

**CIVIL AVIATION AUTHORITY
MINUTES OF THE 486th BOARD MEETING HELD ON
WEDNESDAY 17th JUNE 2015,
HARTWELL HOUSE, AYLESBURY**

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	
AVM Richard Knighton	
Miss Chris Jesnick	
Mr David King	
Mrs Kate Staples	Secretary & General Counsel

In Attendance:

Mr Peter Drissell	
Mr Richard Stephenson	
Ms Manisha Aatkar	
Mr Tim Johnson	
Mr Jonathan Berlusconi	For item VII to XII
Mr Peter Gardiner	
Mr Andrew Alsop	
Mr Simon Baker	For item VI
Mr Ian Russell	Minute taker

I Apologies

1. No apologies were received.

II Previous Minutes and Matters Arising

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

III Chair's Update – by Dame Deirdre Hutton

4. The Chair briefed the Board on her and Mr Haines' meeting, with Lord Lindsay, the chair of the United Kingdom Accreditation Service (UKAS). The Chair explained how the discussion centred on issues surrounding the costs and opportunities of self regulation in relation to the CAA's deregulatory work in the General Aviation sector. The Chair described how UKAS accredit a range of different sectors and reported on how UKAS overcome the challenge of ensuring that the appropriate level of technical expertise and competence is applied in the sectors that they oversee.
5. The Chair informed the Board that she had interviewed five people in relation to the new Non-Executive Director post. The Chair indicated that she had shortlisted two people and the final selection of the candidate would be undertaken by DfT Ministers.
6. The Chair briefed the Board on her meeting with Vice Admiral Sir Robert Walmsley, who chaired the recent NATS enquiry and published the findings of the enquiry on 13th May 2015. Dr Paul Golby, chair of NATS, also attended the meeting with the Chair. The Board asked whether there would be further enquiries in the future if a similar event occurred again. After discussion, the Board agreed that this would very much depend upon the nature of the event but, the key thing would be to make sure that past actions and recommendations had been acted upon. The Board also agreed that the lack of capacity in the South East significantly increases the impact of any air traffic control failure. The Chair briefed the Board on her meeting with Sir Howard Davies, chair of the Airports Commission. She had asked what the CAA could do to facilitate the delivery of any recommendations and further reinforced the importance of being explicit about the need to consider airspace modernisation within any recommendations on additional capacity.

IV Chief Executive's Report - Doc 2015-065 by Andrew Haines

7. Mr Haines asked Mrs Staples to brief the Board on current legal challenges to which the CAA is inputting
8. Mr Stephenson reported that there was growing media interest in the cabin air story; he would circulate the current CAA position on this to Board members.

Action: Mr Stephenson

9. Mrs Staples then briefed the Board on the latest position in relation to the inquest in to the Vauxhall helicopter crash on 16th January 2013. She informed the Board that the CAA would be serving three witness evidence statements.
10. Mrs Staples also informed the Board that a decision may be received imminently as to whether a judicial review will be granted in to the vectoring of aircraft arriving at Gatwick. If granted, the Judicial Review would seek to test the CAA's legal competence in the airspace change process.
11. The Board were informed that they will receive the outcome of the review of the Transformation Programme as part of the six monthly Transformation Programme update in September.
12. Mr Haines asked the Board to approve the re-appointment of Maria Boyle and Ben Alcott as directors of ASSI¹, for the three year period commencing 18th June 2015 to 17th June 2018. **The Board approved the appointments.**
13. The Board noted Mr Haines' report.

V Annual Chief Executive Report including Business Assurance 2014/15 Plan – Doc 2015-066 by Andrew Haines

14. Mr Haines presented his annual report to the Board. Mr Haines explained how the first section of the report highlighted the breadth and diversity of the work that the CAA undertakes. He also explained that the review of the year that he had undertaken also demonstrates how the CAA is affected by unforeseeable events to which it has to respond.
15. The Board recognised that these 'unforeseen events' can distract from ongoing work that the CAA has been undertaking and put pressure on resources, as they can often prove to be resource intensive. The Board concluded that this makes running a lean and efficient organisation challenging at times. The importance of undertaking international work to influence positive

¹ Air Safety Support International

outcomes was noted; although this does come with resource implications and it was observed that globally, other nations were reducing the amount of international work that they undertook. The Board agreed that there would be merit in considering if the current scheme of charges was still appropriate.

16. Mr Haines expanded on what he felt were the CAA's biggest achievements over the year and those areas where the CAA had fallen short. He explained that he felt that embedding a permanent change in culture across the organisation was still a challenge; with passive resistance to change still prevalent in some parts of the business.
17. The Board was asked what other things they might expect to arise in the external operating environment over the forthcoming year. It was felt that the CAA might have to be more open in relation to community engagement and communicate with parts of society with which the CAA historically had not. The Board also felt that the CAA could learn from how other sectors had overcome difficult engagement issues with communities.
18. Mr Haines then concluded his report by outlining the key tasks for the year ahead. The Board thanked everybody who had contributed to the CAA's work over the last year and felt that the annual report set a good basis for developing the next Strategic Plan.

VI CAA Annual Report and Accounts – Doc 2015-067 by Chris Jesnick

19. Mr Ward outlined the procedure for gaining approval for authorisation of the CAA Annual Report and Accounts. He explained how the Audit Committee had conducted a full review of the report and identified a number of actions that had been acted upon.
20. The Board were informed that note 10 to the financial statements had been amended to state that the Transformation Programme will have up to £1,600K of intangible assets ascribed to it (rather than nil in the draft annual reports and accounts).
21. The representation letters are provided to confer assurance to the auditors that the accounts of the CAA, ASSI and CAAi are true and fair and have been produced in accordance with financial regulations. He then stated that a representation letter would also be sent to the CAA Board – signed by Mr Haines, Miss Jesnick and Mrs Staples – to provide assurance that correct procedures had been undertaken in the preparation of the accounts.

22. The Audit Committee had concluded that the Annual Report and Accounts, taken as a whole, were fair, balanced and understandable and provided the information necessary for the Secretary of State for Transport to assess the Group's performance, business model and strategy.
23. The Chair asked the Board to note her foreword, that emphasised how all aviation stakeholders should work together to overcome environmental challenges, so that additional airport capacity can be obtained; otherwise lack of capacity will cause detriment to consumers in increasing prices and diminishing choice.
24. **The Board approved the Annual Report and Accounts and authorised their signature and the signature of the representation letters to the auditors.**
25. The Chair thanked Mr Ward in his role as chair of the Audit Committee; and Miss Jesnick and her team for producing a very thorough and complete set of Annual Report and Accounts.

VII Shared Service Centre (SSC) Update – Doc 2015-068 by Jonathan Berlusconi

26. Mr Berlusconi summarised his report to the Board. He explained that the SSC had been in operation for almost two years and has about 18% of the CAA staff situated within it. He described how there are five core areas: Aviation Services; Technical Services; Business Management; Business Intelligence; and the Centre Desk. He told the Board how a significant change had been implemented to recruit team leaders based on managerial capabilities rather than technical capabilities. This had meant that the technical leads within the teams now focus solely on the technical aspects of the work. The report noted the significant efficiencies that had been delivered but also ongoing issues of service quality, as changes bedded in and management capacity is stretched in the short term.
27. The Board asked what progress had been made in developing Key Performance Indicators (KPIs). It was explained that this was still work in progress and the Board accepted that having KPIs in place is critical to establishing whether the SSC is operating effectively. Mr Berlusconi explained that the development of a Customer Relationship Management system would be crucial in the development of KPIs and the Board agreed that KPIs should

be based around the common themes of efficiency, service quality and the cost of change.

28. The Board asked about how and with whom the SSC benchmarks. It was explained that the data is still in its infancy so it's a little early to make too many meaningful comparisons; this is an area the SSC will develop. Management information would be greatly enhanced by a recent new hire. In the long term, the movement to a single call centre type function would enable benchmarking across similar organisations. The Board requested a further update in six months on how the development of KPIs is progressing.

Action: Mr Berlusconi

29. The Board asked how the culture change of moving to a SSC is being received across the organisation. It was noted that there is still resistance in some parts of the business and work is still needed to demonstrate the benefits of working there. The Board agreed that, if staff could see the positive impact that the changes will have on customers, this would play a large part in embedding the SSC, so that staff are proud to work there and business areas see the value it will generate.
30. The Board noted how the SSC could be developed further in the future but emphasised a degree of caution in ensuring that the current services are fully functional before considering further expansion.
31. The Board noted the report and given the customer facing nature of the SSC, emphasised just how important a role it has in maintaining and building the CAA's reputation.

VIII Safety and Airspace Regulation Group (SARG) Report – Doc 2015-069 by Mark Swan

32. In discussing Mr Swan's report the Board noted the important role of the Accountable Manager in safety regulation and how this can vary between organisations. The Board requested that the work SARG is undertaking on the role of accountable managers be presented to the Board when it is completed.

Action: Mark Swan

33. AVM Knighton briefed the Board on the response the RAF had taken in relation to their Airbus A400M fleet in the light of the fatal accident of an Airbus A400M at Seville airport. Mr Swan reported that despite being certified by EASA, the

investigation in to this accident was being undertaken by the Spanish Ministry of Defence.

IX Report from RemCo – Doc 2015-070 by David Gray

34. Mr Gray presented his report to the Board. The Board noted the report.

X Finance Report – Doc 2015-071 by Chris Jesnick

35. Miss Jesnick presented her report to the Board, which outlined the CAA's Group summary financial results for the first two months to May 31st. The Board noted the report.

XI Live issues and monthly reports

PPT *Live Issues* – Doc 2015-072 by Mr Johnson

36. The Board noted the report.

MCG *Live Issues* – Doc 2015-073 by Mr Osborne

37. Mr Osborne brought to the Board's attention the progress made with enforcement of Regulation 261 and outlined which airlines would be targeted in the next phase of enforcement.

38. The Board noted the report.

CPG *Live Issues* – Doc 2015-074

39. The Board noted the report.

CCD *Live Issues* – Doc 2015-075

40. The Board noted the report.

AvSec *Live Issues* – Doc 2015-076

41. Mr Drissell brought to the Board's attention work that had been undertaken on reviewing several UK "More Stringent Measures".

42. The Board noted the report.

XII Any other Business & Forward Planning

43. There was no other business.

Date and Time of Next Board Meeting: 15 July 2015, at 10:30am, K5 Earhart Meeting Room, CAA House