

CIVIL AVIATION AUTHORITY
MINUTES OF THE 521st BOARD MEETING HELD ON
WEDNESDAY 18 JULY 2018, CAA HOUSE

Present:

Dame Deirdre Hutton Chair
 Mr Richard Moriarty
 Mr Peter Drissell
 Mr David Gray
 Mr David King
 AVM Gerry Mayhew
 Mr Michael Medlicott
 Mr Paul Smith
 Ms Kate Staples Secretary & General Counsel
 Dr Ashley Steel
 Mr Mark Swan
 Mr Chris Tingle
 Mr Graham Ward

Apologies:

In Attendance:

Mr Tim Johnson			
Mr Richard Stephenson		Norma Hastings	for item XVI
Ms Angela Lynch	Minute taker	David Oastler	for item VII
Mr Ed Weston		David Tait	for item X
Mr Phil Dykins	for item VIII	Rob Toal	for item XI
Mr Troy Preston	for item V	Andrew Walker	for item XI
Mr Rory Kidger	for item VI	Kevin Woolsey	for item XII

I. APOLOGIES AND INTRODUCTIONS

1. There were no apologies.
2. The Board welcomed the new Non-Executive Director, AVM Gerry Mayhew, to his first meeting.

II. CONFLICTS OF INTEREST, PREVIOUS MINUTES, AND MATTERS ARISING

2. No new conflicts of interest were declared.

3. The minutes of the last meeting were agreed, subject to minor rephrasing in paragraph 34.
4. There were no matters arising.

III. CHAIR'S UPDATE

5. The Chair gave an update on meetings and events over the last month.
6. She updated the Board on the ongoing new Board members' recruitment process, which would be discussed in further detail under item XVI.
7. The Board noted the recent Annual Recognition Lunch for CAA staff. Members congratulated this year's winners for their exceptional achievements, which highlighted the diversity and high standard of work carried out across the CAA.
8. The Chair informed the Board of her attendance at the Farnborough Airshow on Monday, which included an event highlighting the Government's new 'Women in Aviation and Aerospace Charter'¹; a formal commitment with the UK's aviation and aerospace sectors to work together to build a more balanced and fair industry for women. The Board agreed consideration should be given as to how the CAA's existing programmes (such as volunteering in schools) might be able to contribute to this goal.

IV. CHIEF EXECUTIVE REPORT (DOC 2018-052) BY RICHARD MORIARTY

9. Mr Moriarty updated the Board on key meetings and live issues.
10. Mr Swan briefed the Board on the CAA's response to a recent airspace change request and gave a further update on Carlisle Airport.
11. Mr Moriarty updated the Board on recent engagement and stakeholder correspondence on Heathrow's capacity expansion. A copy of the Chair's response to a letter from HAL would be circulated to members for information.

Action: Chair's office

12. Mr Smith gave an airline licensing update.
13. Mr Moriarty confirmed that service level standards in the Shared Service Centre had been brought back in line with requirements for flight crew licensing by the end of June target he had set. Mr Tingle confirmed that the longer-term "lessons learnt" exercise, including a review of low application success rates, was now underway.
14. Mr Medicott noted with concern the update on British Airway's (BA's) handling of recent booking errors. Mr Moriarty confirmed that he had subsequently discussed

¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/727042/Women_in_Aviation_and_Aerospace_Charter_at_17-07-18.pdf

the incident with the CEO of BA, to identify lessons learnt. Customers are being advised to use the established ADR process.

15. Mr Moriarty and Ms Staples gave an update on a litigation issue. A potential broader issue faced by regulators was raised as to how far they should actively speak out about commercial entities in their sector who they feel are not acting in the interests of the consumers but where they have not acted unlawfully.
16. Mr Moriarty briefed the Board on ongoing work with Guernsey, following last month's update.

V. SAFETY ASSURANCE REPORT (DOC 2018-053) BY MARK SWAN

17. The Board welcomed Mr Preston to the meeting.
18. Mr Preston presented the key safety assurance findings, highlighting where further work was needed and the key concerns that were being addressed through specific, targeted plans. The Board discussed the challenges involved in processing high volumes of data. These include, how to develop analysis to identify and prioritise risks and how to build greater understanding of emergent issues more broadly. Mr Preston outlined some of the actions being taken to find solutions, including utilising internal expertise and independently commissioned research. Mr Moriarty asked that the next update include a more in-depth explanation of this approach and the key programmes involved.

Action: Mr Swan/ Mr Preston

19. The Board noted the ongoing efforts to develop the CAA into a 'learning organisation', as previously discussed in the Cranfield report. Mr Preston said that a formalised approach was needed to 'lessons learnt' exercises but that it was also recognised that the right culture was needed for achieving this goal. Mr Moriarty asked that the next update include a list of other regulators or external organisations the CAA could look to as case studies on this topic.

Action: Mr Swan/ Mr Preston

20. Mr Swan provided details on where the specific resourcing challenges lie within SARG, noting that a strategic review was being carried out to build longer term resilience in specific areas. The findings would be brought to the Board for their input in due course.
21. Mr Drissell and Mr Preston agreed to discuss the best way to capture security related data as part of the safety assurance report, outside of the meeting.
22. The Chair requested deep dives on the themes of learning and data intelligence as part of the next report from Mr Preston and reflecting today's discussion.

Action: Mr Swan/ Mr Preston

23. Mr King noted the report's findings relating to the high number of policy documents and procedures across SARG. Mr Preston confirmed that the need for all of these documents and procedures was being reviewed and tested across all capabilities.
24. The Board noted the report.

VI. 6 MONTHLY PORTFOLIO DELIVERY UPDATE (DOC 2018-054) BY CHRIS TINGLE

25. The Board welcomed Rory Kidger to the meeting.
26. Mr Tingle noted that extensive progress had been made by Portfolio Delivery since the last update, with two major projects completed during this time. The Board was updated on ongoing projects and made aware of the key and emerging priorities for the coming months, which includes drone registration and the new finance and HR system. Mr Tingle noted that the Accommodation Project had a high number of dependencies with other IT and people-focussed projects, resulting in the need for a high degree of coordination.
27. Mr Kidger briefed the Board on the department's changed approach. It was now applying the agile methodology to more projects, to enable incremental delivery of longer term projects and to improve the prioritisation process. Incremental delivery was also expected to encourage more rigorous adherence to deadlines. Although there were still some capacity challenges within capabilities teams, progress had been made in developing project owners' accountabilities to enable the project management office to support more effective delivery.
28. In relation to external-facing projects, Dr Steel remarked on the importance of seeking to raise the proportion of successful applications from system end users. Mr Tingle confirmed that work was being done to provide solutions to this, such as recording the reason for unsuccessful attempts and tracking use cases through industry stakeholders.
29. The Board noted an update on the Information Strategy, including the challenges in coordinating GDPR requirements.
30. In response to a question from Mr Ward, Mr Tingle confirmed that the current timeline reported for completion of the CSI project was on track, with the intention to go live with SAP at the start of the new financial year in April 2019.
31. It was agreed that there should be a retrospective review of the Transformation Programme, including details of the benefits realised. Mr King suggested that a comprehensive chart of the project's lifespan be produced to support this review. The 'lessons learnt' from this work would also help to drive next year's programme planning process.

Action: Mr Tingle

32. The Board noted the report.

VII. CAA BREXIT READINESS PLANNING UPDATE (DOC 2018-055) BY TIM JOHNSON

33. The Board welcomed Mr Oastler to the meeting.

34. Mr Johnson highlighted recent communications that had been circulated internally and via the CAA's public website setting out the work that the CAA is undertaking in relation to the EU withdrawal².

35. Recent engagement with different industry stakeholders was discussed. The Board noted that the stakeholders potentially affected were a diverse group – including small tour operators - and that many of the issues that would affect the final outcomes were outside of the CAA's remit (such as the government-to-government bilateral air services agreements). The Board agreed that, as preparations for Brexit continued to develop over the coming months, further consideration was needed on what information should be distributed to industry and how.

36. The Board noted the planning assumptions behind the CAA's contingency activities, recognising that they had been agreed as part of DfT funding discussions for 2018/19 and had several complex dependencies, including the outcome of the EU negotiations and the implementation of new statutory instruments under UK law. It was confirmed that both Communications and HR were being consulted as part of the internal processes for contingency planning, with regular senior management meetings to monitor progress.

37. The Board discussed the risks of a non-negotiated withdrawal scenario that are within the CAA's ability to control and those that are not. The Chair suggested that the CAA should share this thinking with DfT.

38. The Board noted the update.

VIII. AVIATION SECURITY QUARTERLY REPORT (DOC 2018-056) BY PETER DRISSELL

39. The Board welcomed Phil Dykins to the meeting,

40. The Board noted the update from Mr Drissell and Mr Dykins on sector performance data, compliance monitoring and key components of AvSec's work programme.

41. Mr Drissell gave an update on the positive progress made over recent months to establish a quality assurance framework for security training. This had been well-

² <https://www.caa.co.uk/Our-work/About-us/EU-exit/>

received by external stakeholders and linked in with similar work to set accreditation standards for the sector.

42. The Board noted the report on resourcing and current training priorities for auditors.
43. Mr Drissell discussed plans for future covert test reporting and the Board agreed in principle that it would support more resource in this area if required.
44. The Board asked that some of the previous detail be re-added to future quarterly reports to help support the useful headline facts. Specifically, it asked that the standards data be added to the covert testing information (to give the Board sufficient context to assess the findings).
45. The Board noted the report.

IX. BOARD AWAYDAY OUTPUT (DOC 2018-057) BY TIM JOHNSON

46. Mr Johnson introduced the paper that summarised the key discussion points and actions from last month's Board awayday. The sessions had centred on the CAA's work on horizon scanning, consumer protection, innovation, the Government's Aviation Strategy and the Heathrow capacity expansion process.
47. Board members requested minor edits to the report and supported the dissemination of the actions to the respective programme leads as identified in the paper. Picking up some of the topics raised under innovation, Mr Johnson said that he would circulate to members for information a recent draft report discussing regulatory approaches in addressing disruptive technology.

Action: Mr Johnson/ Chair's office

48. The Board noted the report.

X. CAA INNOVATION PROJECT (DOC 2018-058) BY TIM JOHNSON

49. The Board welcomed Mr Tait to the meeting to provide an outline of the proposed next steps in establishing and communicating the CAA's innovation project proposition (following in-depth awayday discussions as referred to above).
50. The Board discussed draft core principles for the CAA's engagement with innovators. It agreed the approach needed to reflect the flexible nature of this engagement and that the principles, once finalised, should be reviewed regularly to ensure that they remained up-to-date and relevant. Board members provided suggestions on the wording of the principles to clarify the CAA's role in facilitating innovation, without being accountable for commercial success. The changes would be made and circulated to the Board in September.

Action: Mr Johnson/ Mr Tait

51. The proposed operating model concept for formally structuring the CAA's engagement was discussed. Mr Johnson stated that the outline, once finalised, would provide a coherent narrative and framework to communicate internally, as well as externally.
52. The timing of the project proposal for creating this engagement capability (subject to sufficient funding being secured) was discussed. It was agreed that although there were current resourcing challenges, the rate and importance of sector developments made this a timely proposal. Mr Johnson stated that if external funding could not be secured, alternative financial channels would be considered, noting that this could lead to delays or a more limited approach. It was agreed that clearer details on the funding and resourcing implications of the project would be presented as part of the next update to the Board.
53. The Board approved the report and next steps as detailed. It was agreed that quarterly updates on technology and innovation would be given to the Board.

XI. UPDATE ON OUR ECONOMIC REGULATION PROGRAMME FOR HAL AND CAPACITY EXPANSION AT HEATHROW AIRPORT (DOC 2018-059) BY PAUL SMITH

54. The Board welcomed Mr Walker and Mr Toal to the meeting. Mr Smith gave an overview of the update, which indicated the next steps for the CAA's economic regulation programme - including its role in supporting the HAL capacity expansion and its work on NATS price controls – on which the Board had previously been briefed.
55. Mr Walker outlined actions taken by the team and the Board agreed to the proposed steps to strengthen the CAA's quality assurance approach, including through the establishment of a new Programme Board and utilising external advice where required. The Board asked that the Programme Board terms of reference be included in the next update and agreed to the proposed further engagement by the CAA Board with HAL, industry and broader stakeholders.
56. The Board asked for an Arora property map for information.

Action: Chair's office/ Mr Toal

57. The Board noted the update.

XII. SARG MONTHLY REPORT (DOC 2018-060) BY MARK SWAN

58. The Board welcomed Mr Woolsey to the meeting.

59. Mr Swan provided an update on key safety issues and events since the last meeting. This included briefings on current oversight work being carried out and a recent international incident.
60. Mr Swan highlighted the report's update on next steps being taken to include new recommendations on Drugs and Alcohol testing, as previously discussed. He confirmed that full details would be submitted in a paper to the Board in the autumn, once the relevant processes and procedures were completed.
61. Mr Swan briefed the Board on conversations with the DfT on finalising the language for the State Safety Partnership statement.
62. The Board noted the reorganisation in SARG, which had created a single 'risk pillar' including performance based oversight, safety intelligence and regulatory safety management system (RSMS) teams. Mr Swan said that the restructuring is now complete, designed to reflect the maturity of the group and to enable it to continue to drive its evolved, more targeted, oversight approach. Mr Swan agreed to circulate a further version of the organogram to include the names of senior individuals.

Action: Mr Swan/ Chair's office

63. A discussion was had on RSMS. Mr Woolsey confirmed that work was ongoing to address challenges such as inconsistent data input. He noted the progress each capability had made in adapting its work in line with the system.
64. The Board noted recent achievements within the team and congratulated Stephanie Shaw for being awarded a Distinction for MSc in Air Safety Management.
65. Mr Woolsey outlined the next steps for further improving the team's performance, including recording Safety Maturity Model departmental scores, which the Board would see in the Autumn.
66. A brief discussion was had on the general challenge regulators face on assessing safety systems designed for prevention. Mr Swan confirmed further work was being done to address this, including monitoring current KPIs, which are reviewed monthly by the Executive Committee.
67. The Board noted the report.

XIII. FINANCE REPORT (DOC 2-18-061) BY CHRIS TINGLE

68. Mr Tingle reported the financial results to the end of May.
69. The Board approved the new format of the monthly report and noted the results.

XIV. AUDIT COMMITTEE REPORT (DOC 2018-062) BY GRAHAM WARD

70. Mr Ward briefed the Board on recent Audit Committee activity.
71. He noted that the Audit and Executive Committees had discussed potential changes for the CAA's internal audit approach. It had been agreed that the recruitment of a new Head of Internal Audit would be moved forward to allow for an adequate handover period.
72. Mr Ward gave an update on revisions made by the Financial Reporting Council to the UK Governance Code, that were published this week. It was agreed that in accordance with the CAA's voluntary adherence to the code, consideration would be given to the report's suggestions on engagement with the workforce. Mr Moriarty noted that existing CAA mechanisms such as the Employee Forum should also form part of this consideration.

Action: Ms Staples

73. The Board noted the report.

XV. ANY OTHER BUSINESS AND FORWARD AGENDA

74. In response to a question from the Board, Ms Staples confirmed that the text for the Charter of Cooperation between the AAIB and CAA had been prepared, was ready for final approval and, if approved, that final arrangements would be made for it to be signed.
75. The Board noted that this was the last CAA Board meeting Dr Steel would be attending. The Chair thanked her for her invaluable contributions and expert commercial insights to the Board and to the CAA as a whole. Members joined the Chair in wishing Dr Steel well for the future.

XVI. APPOINTMENT OF A CAA CHAIR

76. Mr Gray (who chaired this item) briefed members on the processes for appointing a new CAA Chair and Non-Executive Directors, giving an overview of the role profiles and desirable skills and experience.
77. Members welcomed Lucy Chadwick from the Department for Transport to the meeting. The first session included the Chair. For the second session, those "in attendance" and the Chair left the room. Together they discussed members' views on the role of the CAA Chair, including the competencies and characteristics they feel should be considered as part of the recruitment process.

**Date of Next Board Meeting:
18 September 2018, CAA House**