

**CIVIL AVIATION AUTHORITY
MINUTES OF THE 504th BOARD MEETING HELD ON
WEDNESDAY 18 JANUARY 2017
AT 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

Mrs Kate Staples

Secretary & General Counsel

In Attendance:

Mr Tim Johnson

Mr Peter Drissell

Ms Angela Lynch Minute taker

Mr Ed Weston

Ms Sarah Doherty (for item 8)

Mr Stephen Gifford (for item 5)

Mr Jon Round (for item 8)

Mr Andrew Walker (for item 5)

I Apologies

1. Apologies were received from Richard Stephenson who was unwell.

II Previous minutes and matters arising

2. The Board approved the previous minutes from December.

III Chair's Update – by Dame Deirdre Hutton

3. There were no formal meetings to report due to the Christmas break. The Chair reported that as part of ongoing engagement with the Department for Exiting the EU (DExEU), a cross-regulators meeting had been organised with Parliamentary Under Secretary of State Robin Walker MP. She would report on the outcomes of this meeting at the next Board meeting in February.

IV Chief Executive Report – Doc 2017-001 by Andrew Haines

4. Mr Haines updated the Board on recent meetings, including engagements with Heathrow shareholders to discuss initial input on the new runway project, and a visit to Airbus Helicopters. Board members requested a full briefing on the Airbus Helicopters subject to inform them of the current situation.

Action: Mr Swan

5. Mr Haines highlighted to the Board that Voyages of Discovery and Swan Hellenic had ceased trading over the Christmas period. He praised the work by the CMG team to support repatriation of all affected customers. He also noted the nature of the press coverage that the failure had generated.
6. Mr Johnson reported to the Board that the Modern Transport Bill was under consideration within Government. It was uncertain whether it would be introduced this parliamentary session. The CAA had been providing input to the DfT on areas relevant to aviation, particularly relating to the enforcement of the licence of NATS En Route Ltd (NERL) and the ATOL scheme. These areas of the bill were almost complete. The sections relating to space planes legislation require more work and have proved more contentious. The CAA has made its position clear and raised a number of issues concerning the framework established by the Bill and what the implied role of the CAA would be. It was noted by the Board that there would be resource implications during the passage of the Bill, to enact secondary legislation and implement the resultant regime.

V Economic Regulation of New Runway Capacity at Heathrow: consultation on priorities and timetable for R3 - Doc 2017-004 by Stephen Gifford and Andrew Walker

7. The Board welcomed Mr Walker and Mr Gifford who presented the CAA's draft consultation on priorities and timetable for the new runway project. Mr Moriarty informed the Board that the consultation was intended for stakeholders with a relatively high amount of interest or knowledge of the aviation sector and the project.
8. The paper focused on consumer interests as the top priority. The CAA had been strongly encouraging airlines actively to involve themselves now in the project's early stages to optimise input from all parties. The CAA would be making quarterly reports on the engagement between HAL and its airline customers to the Secretary of State for Transport.
9. The Board requested minor changes relating to the language used to bring greater clarity throughout. It asked that the paper state more clearly that it is for Heathrow to provide the financing package for the project and the airport as a whole (not the CAA) and that the CAA would look to secure an affordable and financeable regulatory framework.
10. With the above considerations, the Board approved the report and the timeline for Board updates throughout 2017.
11. The Board agreed that as the runway project continues it would receive regular updates and take critical decisions relevant to the CAA. Mrs Staples confirmed that appropriate arrangements would be made for additional legal assurance for decisions to be taken.
12. Mr Moriarty confirmed that resources were currently sufficient to carry out the required CAA work supplemented by external resource, such as the hiring of independent financial advisors and programme management. He highlighted, however, that the CAA would need to shortly step up its resourcing as the intensity grows. He also highlighted that, owing to marketplace shortages, some areas of expertise such as civil engineering or construction, might be harder to procure. This would make it even more important that the CAA work closely with industry to incorporate their expertise. The Board confirmed their support for ensuring that the project received the required resources.

VI Policy Programmes Team Annual report - Doc 2017-003 by Tim Johnson

13. Mr Johnson presented the PPT annual report, which covered the highlights for the team in 2016, key current policy topics and lessons learned. During 2016, PPT, in coordination with other CAA colleagues, made progress on a number of priority issue areas including airspace change, Alternative Dispute Resolution and drones. Drones provided a good example of cross-team working, with PPT working particularly closely with the Safety and Airspace Regulation Group and the General Counsel's office. Owing largely to a focus on restructuring of the team and lengthy recruitment processes, some project areas did not progress as quickly as wished during 2016. These areas – particularly cyber and information duties - have now been picked up and work is already underway for 2017.

14. Board members discussed the Consumer Panel. They agreed that the Panel is of clear value to the CAA and supported PPT's approach to address current delivery issues by working with members of the Panel to focus its work through robust interaction with the CAA.

15. The Board expressed interest in the work being done under the topic of drones, particularly with regards to the registration issue. Mr Johnson advised that more detailed updates would be given on the DfT's consultation and on the CAA's drone strategy at the February and March Board meetings respectively.

Action: Mr Johnson

16. Mr Johnson explained that the 'think tank' that had been sponsored under PPT is a small group of internal and external stakeholders, drawn from wider areas of expertise than the Consumer Panel. It has been designed to meet a number of times a year to consider 2-3 key issues at a time, providing independent advice and ideas to the CAA. A more detailed update on the group would be provided by Mr Johnson to the Board in February.

Action: Mr Johnson

17. Mr Johnson asked the Board to consider the CAA's current approach to Brexit and whether it should be working more actively on the implications for the CAA and the sector, as part of its regulatory role. Mr Haines reminded the Board that a document had been put together in September 2016 detailing the CAA's position on consumer policy outcomes in light of Brexit. Since then, colleagues had continued to work productively with the DfT and seek industry views on the topic. The Board asked that at the next Board meeting they consider fully whether there was any additional activity the CAA should take to prepare for the next

stage of Brexit negotiations. Mr Johnson agreed to submit a paper ahead of this discussion, summarising the CAA's work thus far and recent wider factors that may need to be considered.

Action: Mr Johnson

18. The Board discussed the relationship between the CAA and the DfT. It agreed the CAA benefits from open and honest working between the two and that the CAA remains committed to providing support to the government where its expertise can help. As an independent regulator, there would be occasions where the two may differ in opinion and in such instances the CAA would communicate directly with the DfT to find a solution. In such instances it would also be appropriate for proposed decisions to go to the Board to consider.
19. Mr Johnson reported to the Board that PPT is continuing to work on establishing a comprehensive industry group to address Network Resilience, which remains a key area of importance to the CAA and to the sector as a whole. The Board will be kept informed of the group's progress via the PPT monthly update to the Board.
20. The Board noted the report.

VII Office of the General Counsel Annual Report - Doc 2017-002 by Kate Staples

21. Mrs Staples presented the report to the Board, which detailed the General Counsel's work for 2016, as well as highlighting lessons learned and priorities for 2017.
22. Mrs Staples highlighted the occasional tensions between the CAA's role as a safety regulator and the need to protect its legal interests. The Board fully supported the position that the CAA continues to safeguard its regulatory role by putting that role ahead of reputational and potential liability risks. The Board confirmed that all its decisions are made on this basis. It was acknowledged that this tension is an ongoing factor that the CAA is susceptible to, but is unavoidable. The Board agreed that, in those limited situations where there could be adverse consequences for the CAA, the Board would be asked to reach a decision.
23. The Board noted that in the coming year cabin air may be an active area of work. The subject had received increased attention from the aviation sector and

external stakeholders over recent months. The CAA's position reflected the conclusions reached by the Committee on Toxicology, and it would continue to monitor the issue.

24. The Board noted that it was important to be clear on the full consequences for the CAA of taking on a regulatory role, including the capabilities required to deliver in practice. The Cranfield study would provide some guidance on this issue and Mrs Staples agreed to brief the Board on the action to be taken in the light of the study.

Action: Mrs Staples

25. Mrs Staples highlighted the CAA's approach to dealing with regulatory decision-making in individual cases. The Board agreed that this remained an important topic and asked that the subject be brought forward for discussion at a future date.

Action: Mrs Staples

26. The Board noted the report.

VIII Safety and Airspace Regulation Group (SARG) Report – Doc 2017-005 by Mark Swan

27. The Board welcomed Sarah Doherty and Jon Round to the meeting. Mr Swan updated the Board on an incident involving an S92 helicopter, which had occurred over the Christmas period.

28. Mr Round reported on changes to the SARG method of engaging with Accountable Managers from regulated entities. Information would shortly be sent out with an explanatory letter from Mr Swan. The change would improve the quality of communications with and collection of feedback from industry in a more effective way.

29. Ms Doherty briefed the Board on safety performance on business aviation operations for helicopters (part NCC) and gave a focussed overview of Helicopter Emergency Medical Service (HEMS), Police and Search and Rescue (SAR) helicopters.

30. Mr Swan highlighted to the Board that the risk analysis of safety issues, particularly in terms of infringements, is ongoing in many sectors of the industry. The Board would be updated on key outcomes relating to pilot welfare, which is

the current top priority and being investigated separately, in due course. In the meantime, SARG will continue to check actions arising from further analysis.

Action: Mr Swan

31. Mr Swan briefed the Board on the current status of aerodrome oversight findings. The Board noted that it is often not possible to learn of potential cases before inspections take place, and acknowledged that the strengthened Accountable Management Meeting processes would also play a role in helping instances come to the CAA's attention. He updated the Board on London City aerodrome. The team is satisfied that sufficient actions have been carried out or are in progress to improve the situation. Stobart Air have also taken action regarding Carlisle Airport and the longer term future of service provision is now assured.
32. SARG has implemented a new risk-based approach, which has streamlined the process for reviewing Instrument Flight Procedures (IFP) oversight in relation to procedure design, and to provide a more consistent basis for audit findings. This will link into work led by SARG on Big Data that the Board will be updated in due course.

Action: Mr Swan

33. A key area being closely worked on is the modified Farnborough Airspace Change Proposal, which has exposed the differing viewpoints of GA and other stakeholders involved, not just military ones. This is a complex issue but it was noted that in the longer term, it may provide an example for the CAA in dealing with conflicting airspace change requests.

IX Finance Report – Doc 2017-006 by Chris Tingle

34. Mr Tingle reported that November results showed a small loss, but better than budget: the CAA was likely to record an above budget profit at year end. Where appropriate, projects would be brought forward but the performance was the

result of a number of factors, including lower staffing costs and higher than expected income including from CAA International.

35. The Board noted the report.

X Live Issues – by exception only

CMG Live Issues – Doc 2017-007 by Mr Moriarty

36. Mr Moriarty briefed the Board on action being taken against three price comparison websites that may have been offering misleading information to the public. Letters are being sent and the CAA will continue to monitor this topic to protect consumer interests.

37. Mr Moriarty provided an update on NATS En Route Ltd's Service and Investment Plan for 2017, which was submitted to the CAA as required in December.

38. The Board noted the report.

PPT Live Issues – Doc 2017-008 by Mr Johnson

39. The Board noted the report.

CCD Live Issues – Doc 2017-010 by Mr Stephenson

40. The Board noted the report.

AvSec Live Issues – Doc 2017-009

41. Mr Drissell updated the Board on a successful joint test operation that the CAA had carried out at Heathrow, with Border Force and Metropolitan Police colleagues.

42. The Board noted the report.

XI Any Other Business & Forward Planning

Annual Board Effectiveness Survey

43. The Chair highlighted that the next annual Board Effectiveness Survey is due to take place shortly. The Board agreed that the first part of this review should focus on safety and that CAA ethics would be incorporated into the second part. Proposals for the review will be discussed with the Chair shortly.

Date and Time of Next Board Meeting:

15 February 2017 at 12.00pm, K5 Earhart, CAA House, London