

**CIVIL AVIATION AUTHORITY
MINUTES OF THE 488th BOARD MEETING HELD ON
WEDNESDAY 16th SEPTEMBER 2015,
CAA HOUSE, LONDON**

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Present:

Dame Deirdre Hutton	Chair
Mr Andrew Haines	
Mr David Gray	
Mr Michael Medlicott	
Dr Ashley Steel	
Mr Mark Swan	
Mr Richard Jackson	
Mr Graham Ward	
AVM Richard Knighton	
Miss Chris Jesnick	
Mr David King	
Mrs Kate Staples	Secretary & General Counsel

In Attendance:

Mr Peter Drissell	
Mr Richard Stephenson	
Ms Manisha Aatkar	
Mr Tim Johnson	
Mr Peter Mee	Minute taker
Mr Stephen Baker	Minute taker
Mr Troy Preston	for items VI and IX
Mr John McColl	for item VII
Mr Padhraic Kelleher	for item VIII
Mr Edward Bellamy	for item VIII
Dr Sally Evans	for items IX and X

Mr Tony Rapson	for item X
Dr Stuart Mitchell	for item X
Ms Rachel Gardner	for item X
Mr Nick Mawhinney	for item XI

I Apologies

1. No apologies were received.

II Previous Minutes and Matters Arising

2. The minutes of the July Board meeting were approved.
3. There were no matters arising.

III Chair's Update – by Dame Deirdre Hutton

4. The Chair welcomed Dr Ashley Steel to her first meeting as a Non-Executive Director.
5. The Chair briefed the Board on her quarterly meeting with Lucy Chadwick of the Department for Transport (DfT). The Chair said it had been some time since their last meeting and that whilst there was no specific agenda, the meetings were important for maintaining good relations with the DfT.
6. The Chair informed the Board she had spent a day with the Safety and Airspace Regulation Group (SARG) and Shared Service Centre (SSC) at Aviation House in August, which included an Open Forum with colleagues. This event was well received, with good attendance from staff.

IV Chief Executive's Report - Doc 2015-104 by Andrew Haines

7. Mr Haines informed the Board that this was an incredibly busy period for the CAA. He drew the Board's attention to four particular items: issues relating to new runway capacity; policy proposals relating to airspace change; baggage-handling issues at Heathrow Airport; and changes to the CAA pension scheme.
8. Mr Haines informed the Board on significant policy work concerning airspace change.
9. Mr Haines informed the Board that there had been another baggage-handling failure at Heathrow Terminal 5 since his report had been issued. While CAA did not yet have full detail on the nature of the most recent failure, the frequency of

failures was a serious concern, although the airport's contingency planning had improved which had mitigated the impact on passengers and airlines. The Board was informed there were no known safety or security issue relating to this failure. The Board noted baggage handling was outside the airport's licensing scheme and compensation to passengers was not available under it, although passengers could claim compensation via the airline. The Board indicated it would like to understand the scope for including appropriate provisions in the airport licence to address this issue.

ACTION: Stephen Gifford

10. Mr Haines also informed the Board as to government actions which could result in changes to the CAA pension scheme, noting that this would have a significant impact on colleagues. Mr Haines said that the CAA was right to make these changes given the already significant cost of the pension scheme which had increased pension contributions by the CAA by £13M over the last five years. He anticipated that the proposal would not be warmly received by colleagues.
11. The Board queried the intention of NATS to revise their Long-term Investment Plan (LTIP), and the possibility this may lead to delays in achieving the planned airspace change programme. Mr Haines noted that the CAA would continue to engage and seek clarity on the nature of the changes and any impacts on future implementation of the programme. The Board were assured that risk of the UK falling behind other States in Europe on airspace change was low and that the proposals relating to the airspace change process may help with this.
12. The Board received an update from Mr Swan on the Shoreham Air Crash and Air Display Review. Mr Swan informed the Board that the appointment of the Challenge Panel was almost finalised, and felt the Panel had a range of experience. Apart from one member, all panel members are unconnected to General Aviation, thus ensuring independence from the GA sector. The Review will include consultation with all interested and relevant parties and will provide an interim report to the Board in October, and a final report early in the New Year.
13. Mr Swan also informed the Board that some stakeholders have questioned the current restrictions on air displays introduced after the accident. He said the restrictions will remain in place until the completion of the review and adherence

to these will be closely monitored. CAA staff have been present at all UK air displays since the accident.

14. Mr Stephenson updated the Board on the CAA's media communications approach in the aftermath of the accident. Mr Swan noted that communications with the Air Accident Investigation Board (AAIB) had been excellent.
15. The Board confirmed it was satisfied with how the Shoreham accident issue was being handled by the CAA and would await further updates.
16. The Board noted Mr Haines' report.

V Transformation Programme Update – Doc 2015-105 by Peter Drissell

17. Mr Drissell presented the update to the Board. Mr Drissell explained the previous update to the Board in February 2015 had identified significant issues with the delivery of this programme, which had resulted in Mr Drissell leading an in-depth review and developing a revised plan and approach for the programme.
18. Mr Drissell explained that the review had identified two major issues: the failure of the over-arching governance of the programme and a lack of confidence in our suppliers (CGI and Ektron/EpiServer) whose performance to date had been very poor.
19. Mr Drissell noted that improvements had been made on both of these issues. Improved metrics and milestones had been introduced for all projects, allowing a clearer understanding of progress than previously. While this did not assure success, it would allow identification of milestones that were not being met and any remedial action to be taken.
20. The Board were also informed that the CAA relationship with CGI had somewhat improved, with issues now being escalated to the senior leadership of both organisations. Mr Haines noted that he had spoken to Mr Doug McCuaig, Executive Vice President for Global Client Transformation Services and had been assured of the company's commitment to deliver the project and that the CAA had now been given the same client status as central government. There was therefore a stronger feeling that CGI were more committed to the relationship and to completing the work.
21. The Board questioned Mr Drissell as to what confidence it could have in the programme going forward, given the previous issues. Mr Drissell explained that

the improved performance metrics, a more focused problem definition and the addition of a new CGI Programme Manager should all help improve project delivery. Future additional work to be added to the programme would require a very clear business case.

22. The Board emphasised the importance of having named individuals from suppliers to maintain a relationship with, to improve accountability and identification of exact resource committed. Mr Drissell confirmed this was a crucial point.
23. The Board were also informed that the relationship with the supplier of the new CAA website had similarly improved. Issues had arisen due to Ektron being acquired by a private equity company and merged with its main rival Episerver. Escalation of concerns with recurrent issues to the US Global Team of Episerver had resulted in a marked improvement in progress, with this project now forecast to deliver by early December.
24. The Board asked whether the CAA procurement process had been sufficiently robust with regard to CGI. It was noted, however, that the tender process had been overseen and reviewed by PA Consulting and the independent Risk and Assurance Board at the time and had been found to be robust. It was agreed that a review of this process was not necessary at this stage but should follow in due course. It was further noted that the issue with CGI did not appear to be a lack of capability but the diversion of resources by CGI from the CAA programme to other clients. The Board, however, emphasised the importance of swift escalation of any future issues to Board level. This especially related to any need for more resources, as financial pressures would make reallocation of resource more difficult going forward.
25. Mr Drissell stated that he believed that the most significant issues with the programme had been addressed.
26. The Board noted the paper and requested future detailed updates on a monthly basis along with a graphical plan of the new programme structure. The Board emphasised the importance of Mr Drissell ensuring the delivery of the programme within the timescales set out in his paper.

ACTION: Mr Drissell

VI Safety and Airspace Group (SARG) Annual Review – Doc 2015-106 by Mark Swan

27. The Chair welcomed Mr Preston to the meeting and invited Mr Swan and Mr Preston to present the review paper.
28. Mr Preston informed the Board as to some of the key activities and successes of SARG over the last year, including the roll-out of performance based regulation, the establishment of the general aviation unit, the review of the medical department, the implementation of the EASA Air Operations Regulation and improved relations with EASA. Mr Swan stated that in certain areas, the SARG Safety Plan had not delivered its intended outcomes due to a lack of resource. The State Safety Plan has now closed a number of projects which were not value-for-money and did not deliver effective results. The DfT had agreed to the refined Plan and requisite funding.
29. Mr Swan assured the Board that the Group was on track to meet the dates identified in the Safety Assurance Review Action Plan, which were regularly reviewed.
30. The Board noted the report, and requested that the next annual review have metrics measuring progress toward the actions identified for the 2015/16 year and also requested that Annex C (Safety Performance Overview) be provided monthly.

ACTION: Mr Swan

VII SARG Report – Doc 2015-107 by Mark Swan

31. The format of the SARG monthly report has been revised so as to provide the Board with a broader perspective of SARG activity centred on safety issues, with more detailed reporting on Capability Teams and sector performance. Mr John McColl from the Airworthiness team was invited to provide this month's in depth update.
32. Mr McColl gave an overview of how the airworthiness team is being managed, how information is obtained and processed and how risks are identified and managed. He noted the move to a sector approach to airworthiness, with greater evidence being required to drive assessments of poor performing organisations. Weekly management meetings were improving information exchanges between different team sectors, providing a peer-review function for

staff and managers and with the use of information derived from Q-Pulse, enabling SARG to build a better risk picture and to identify poorly performing organisations. Improvements in oversight were not just about the collection of data but also improving metrics for reporting, with severity ratings, milestones, and key performance indicators all geared towards a change in oversight approach directed towards the greatest risks.

33. Mr McColl noted that the role of the airworthiness surveyor was also changing significantly, with greater communications and engagement skills now required. Greater emphasis was being laid on there being proper conversations with the accountable managers and engineering directors, who actually made decisions, rather than with quality managers. Recruitment of sufficiently experienced and skilled people was however a major challenge, given the costs of competing with salaries available in the private sector. Mr McColl also informed the Board that the airworthiness team was working harder than ever.
34. The Board agreed that this was very useful, data-driven work, which had advanced significantly from previous approaches.
35. Mr Swan and Mr McColl provided an oral update to the Board on the British Airways (BA) 777 Runway Fire incident at Las Vegas airport.
36. The Board requested to be kept updated on developments with this issue.

Action: Mr Swan

37. Mr Swan informed the Board as to the proposed recommendations stemming from the Post Implementation Review of the Gatwick Airspace Change Proposals. He noted a final decision was due before the end of year and would present a communications risk to the CAA. The Board noted the proposed recommendations.
38. The Board noted the report.

VIII General Aviation Air Navigation Order Review – Doc 2015-108 by Mark Swan

39. The Chair welcomed Mr Padhraic Kelleher and Mr Edward Bellamy to the meeting and invited them to present the report. Mr Kelleher explained that the proposed package had been very well-received by the general aviation sector, with the exception of one item. While there was no single major change, the package as a whole amounted to a substantial number of reforms for GA. The

Board were now being requested to approve the proposals for public consultation.

40. Mr Kelleher explained that the one contentious item of the proposals related to parachuting which the review had concluded did not need to be regulated by the CAA. The UK was the only State in Europe that did this – the aircraft involved in the parachute operations were of course regulated. The British Parachuting Association (BPA) had expressed concerns at the proposal, for the CAA no longer to regulate parachuting. The BPA was concerned that the withdrawal of CAA oversight would lead to a degradation in standards in the sector.
41. In the light of the Shoreham accident review, which would consider issues such as third party risk, Mr Kelleher said it had been agreed to delay any changes to the ANO concerning parachuting until the conclusion of the Air Display Review. This would enable the outcome of that review to inform the regulation of other aviation activities. The Board noted that it was debatable whether persons involved in parachute drops could be said to be third parties but, in view of the sensitivities around the Shoreham accident, agreed with this approach.
42. The Board asked whether the GA ANO Review team were satisfied that enough had been done to remove unnecessary regulation. Mr Kelleher said a lot of small changes had been made which added up to a significant package and set the basis for future work. Significant future actions, such as alterations to CAA guidance material, would fall out of any changes to the ANO.
43. The Board approved the final proposal of the GA ANO Review for further public consultation and implementation.

IX The Future of the CAA Medical Department and Provision of Aviation Medical Expertise and Services in the UK – Doc 2015-109 by Mark Swan.

44. Mr Medicott expressed a potential conflict of interest as he is currently Chair of a healthcare company. The Board considered that there was no conflict in this case.
45. Mr Preston presented the report and highlighted the key points: the inherent conflict in the CAA both being a provider of medical services and a regulator or them; a targeting of resource on key regulatory risks in the medical area by stepping back from the provision of Class 1 and 3 medical certificates by the

Aeromedical Centre (AeMC); and the undertaking of an efficiency and effectiveness programme across the medical unit.

46. The Board, mindful of the Germanwings accident, queried how the proposal would impact on the individual right to privacy weighed against the public risk of a pilot being medically unfit. Dr Evans informed the Board that Aviation Medical Examiners (AMEs) could already access pilot's medical files, including the pilot's medical history via the CAA on-line medical records system; however there were some differences between European states, as to data confidentiality. Dr Evans also explained that the AMEs were licensed separately by the CAA and that a medical certificate was not a statement as to a pilot's fitness to work; this was ultimately an airline decision. Pilots remained obligated to inform the CAA as to a change in their medical condition, however an individual doctor could report to the CAA a potential public safety risk from a pilot and Dr Evans was confident that doctors were well aware that public safety overrode the requirements of medical confidentiality, though they would not necessarily know that their patient was a pilot.
47. The Board agreed that the fundamental principles behind the changes to the medical unit were not financial (notwithstanding that the unit's costs significantly exceeded its income) but regulatory, in that the CAA should not be regulating its own provision of medical services by the AeMC.
48. The Board were pleased to note that the Germanwings Task Force recommendations, which formed part of the proposals of this paper, included Drug and Alcohol testing thanks to the efforts of Mr Haines and Dr Evans.
49. The Board accepted the principles of this paper and approved its recommendations. The Board therefore approved the publication of a "minded to" document in relation to the cessation of the provision of an AeMC service by the CAA medical department and agreed to consider the approval of a final decision to proceed in October or November, once the feedback from the publication of the minded to document had been received and considered.

X UK Private Pilot Licence/National Private Pilot Licence Medical Requirements – Doc 2015-110 by Mark Swan

50. Mr Rapson presented the paper. The proposal, which followed a public consultation and which had received a very high and favourable response, was

that UK PPL/NPPL holders (i.e. private pilots) should in future only be required to meet the medical standard required for the issue of a Group 1 Ordinary Driving Licence (i.e. driving for private purposes only), with no requirement to have a periodic medical examination. He explained that this proposal would only apply to UK PPL/NPPL holders who did not have the medical conditions listed in Annex 1 of the paper or for flying under instrument flight rules or at night or when flying aircraft over 5700kg, and would also require mandatory reporting from pilots on certain information such as age, type of flying and hours flown. This data would be utilised to help influence EASA to follow a similar direction in pilot licensing.

51. Pilots would be required to self-declare on-line that they believed they met the required medical standard before flying under the new rules or before their first solo training flight. There would be no further requirement to self-certify until they reached the age of 70 when they would have to self-certify every 3 years. A review of risks to third parties had been conducted and the conclusion was that the risk to third parties was very low.
52. The benefits were reduced costs for pilots and time spent obtaining a medical certificate.
53. The Board suggested, given the benefits to this sector, that the GA community be engaged directly regarding how to collect data related to the monitoring of the implementation of this proposal, in the interest of the most effective reporting regime.
54. The Board, whilst noting the benefits to pilots and the relatively low risks to third parties, nonetheless requested clarity on the impacts of the proposal on insurance practices and requirements. In particular the Board wanted to understand whether, if the medical standard were to be the equivalent of a Group1 Ordinary Driving Licence medical and given the legal requirement on drivers for third party liability insurance cover, a self-certifying pilot who flew when unfit, might invalidate his third party liability insurance?

Action: Mr Swan

55. In anticipation of clarity being provided on the above point, the Board approved the proposals.

XI Better Regulation Update – Doc 2015-111 by Tim Johnson

56. The Chair welcomed Mr Mawhinney to the meeting. Mr Johnson explained that the paper provided a general update about the Better Regulation Programme and requested a decision concerning the appointment of a Small Business Appeals Champion (SBAC) by DfT.
57. Mr Mawhinney explained that current better regulation proposals provided an opportunity for the CAA to improve its Impact Assessment process but this should be proportionate to the identified gains. He noted that the CAA would likely not have to undertake significant work to comply with the new Growth Duty for non-economic regulators introduced by the Deregulation Act.
58. The Board noted that other regulators have expressed concern regarding proposals to include non-legislative regulatory activities (excluding economic regulation) within scope of the Government target of £10bn in deregulatory savings over the next five years.
59. The Board agreed that greater clarity was required from Government as to the extent that economic regulatory activity falls in scope of the deregulatory target.
- Action: Mr Johnson**
60. Mr Mawhinney assured the Board that the DfT were happy with the proposed approach to the SBAC. The Board recommended that the SBAC should have access to appropriate civil aviation expertise.
61. The Board agreed to the recommended approach for DfT appointing a single SBAC, covering all transport regulators and with no connections with the CAA, in order to provide a degree of independence.

XII Report from the Nominations Committee – Doc 2015-113 by Deirdre Hutton

62. The Board noted the report.

XIII Finance Report – Doc 2015-114 by Chris Jesnick

63. Miss Jesnick presented her report to the Board, which outlined the CAA's Group summary financial results for the four months to July 31st. She noted that whilst the CAA was on track against budget it was very tight and ExCo would need to exercise very close scrutiny over costs if the CAA were to meet its year end budget target. The Board noted the report.

XV Live issues and monthly reports

PPT *Live Issues* – Doc 2015-115 by Mr Johnson

64. The Board noted the report.

MCG *Live Issues* – Doc 2015-116 by Stephen Gifford, Will Webster and Matt Buffey

65. The Board noted the report.

CPG *Live Issues* – Doc 2015-117 by Mr Jackson

66. The Board noted the report.

CCD *Live Issues* – Doc 2015-118 by Mr Stephenson

67. The Board noted the report.

AvSec *Live Issues* – Doc 2015-119 by Mr Drissell

68. The Board noted the report.

XVI Any other Business & Forward Planning

69. The Board agreed the reappointment of Dr Stuart Mitchell as CAA nominated member and Catriona Johnson as NATS nominated member trustees to CAAPS, effective from 1 October.

Date and Time of Next Board Meeting: 21 October 2015, at 9:30am, Conference Room 1, Aviation House, Gatwick