

**CIVIL AVIATION AUTHORITY  
MINUTES OF THE 506<sup>th</sup> BOARD MEETING HELD ON  
WEDNESDAY 15<sup>TH</sup> MARCH 2017,  
COMPASS CENTRE, HEATHROW AIRPORT**

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without the approval of Board members or the secretariat. Any printed copy  
should be kept secure.**

**Present:**

**Dame Deirdre Hutton            Chair**  
**Mr Andrew Haines**  
**Mr David Gray**  
**Mr David King**  
**AVM Mike Wigston**  
**Mr Michael Medicott**  
**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**  
**Ms Angela Lynch           Minute taker**

**I.        APOLOGIES**

1.    There were apologies from Richard Stephenson.

**II.       PREVIOUS MINUTES AND MATTERS ARISING**

2.    With the exception of a minor wording correction in paragraph 12, the previous minutes were agreed.
3.    AVM Mike Wigston was welcomed to his first Board meeting.

### **III. CHAIR'S UPDATE**

4. The Chair updated the Board on recent meetings and events, including the AOA annual dinner, an introductory meeting with Flybe's new CEO (Christine Ourmières-Widener) to discuss long term operational plans, and two technical CAA meetings focusing on Flight Ops (FOLG) and medical issues (CAMF).

### **IV. CHIEF EXECUTIVE'S REPORT (DOC 2017-21) BY ANDREW HAINES**

5. Mr Haines updated the Board on his recent meetings and live issues of particular significance. These meetings included one with easyJet, in which their plans to establish an AOC in another EU state had been discussed. easyJet is responsible for developing its proposals; the CAA would assist as appropriate and coordinate with relevant European counterparts as needed.
6. Mr Haines briefed the Board on the quantity and tone of media coverage following the release of the AAIB report on Shoreham. The topic will continue to be monitored ahead of the pre-inquest hearing in June. He also noted that the Oulton Park inquest will take place over two days in May. There has been no request for the CAA to attend.
7. Mr Haines asked the Board to note that Citywings had gone into liquidation following the safety action taken by the CAA in relation to Van Air. Eastern Airlines had taken over the PSO route in Wales. Although the CAA's response to the Van Air situation had been driven by safety, Mr Haines advised that the CAA would look again at the ATOL exemption that had underpinned Citywings' ticket seller model.
8. Mr Haines advised that channel separation is an issue that could receive some technical press coverage owing to the level of interest within the GA community. The CAA is seeking to press the point with the European Commission as the timeline for deployment of the equipment to UK stakeholders is undermined at present due to the exemptions in some states, including France whose positioning is critical.
9. The Board briefly discussed challenges for the ATOL IT programme due to the poor quality of the application form developed by the key sub-contractor, caused in part by the complexity of the form. Work is underway with CGI to find a solution but a delay of six to eight weeks may occur. This will not affect ongoing licensing work.
10. Mr Swan explained that EU proposals regarding the provision of air traffic control services in Class G airspace presented a challenge due to the UK's unique situation, in particular its high degree of military and civil coordination.
11. The Board gave special recognition to CAAi for its work in Thailand, which will lead to real results for Thai airlines, Thailand, and businesses across South East Asia.
12. The Board expressed interest in the Spaceflight Bill and requested a further discussion to understand its progress.

**Action: Tim Johnson**

## **V. SARG REPORT (DOC 2017-22) BY MARK SWAN**

13. Mr Swan provided an update on safety issues, informing Board members on the key live issues.
14. Mr Swan updated the Board on the latest Offshore Helicopter Safety Leadership Group (OHSLG) meeting in Aberdeen (28 February). Participants had included the new head of the CAA Norway and a joint-statement was agreed to extend the existing restrictions. Ongoing checks will continue across the Airbus 225 and L2 fleet and the CAA will meet again with the Norwegian CAA at the end of April. At the OHSLG meeting the two-stage approach had been underlined: the first stage is for the regulators to decide whether they are satisfied that the types are sufficiently safe to be operated and the second is for industry to assess the willingness of crew and passengers to use the type.
15. Mr Swan briefed the Board on the Sikorsky S-92 accident on 14 March 2017. At present there appeared to be no airworthiness concerns but further information would be received in due course.
16. Mr Swan provided an update on Flight Ops work, which includes current follow up with Flybe.
17. The Board were informed that causes of gear collapses on the DHC-8 type are being investigated and the Board would receive a full update when available.

**Action: Mr Swan**

18. In response to a question from the Board, Mr Swan clarified that the FCO and DfT have responsibility for the UK's policy relating to Foreign Carrier Permit intermediate stops and security checks.

## **VI. CAA OVERDRAFT /TEMPORARY BORROWING FACILITIES (DOC 2017-23) BY CHRIS TINGLE**

19. The Board agreed to retain the current overdraft/temporary borrowing facilities as they are for the next budget year. The facilities were not drawn on this year.

## **VII. CAA STATUTORY SCHEMES OF CHARGES 2017/18 – DRAFT CAA CONSULTATION RESPONSE DOCUMENT (DOC 2017-20) BY CHRIS TINGLE**

20. Mr Tingle advised the Board that the proposals had been accepted by the Finance Advisory Committee (FAC). The consultation itself had received a lower rate of responses than expected, although the majority were positive, including in the acceptance of the 1.5% increase across all schemes of charges.
21. Areas of concern raised were as expected: on airspace and security changes and in relation to air displays. Mr Haines explained that, although it had not been possible to

make special provision for charities, next year's consultation would look at this topic to test the position further.

22. The Board approved the Schemes of Charges and noted that they will come into effect on 1 April 2017.

### **VIII. FINANCE REPORT (DOC 2017-24) BY CHRIS TINGLE**

23. Mr Tingle reported the January results. These differed from the recent trend as they were below budget. This was due to: (a) lower revenues in CAAi, (b) reduced cost savings on employment costs (as more of the vacancies are being filled) and (c) costs on a number of projects not having been incurred, resulting in lower revenue as these costs would normally have been passed through to stakeholders/ DfT. Despite these factors, the end of year forecast remains at £4-4.5 million ahead of budget. This includes actions taken to bring forward projects.

24. Mr Tingle outlined the proposed budget for 2017/18. The Board would be asked to consider and adopt the 2017/18 budget at its April meeting. Mr Tingle highlighted proposals to fund certain key items, such as the modernisation of the CAA's medical databases, from its reserves.

25. Key factors that will affect the CAA's meeting of budget targets over the short to medium term will be the transformation programme and the accommodation move. The Board asked that next month's report include an outline of any potential downturn caused by the UK exiting the EU. It was agreed that this would need to be an outline profile at this stage. The Board also asked that the 5 year cash flow be provided reflecting the current estimate of the impact of the transformation programme. It was also agreed that the budget discussion would include a brief update on pensions, following recent interaction with the fund's representatives.

26. The Board will receive further information on the accommodation move in July/September.

**Action: Mr Tingle**

27. Mr Haines noted that the Board would be given further visibility on the multiple projects making up the transformation programme, which would be incorporated into the next update scheduled for May.

**Action: Mr Tingle**

28. Mr Haines confirmed that, despite improved financial conditions, care was being taken to monitor and manage all recruitment activity. Executive Directors reported that market conditions were variable, with difficulties for recruitment arising in areas such as financial experts and project management. AvSec had completed a very successful entry level recruitment round but had found the middle and senior management competitions disappointing. Changes to tax laws relating to contractors' terms were also having an impact. The changes come in on 6 April, HRMC guidance has been delayed and the resultant uncertainty would likely affect a wide range of public sector organisations.

29. The Board asked whether there had been any loss of staff as result of the Brexit vote, as it is something that has been noted elsewhere. Mr Haines confirmed that this was not something that has been evident but he will see whether it can be tracked through the exit interview process.

**Action: Mr Haines**

## **IX. REPORT FROM REMCO (DOC 2017-25) BY DAVID GRAY**

30. Mr Gray provided an overview from the last RemCo meeting, including discussion on the CEO's objectives and the completion of relevant items relating to the new CAA Ethics Policy.
31. The Board noted the report.

## **X. ANY OTHER BUSINESS AND FORWARD PLANNING**

### *Independent Legal Advice*

40. The Chair confirmed that Non-Executive Directors (NEDs) are entitled to independent legal advice. Ms Staples agreed that she would circulate a note on how advice could be requested and how it would be provided.

**Action: Ms Staples**

### *Governance of the CAA Board*

41. The Chair informed the Board of the recent report from the Cabinet Office giving direction on the governance of arms length government bodies, including the CAA. As a result DfT has raised the topic of receiving appraisals of NEDs from the Chair and the Minister's right to an appraisal of the Chair. Under existing measures these requirements are largely met but, if necessary, further cooperation will be given to DfT and NEDs will be informed.

### *Parliamentary evidence session*

42. Mr Moriarty reported on the evidence he had given at Parliament on 14 March in respect of the Vehicle Technology and Aviation Bill. No significant issues were raised relating to the ATOL or NATS provisions in the Bill.
43. The Parliamentary Committee had expressed significant interest in laser attacks, where the CAA is on record as supporting more stringent action to reduce the risks involved. Several other stakeholders are involved in these discussions. The CAA will offer appropriate support to those stakeholders and Committee members as and when amendments are tabled.

### *Stakeholder sessions with HAL and representatives from airlines*

44. The Board discussed the forthcoming sessions with HAL and certain of its airline customers. The sessions formed part of the CAA's programme of work in response to

the request from the Secretary of State to advise him on the quality of the airport's engagement with its airlines customers on the subject of expansion. In advance of the discussions, Mr Ward declared an interest in LEK, where his son is employed. The Board agreed that there was no conflict to prevent him from participating in the discussions on this occasion.

**Date and Time of Next Board Meeting:  
19 April 2017 at 9.30am, Aviation House, Gatwick**