

**CIVIL AVIATION AUTHORITY
MINUTES OF THE 505th BOARD MEETING HELD ON
WEDNESDAY 15TH FEBRUARY 2017,
CAA HOUSE, LONDON**

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Present:

Dame Deirdre Hutton Chair
Mr Andrew Haines
Mr David Gray
Mr David King
AVM Richard Knighton
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 Peter Drissell
Mr Tim Johnson
Mr Richard Stephenson
Mr Mike Webb (Aon Hewitt) for item VII
Mr Jeff Butler for item VII
Mr John McColl for item V
Ms Clare Muir for item VIII
Ms Sophie O'Sullivan for item VIII
Mr Troy Preston for item IX
Mr Tony Rapson for item X
Ms Charlotte Reynolds for item IX
Ms Rebecca Roberts-Hughes for item VI

Mr Jon Round

for item IX

Ms Angela Lynch

Minute taker

Mr Ed Weston

I Apologies

1. There were no apologies.

II Previous minutes and matters arising

2. The Board approved the previous minutes from January, in expectation of a change to paragraph 22 where it was agreed that a new version should be circulated.

III Chair's Update – by Dame Deirdre Hutton

3. The Chair reported on her recent meetings, including separate meetings with Philip Rutnam and Lucy Chadwick at the DfT and with the Chair of NATS. The Chair also attended the latest Consumer Panel Committee meeting and the General and Business Aviation Strategic Forum.
4. As highlighted at the previous meeting, the Chair participated in a meeting for economic regulators with DExEU. It was a productive session, which confirmed the Government recognises the aviation sector as a priority area for European negotiations and that their planning process will consider a range of short and long term implications.
5. Mr Gray reported on the recent meeting of the UKRN Chairs that he and the Chair attended. The current focus is looking at cross-cutting policy areas and how best to engage with external stakeholder groups. BEIS is undertaking a broader review of the network, which is expected to be published over the next few months.

IV Chief Executive Report [including Live issues] – Doc 2017-011 by Andrew Haines

6. Mr Haines updated the Board on his recent meetings and live issues of particular significance. He highlighted the release of the Department for Transport's consultation on airspace and noise policy (2 February 2017), to which the CAA will respond. In addition, he reported that the Transport Select Committee has

set up an inquiry into airspace management and modernisation. Mr Haines promised to update the Board on the CAA's approach to this at the next meeting.

7. It was agreed that the Board would receive a further briefing on aviation noise at a future PIE meeting.

Action: Mr Weston

8. Following on from last month's discussion, the Board were briefed on the Modern Transport Bill, in particular the proposals regarding spaceflight and NATS regulation. The timing for the Bill remained uncertain owing to Parliament's heavy focus on Brexit and ongoing policy discussions.
9. Mr Tingle reported on the ongoing work being done to prepare for taxation changes for off payroll working, which come into effect from April 2017. This work included engagement with relevant industry stakeholders.
10. The Board approved the appointment of a new CAAPS trustee, Reiner Krammer, with effect from 1 April 2017.
11. The Board approved additions to the list of authorised signatories on the CAA bank mandate as a result of recent staffing changes.

V Return to Service for the Airbus EC225 Helicopter – Doc 2017-019 by Mark Swan

12. The Board welcomed Mr McColl to the meeting. He reported on proposals whose implementation could allow a phased return to service for the Airbus EC225 Helicopter.
13. The Board discussed the extensive conditions required to be completed before any return to service. These included the need for demonstrable compliance with EASA directives, more stringent equipment checks, a permanent ban on the use of Shock Loaded Gears and FAG Epicyclic Gears, a more frequent monitoring regime and positive approval of the safety case.
14. Provided that these conditions were met, the Board agreed to the return to service process. The Board would be kept updated as required, including with a separate follow up session to assess lessons to be learned from the matter.

Action: Mr Swan

15. Mr Stephenson briefed the Board on the related communications strategy, which will include collaboration with all involved parties and engagement with both

private and public sector stakeholders. He will circulate further information on communications to the Board.

Action: Mr Stephenson

VI Update on UK Exit from the EU - Doc 2017-012 by Tim Johnson

16. The Board welcomed Ms Roberts-Hughes to the meeting. Mr Johnson introduced the paper, which, at the request of the Board, provided an outline of work undertaken so far in connection with the future UK Exit from the EU. He highlighted that the Government's key focus areas relating to aviation include consideration of how best to meet consumer needs for market access and implications for the existing safety framework, including membership of EASA.
17. The Board agreed with the recommendation for the Brexit team to continue their scoping and scenario planning activities. This work is in line with information requests from the DfT and other relevant Government departments. The work would include detailed analysis on potential worst case and interim effects. The Board asked that, where possible, this work include predicted costs using a readily identifiable unit of measurement for comparison (for example, per passenger or cost to airline).

VII Hedging Strategy CAA Section of CAAPS – Doc 2017-018 by Chris Tingle

18. The Board welcomed Mr Butler and Mr Hewitt to the meeting. Mr Butler explained the proposed hedging strategy, which was a decision for the Trustees, in respect of which they were now consulting the CAA.
19. Mr Butler reported that the strategy did not favour a lengthy, phased approach but confirmed that what was proposed was comparable to actions taken by several other pension funds.
20. The Board discussed the details of the strategy and raised no objections, on the basis that implementation should be managed to minimise the risk of increasing the current deficit position.

VIII Key CAA Response to DfT's Consultation: *Unlocking the UK's High Tech Economy: consultation on the safe use of drones in the UK* – Doc 2017-03 by Tim Johnson

21. The Board welcomed Ms O’Sullivan and Ms Muir to the meeting. They gave an overview of the consultation and outlined the CAA’s proposed response to it. Mr Johnson highlighted that a further, broader discussion on drones would be presented to the Board at the next meeting.
22. The Board agreed that the CAA’s response to the DfT’s consultation should reiterate its positive position in supporting a third party-led move towards the effective identification and traceability of drones, as opposed to a CAA led registration of owner details with no identification or traceability. It should also support a comprehensive approach to insurance. It was noted that the submission would be evidence-based and highlight any areas where current activity should be taken into consideration, for example relevant planned work by key stakeholders such as EASA.
23. The Board agreed the report, with minor changes to the framing of the CAA response. A copy of the response will be circulated to the Board at the next meeting.

Action: Mr Johnson

IX Safety Assurance Review Phase 1 report – Doc 2017-014 by Mark Swan and Kate Staples

24. The Board welcomed Ms Reynolds, Mr Preston and Mr Round to the meeting. Mr Swan introduced the interim report to the Board, which provided an initial overview of the work done to date. The initial work would help to lead to phase two of the project, for which planning has begun. Board members were asked to contact the team if they wish to see the full interim report at this stage.
25. The Board confirmed their satisfaction at this early stage in the project. For the next stage, members suggested that it might be helpful to see more evidence drawn from the research brief and a breakdown of the different areas of the organisation. In particular, the Board suggested that the consultants should demonstrate their consideration of existing methodologies - such as the HRO model and ICAO principles framework - and to what extent these are applicable to the CAA. The Board noted that other sectors could be a valuable source of insight and information.
26. The Board agreed that the consultants should present their ultimate findings to the Board. It was noted that this project may need to be extended beyond its

original brief and costs. The Board agreed to this in principle given the importance of this work for the CAA as a whole.

X Safety and Airspace Regulation Report – Doc 2017-005 by Mark Swan

27. The Board welcomed Mr Rapson to the meeting. The Board was informed of the timeline for the forthcoming AAIB report on Shoreham. It was noted that work would begin in preparing for publication and that it would engage constructively with relevant stakeholders as required.
28. Mr Rapson briefed the Board on the Capability Team's work within the General Aviation Unit. This included stakeholder engagement on CAA charges, air display regulation and the roll-out of medical self declarations for UK National Pilot Licences.
29. The Board was provided with an overview of safety performance for General Aviation (Recreational) for 2016, which were largely in line with previous years and expected risk ratios.
30. By way of follow up to NATS' recent attendance at the Board, Mr Swan informed the Board that a workshop was being set up for April. Stakeholders including GA representatives would explore future advantages of technology as part of the national system of airspace design and management.
31. Mr Rapson informed the Board of the CAA's support for the ongoing transition to 8.33 kHz spacing for aircraft radios.

XI Report from the Audit Committee - Doc 2017-016 by Graham Ward

32. The Board noted the report of the latest meeting.

XII Finance Report – Doc 2017-006 by Chris Tingle

33. Mr Tingle reported on the latest financial forecasts, which continued to show the CAA ahead of budget. He noted that the statutory charges 2017/18 consultation had closed on 9 February and reported that an initial look at the findings indicated that there were only a small number of negative responses.
34. The Board noted the report.

XIII Any Other Business & Forward Planning

35. The Board noted that this was the last Board meeting for AVM Knighton. The Chair thanked him for his excellent contribution to the Board throughout his term. Members will be introduced to his successor next month.

36. The Board was reminded that the next Board meeting will take place at Heathrow (15 March). Mr Moriarty would provide a full brief to prepare members for the subsequent stakeholder sessions that will be held following the formal Board meeting. Members will also receive instructions for arrival.

Action: Mr Moriarty

37. The Chair noted that the Board Effectiveness Survey 2016-17 has now been distributed to members, as part of the Board's annual review process. Any inquiries members might have about completing it should be sent to Ms Lynch.

Date and Time of Next Board Meeting:

15 March 2017 9.00am-12:00noon, Heathrow Airport, London