining this regulation would be gold plating.

39. The Board agreed that the position being taken on gyrocopters was a good demonstration of the application of the CAA Risk Principles where the risk to the individual may be high but to third parties very low.
40. Given that the Review does not propose major changes to the ANO the Board did pose the question as to whether the Review was being ambitious enough. The Board were told that an industry challenge panel had played a fundamental role in the review process and the Board agreed that in some instances there is a dichotomy between the sector's demands for how the CAA should regulate the sector and the reality when changes are proposed. In some cases where the proposal is to move risk ownership to the sector, the appetite for deregulation declines. The Board agreed that the Review was about 'good housekeeping' of the ANO and would provide a springboard for future policy development.
41. The Board were content with the direction in which the Review was going and would welcome a more detailed suite of proposals to approve at the September Board ahead of a public consultation.

Action: Mr Rapson

XIII Report from Audit Committee – Doc 2015-087 by Graham Ward

42. Mr Ward briefed the Board on an article on the way that the CAA undertakes its internal audits, particularly in respect of follow through of recommendations which was being featured in the Internal Auditors Magazine.
43. Mr Ward thanked Mr Haines for driving through actions at ExCo meetings.
44. Mr Ward briefed the Board on changes being made to the Corporate Governance Code and the implications for the CAA. These changes would primarily relate to the remuneration report and reporting the management of risk.

45. The Board noted the good work that had been undertaken that had resulted in a favourable Annual HIA opinion on risk, internal control and governance.
46. The Board asked that the upcoming paper on the Risk Methodology Framework at the September Board be made available to the Audit Committee that will meet prior to the September Board.

Action: Mr Johnson

47. The Board noted Mr Ward's report.

XIV Finance Report – Doc 2015-088 by Chris Jesnick

48. Miss Jesnick presented her report. The Board were informed that the CSI project had been formally put on hold and will be re-assessed early in the New Year to ascertain if it should be restarted by CGI.
49. The Board noted Miss Jesnick's report.

Live issues and monthly reports

MCG Live Issues – Doc 2015-089

50. The Board noted the report.

PPT Live Issues – Doc 2015-090

51. Mr Johnson briefed the Board on changes announced by Government on deregulation. Discussions were ongoing on how this would impact the CAA.

52. The Board noted the report.

CPG Live Issues – Doc 2015-91

53. Mr Jackson briefed the Board that UK tour operators, on the advice of Government, had cancelled holidays to Tunisia. Alternative holiday destinations had been offered to travellers. Airlines had been able to have the capacity to repatriate people.

54. The Board noted the report.

AvSec Live Issues– Doc 2015-092

55. The Board noted the report.

CCD Live Issues – Doc 2015-093

56. The Board asked what the cause had been for formal complaints for elements of Shared Service Centre service. The Board were informed that an analysis was being undertaken to determine the underlying cause.

57. The Board noted the report.

XV Any other Business & Forward Planning

58. The Board approved a resolution that five named individuals be authorised to answer any queries that the CAA's bankers may have in relation to a transaction that they have been asked to process (known as the "call back" process) and that any future changes to the identity of the authorised individuals can be implemented at operational level without further reference to the Board. The five named individuals being: David Armstrong, Amanda Nicholls, Nicholas Tubb, Nicola Farrington, and Sarah Fitzgerald.
59. The Board were informed that Mr Russell would be leaving the CAA and thanked him for his work on the newly established Board Secretariat and minute writing. A successor would be sourced from PPT.
60. The Board expressed their heartfelt thanks to Mr Osborne, the departing director of regulatory policy, for his contributions to the CAA and to the Board. The Chair noted particular successes delivered by Mr Osborne during his tenure, including the Q6 price control, the formation of RPG and more latterly PPT, and considerable improvements in the CAA's consumer enforcement work.

**Date and Time of Next Board Meeting: 16 September 2015, at 11:30am, K5
Earhart Meeting Room, CAA House**