

**CIVIL AVIATION AUTHORITY
MINUTES OF THE 507th BOARD MEETING HELD ON
WEDNESDAY 19TH APRIL 2017,
AVIATION HOUSE, GATWICK**

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should be kept secure.**

Present:

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

In Attendance:

Mr Tim Johnson from VIII
Mr Richard Stephenson
Ms Sonya Card for VIII
Ms Sarah Doherty for VIII
Mr Mike Gadd for IX
Ms Kate Hofstetter for VII
Mr Iain Libretto for IX
Mr John McColl for VIII
Mr Tim Williams for VI
Ms Angela Lynch Minute taker

I. APOLOGIES

1. There were no apologies.

II. PREVIOUS MINUTES AND MATTERS ARISING

2. The minutes from the previous meeting were approved.
3. Under matters arising, Mr Swan clarified the current work in relation to fatigue risk management, mentioned in the March meeting. The work will incorporate tactical findings from the initial phase of the project into the overall development of the long term strategy, which will be completed under phase two. Should any issues arise during either stage of the project, Board members will be informed. This work is being carried out in collaboration with relevant safety partners.

III. CHAIR'S UPDATE

4. The Chair updated the Board on a recent meeting with the Chair of flybe's Safety Committee discussing the business and ongoing engagement with the CAA.
5. The Chair also informed the Board of the recent meeting with John Swift QC in his role of chair of the Enforcement Decision Panel (EDP) which the CAA and Ofgem share. They discussed the potential for future areas of collaboration within this forum and agreed that the current process was working well.

IV. CHIEF EXECUTIVE'S REPORT (DOC 2017-026) BY ANDREW HAINES

6. Mr Haines updated the Board on his recent meetings and mentioned the recent appointment of Bernadette Kelly as Permanent Secretary. Mr Haines and the Chair would be meeting with her soon.
7. The Board agreed to support the CAAPS' nomination of Sean Parker as a CAA Member Nominated Director of CAAPS Trustee Ltd.
8. Mr Drissell provided an update to the Board on the announced restrictions to Personal Electronic Devices. Although the CAA is not the decision-maker, members agreed that in certain circumstances the CAA might be better placed to advise on practical issues arising from implantation, including unintended safety consequences if critical personnel have adequate prior notice of an announcement.

9. The Board discussed recently implemented European Commission security inspection changes in relation to UK airports. It was considered that individual airports should ensure that their Boards see results of both internal and external inspections as part of their governance role, to maintain standards. Mr Drissell agreed to find out whether this was common practice.

Action: Mr Drissell

10. Mr Swan informed the Board that he would circulate the now released Ireland Air Accident Investigation Unit's (AAIU) preliminary report into the recent fatal crash for their information. SARG will review its own terrain data and associated guidance as part of its ongoing work.

Action: Mr Swan

11. Ms Staples gave an update on the recent inquest verdict into the death of Richard Westgate, which was found to have been as a result of an accidental overdose of pentobarbital, and not as a result of "aerotoxic syndrome".

12. Mr Moriarty updated the Board on recent stakeholder discussions relating to the economic regulation of Heathrow's New Runway Capacity. He highlighted that M25 optioneering was a sensitive topic, with the airlines' united resistance to the costs of bridging or tunnelling, causing a potential conflict with the defined criteria in the Government's National Policy Statement. The CAA has asked Heathrow Airport Limited to ensure that it considers robustly, the potential options and will monitor the outcomes.

13. It was noted that, although existing timelines for related work remain in place (including DfT's deadline for the final Airports National Policy Statement), the political situation has added a degree of uncertainty. The CAA team will continue to monitor the process.

14. Mr Haines mentioned that the Board will receive a briefing on the issue of overbooking, in the light of recent high profile media reports.

Action: Richard Moriarty

15. Mr Haines also informed the Board that they would receive an update on Project Oberon in September.

16. A brief discussion was held on the recent introduction of the statutory Growth Duty that came into effect on 29 March 2017 under the Deregulation Act 2015. The Board were informed of which areas of the CAA's work are covered by the Duty and what steps are being taken to communicate these across the organisation.

V. CAA BUDGET REPORT 2017/18 (DOC 2017-027) BY CHRIS TINGLE

17. Mr Tingle presented the full Budget 2017/18 report following prior discussion of specific aspects of it at the previous Board meeting in March. The Board discussed new and ongoing projects contained within the budget as well as eventualities in areas such as resourcing, charges and Government funding.
18. On the 3 year cashflow forecast figures, Mr Tingle confirmed that a number of items would be discussed further by ExCo. The final 3 year projections will also include potential challenges such as the accommodation project and Brexit, whose costs are difficult to accurately predict at this stage. More detailed projections would be presented to the Board in July. It was agreed that Mr Tingle will also include an explanation demonstrating the links to the strategic plan.

Action: Mr Tingle

19. The Board agreed the budget proposals, including the additional resource proposals and to the utilisation of 2016-17 surplus funds for a new medical system, ISD hosting costs, Transformation Programme projects and additional Flight Operations resources.

VI. ANNUAL HEALTH AND SAFETY REPORT (DOC 2017-028) BY CHRIS TINGLE

20. The Board welcomed Mr Williams to the meeting, who presented the Health and Safety Report for April 2016-March 2017. The report showed an incident rate similar to that of previous years. Audits had focussed on the operational areas of the CAA and had raised no significant findings.
21. For future reports, Mr Tingle agreed to instigate a number of formatting changes to highlight an ambitious approach to achieving a 'zero tolerance' workplace and where possible to give comparative figures.

Action: Mr Tingle

22. It was agreed that RIDDOR reports would be received by Mr Haines in real-time and that he will include a section within the monthly CEO report on a quarterly

basis to give a Health and Safety update (including a nil return report where applicable).

Action: Mr Haines

23. Mr Tingle confirmed that Health and Safety data is included in the monthly KPIs distributed to ExCo members, but that further consideration had also been agreed on of how to present this information more actively at ExCo. This would enable more robust oversight and, if possible, would include consideration of near misses.

24. The Board agreed the report.

VII. SHARED SERVICES CENTRE BI-ANNUAL REPORT (DOC 2017-029) BY CHRIS TINGLE

25. The Board welcomed Ms Hofstetter to the meeting, who gave an update on the Shared Services Centre's (SSC) performance over the past six months. The Board commended the team for the substantial progress that has been made. This has led to rising standards, better cooperation with other departments (particularly SARG) and increased morale. It was acknowledged, however, that further improvements would continue be made.

26. UAVs were highlighted as a current challenge due to the licensing process requiring substantial manual activity and there having been a sharp increase in the market size (which is expected to continue). The team is addressing this challenge through increased resource and the introduction of a more streamlined process for applications, including the use of a new database and consistent communication with customers throughout.

27. Across all of its work, SSC has created a more systematic approach to dealing with high volumes of requests, which has seen response rates improve substantially since the difficulties experienced the previous summer. Mr Haines highlighted that the introduction of opex techniques to address airspace infringements and other areas represented a real success in relation to safety assurance.

28. Work to improve the pipeline of staff joining the SSC and moving to other teams across the CAA is continuing to maintain high standards and staff morale.

29. The Board noted the report.

VIII. SARG REPORT (DOC 2017-030) BY MARK SWAN

30. The Board welcomed Ms Doherty and Mr McColl to the meeting.
31. Mr Swan provided an update on safety issues, informing Board members on the key live issues. A note would be circulated following the meeting to update members in relation to the latest EC225 Helicopter Accident Report.

Action: Mark Swan

32. Mr McColl confirmed that he was following up with EASA to receive their report regarding the Flybe DH8 incident report at Schiphol Airport in February 2017 in order to update the Board in due course.

Action: Mark Swan

33. Ms Doherty provided an overview on airworthiness related accidents between 2012 and 2016. The data showed that in relation to accidents involving large commercial air transports, there were no discernible trends; however the team would now be examining wider datasets (category C and D incidents) to carry out further analysis. This work will be presented later this year to the Board and will consider whether there can be any inclusion of comparatives from outside of the UK.

Action: Mr Swan

34. Mr McColl gave the Board an update on the Airworthiness Capability team's recent findings regarding safety pop ups and airworthiness MoRs investigations. Through changes to the CAA's approach, an increasing number of MoRs were being investigated. This was a positive change but also produced a higher pressure on resources, which is being looked at to ensure that there are clear goals in place to explain the overall reporting and investigative approach being applied.

35. Mr McColl informed the Board of a live internal project, which he is leading, to assess safety standards of specific aircraft types and identify potential areas of improvement to target. The Board agreed they were keen to see the results of this project.

36. Mr McColl also informed members of internal improvements that had been made to raise the quality of the team's reporting, including through peer-peer checks, a

more standardised approach to supervision. Increased out of hours inspections of regulated entities have been implemented as part of the team's ongoing duties.

37. The Board welcomed Ms Card to the meeting who gave a demonstration of the DfT funded TRUSTED consolidated database that has been developed to identify high priority locations for UK engagement on aviation safety matters. At present the system is only being rolled out to the DfT, but further work is being done by the CAA's team to examine uses for it within the organisation.
38. The Board noted the report.

IX. ANNUAL RISK REVIEW (DOC 2017-31) BY TIM JOHNSON

39. The Board welcomed Mr Libretto and Mr Gadd to the meeting. Mr Johnson introduced the risk review, highlighting the progress that has been made to embed risk management across the CAA.
40. Mr Libretto took the Board through the significant risks from each risk category. For consumer and public risks (tier 1) Mr Libretto highlighted that three risks relating to cyber had been added to the safety risk heat map. The risks focused on potential cyber-attacks on aircraft, air traffic management & aerodromes.
41. A more detailed discussion on cyber is scheduled for the Board meeting in July and as the programme progresses it would be possible to set more concrete risk ratings which may be lower than the provisional assessments.
42. Mr Libretto introduced the top strategy risks (tier 2). A number of changes had occurred to these over recent months. The Board asked that the CAA ensure that it did not take responsibility (implicit or explicit) for aspects that did not form part of its remit and Mr Libretto agreed to clarify some of the content of the Board risk paper on this item, with Mr Drissell.

Action: Mr Libretto

43. The Board discussed the top business risks (tier 3). It was agreed that the additional risk relating to the International Directorate's challenges in securing Flight Operations staff should be removed from the list as it did not impact on core regulatory work and mitigation had been carried out. The Board noted that challenges relating to SARG Flight Operations resourcing were already reflected as a top risk.

44. The Board asked whether CAA had captured cyber risks to its own internal IT systems. Mr Libretto confirmed that risks were included in the COO's risk register, but they did not qualify as top risks as they were not assessed 'high'. Mr Libretto agreed to ensure that a summary of CAA's IT security arrangements in relation to cyber would be set out in an annex to the cyber update to the Board in July.

Action: Mr Libretto

45. The Board agreed the report with the supplementary information to be provided as above.

X. BOARD EFFECTIVENESS SURVEY 2016/17 (DOC 2017-032) BY TIM JOHNSON

46. Mr Johnson gave an overview of the Board Effectiveness Survey 2016/17, which was completed in line with annual governance requirements and this year focussed on the topic of safety assurance.

47. The Board's responses were very positive overall with the following steps proposed by Mr Johnson and Mr Swan for further improvement:

- i. From May 2017, a new paper structure will be implemented for SARG monthly safety reports, which will clearly signpost progress with ongoing issues and new issues.
- ii. As the next phase of PBR development, work is ongoing to develop richer entity, sector and whole industry risk pictures. The Board will receive regular updates on progress.
- iii. As part of CSP's general remit for improvement in Board effectiveness, CSP will consider the findings and where relevant reflect them within its general paper writing advice and presentation guidance to CAA colleagues.

48. The proposed new paper structure referred to above was circulated to the Board by Mr Swan and members were asked to provide any comment directly following the meeting.

Action: All members / Mr Swan

49. The Board agreed the report and the next steps to take as outlined.

XI. REPORT FOR THE AUDIT COMMITTEE (DOC 2017-033) BY GRAHAM WARD

50. Mr Ward informed the Board of the outcomes of the last Audit Committee meeting, including its annual review of its performance. He reported that the committee had unanimously agreed that it had been compliant with both its Terms of Reference and the principles and provisions of the UK Corporate Governance code.

51. Mr Ward noted that the Committee had discussed the forthcoming external tender for the provision of Non-Audit Services for the CAA, which would be carried out under its procurement policy between now and June. The Board would receive an update for decision after that time.

Action: Mr Ward

52. The Board approved the Committee review of its performance and noted the report.

XII. FINANCE REPORT (DOC 2017-034) BY CHRIS TINGLE

53. Mr Tingle reported on the latest finance report of the last 11 months to 28th February and the year-end variance as a result.

54. In response to a question from the Board, Mr Tingle confirmed that trade receivables were reported to ExCo each quarter and, although there was nothing to report for this year, should there be a particular concern regarding year-end debtors the Board would be informed.

55. The Board noted the report.

XIII. ANY OTHER BUSINESS AND FORWARD PLANNING

56. **General Election:** The Board discussed the decision to call a general election for the 8th June. Mr Stephenson circulated a CAA briefing on relevant issues relating to current work and will provide an update to Board members on any other matters arising in due course.

57. **HAL stakeholder session:** Mr Moriarty noted that he would be meeting with HAL and DfT tomorrow as the next step in ongoing engagement regarding the runway planning process.

58. **DfT bilateral meeting:** The Chair confirmed that the scheduled meeting in early May between the Board and senior DfT representatives was at this time still expected to take place. Mr Johnson agreed to circulate a short note to Board

members ahead of the meeting on key topics for discussion and related CAA work updates, along with any materials received from DfT representatives in advance.

Action: Mr Johnson

**Date and Time of Next Board Meeting:
17 May 2017 at 11am, CAA House**