



CIVIL AVIATION AUTHORITY
MINUTES OF THE 525th BOARD MEETING HELD ON
WEDNESDAY 12 DECEMBER 2018, CAA HOUSE

Present:

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

Apologies:

Mr Peter Drissell

In Attendance:

Mr Peter Fiddy		Mr David Oastler	for item VI
Mr Tim Johnson		Mr Jon Round	for item XI
Mr Richard Stephenson		Matt Taylor	for item VIII
Ms Angela Lynch	minute taker	Ms Jenny Willott (Chair,	for item V
Ms Harriet Gamper	for item V	CAA Consumer Panel)	
Ms Nicole Herrington	for item XI		
Mr Iain Libretto	for item VIII		

I. APOLOGIES AND INTRODUCTIONS

1. There were apologies from Mr Drissell, with Mr Fiddy welcomed as his representative.

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

2. The previous minutes were agreed, subject to minor rewording of paragraph 41 to more accurately capture Mr Gray's remarks and a typographical correction.

3. It was agreed that the update under action 15 would be reworded and that action 40 had been completed. AVM Mayhew informed the Board that he was the MoD contact on Brexit-related aviation matters.
4. There were no new conflicts of interest declared.

III. CHAIR'S UPDATE

5. The Chair gave an update on recent meetings, including meetings with Lord Paul Deighton Chair of Heathrow Airport Holdings Ltd. (HAL) and Declan Collier, the new Chair of the Office of Rail and Road (ORR).
6. The Chair noted recent wins for CAA crisis communications at the European Excellence Awards 2018 and ICCO Global Awards 2018. The Board congratulated Mr Stephenson and his team.
7. The Board noted the recent lunch and learn staff event with Dame Eleanor Laing MP, which the Chair reported had been very well received.
8. The Chair informed the Board of her recent engagement with CAA International (CAAi) on its business model and current and future priorities. The Chair noted the interconnected nature of CAAi and CAA development, citing as a recent example the establishment of the CAA's innovation capability as an opportunity for CAAi to develop products in this area. Mr Medicott added that, following discussion at the CAAi Management Board meeting that morning, a product development working group had been put together to drive new developments forward.
9. The Chair informed members that three new CAA Non-Executive Directors had now been recruited. They will join between January and July 2019 and are Anne Lambert, Marykay Fuller and Katherine Corich. Mr Stephenson confirmed the information would be shared internally tomorrow before being made public. The Chair asked that their CVs be circulated to Board members for information.

Action: Chair's Office

10. The Board welcomed news that former CAA Board member Michael Wigston had been promoted to Air Chief Marshal and appointed as Chief of the Air Staff. The Chair confirmed that she would send a letter extending the Board's congratulations to him.
11. The Board noted the update.

IV. CHIEF EXECUTIVE REPORT (DOC 2018-96) BY RICHARD MORIARTY

12. Mr Moriarty updated the Board on key meetings and live issues.

13. Ms Staples gave an update on an ongoing litigation case. The Board expressed its view on the case based on the legal advice provided, noting the importance of avoiding unnecessary financial costs.
14. The Board approved the CAA EUROCONTROL charges specifications for 2019 as detailed in the report.
15. The Board noted the ASSI strategy and business plan document, as submitted to the Secretary of State for Transport.
16. Mr Swan gave a further oversight safety regime update in relation to the Leonardo AW169 helicopters. The Board noted the Emergency Airworthiness Directives (EADs) issued by EASA and the ongoing engagement between the AAIB and CAA.
17. The Board noted the recently endorsed (by European Council leaders) Political Declaration on the future relationship between the UK and EU, and its references to EASA and other aviation sector issues.
18. An update was given on Project Matterhorn.
19. Mr Smith gave an update on action being taken under the Regulation EC261/2004 and the Consumer Protection from Unfair Trading Regulations (CPRs).
20. Mr Medicott noted the mid-year update for the CAA's assessment of airport's accessibility performance. Mr Smith confirmed he would be meeting with airports whose performance raised concerns. The Board noted the report.

V. CAA CONSUMER PANEL ANNUAL REPORT (DOC 2018-097) BY TIM JOHNSON

21. The Board welcomed Ms Willott, in her role as Chair of the CAA's independent Consumer Panel, and Ms Gamper to the meeting.
22. Ms Willott briefed the Board on changes to the membership and organisation of the Panel over the past year. She highlighted that the Panel's workplan had been tied into the CAA's to ensure consistency and to maximise its impact on key consumer issues in aviation.
23. The Board noted the work being done under the three main headings of redress, access and quality. Ms Willott outlined the Panel's plans to progress these themes over the coming months. This included through engagement with relevant CAA colleagues and supporting Government and wider stakeholder discussions.
24. Under redress, the Board discussed the topic of Alternative Dispute Resolution (ADR). Ms Willott highlighted the Panel's proposals in this area, which included a desire for mandatory ADR and consideration of ways to achieve better consistency of outcomes, such as through a single provider system.
25. Ms Willott confirmed that the Panel had provided input to the Department for Transport's (DfT's) Aviation Strategy, including looking at new ways of improving

consumer protection and giving a consumer perspective on the topic of surface access.

26. It was noted that there is currently only limited data on upheld ADR complaints, but there is some evidence to support the view that entities providing more dynamic products and services tend to demonstrate deeper concern for their consumers in their business activities.
27. Ms Willott informed the Board of ongoing work to define 'vulnerable' consumers for aviation. She explained that it was hoped that the establishment of a firm definition would provide a basis to further a variety of ongoing work. This included building on previous successful CAA campaigns, such as its report highlighting the progress made by UK airports to help passengers with hidden disabilities.
28. Mr Johnson highlighted that the aviation passenger charter due to be included within the Aviation Strategy was expected to establish the legal mechanism for supporting much of the Panel's work towards consumer protection. Mr Johnson confirmed that a note on the Aviation Strategy green paper would be circulated to Board members once it was released later this month.

Action: Mr Johnson

29. The Board thanked Ms Willott for her work and welcomed further input and engagement from the Panel in future.
30. The Board noted the report.

VI. CAA BREXIT READINESS PLANNING: UPDATE (DOC 2018-098) BY TIM JOHNSON

31. The Board welcomed Mr Oastler to the meeting. Following last month's discussion, Mr Johnson gave an overview of ongoing CAA Brexit contingency plans against the backdrop of recent political developments in the UK and the EU. Mr Johnson highlighted that, given the close proximity of Brexit, the team expected to receive increasing numbers of requests for advice and information, including from the Government, to continue to support its political discussions. The Chair asked whether there could be physical integration between the DfT and CAA teams over the initial Brexit period, to ensure effective and consistent working. This had proven a successful approach during the Monarch repatriation, creating a 'one team' culture.
32. In relation to the transfer of licences from the UK CAA to other European NAAs, Mr Johnson highlighted that commercial pilots and engineers wishing to do this had been advised (via the CAA's website) to submit their applications to the CAA by 1 January at the latest. To support this work, the Shared Service Centre had recruited

just under 20 additional, temporary staff. Mr Tingle confirmed that the resilience of the Shared Service Centre as a result of increased Brexit-related demand, was sufficient at present. He noted, however, that the existing issue relating to Flight Crew Licensing as previously reported, continued to be a concern and could become worse if uncertainty over Brexit outcomes continues until March.

33. The Board discussed Flight Crew Licensing work more broadly and were reminded of the longer-term review that was underway to improve the service. The review would examine the reasons behind a high number of initial application rejections. Although there was evidence of carelessness from some applicants, it had also been agreed that some streamlining and improvements to the information requirements for the existing process should be made. Mr Swan confirmed that a wide range of solutions was being considered, recognising that improvements would create a better service for applicants and would also reduce the burden on the CAA's staff, to enable more effective management of the process as a whole.
34. Under other contingency planning activities, Mr Johnson highlighted work relating to State of Design certification functions. He updated the Board on the latest progress in recruiting the required additional skills and the engagement carried out by the team with industry to identify in advance the size of their demand.
35. The Chair asked that a single document be produced as part of the next Brexit update to present all of the identified risks together to the Board.

Action: Mr Johnson/ Mr Oastler

36. The Board noted the report.

VII. CAA STRATEGY AND POLICY (CSP) ANNUAL REPORT (DOC 2018-099) BY TIM JOHNSON

37. Mr Johnson reported on the work of the CAA Strategy and Policy Department (CSP) over the past 12 months, highlighting key work programmes under its three functional areas of policy, strategy and analysis. He said that more time was being spent by the team on major CAA-wide issues such as airspace modernisation and technology and innovation. These would continue to be major focus areas in 2019, which would also significantly change the structure of CSP.
38. The Board considered the make-up of CSP, which consisted of staff from a variety of different backgrounds. It was noted that, due to the need to frequently react to arising issues, it was challenging to identify the correct prioritisation strategy for the department. Team members were often required to change their focus areas or take up posts in other teams to support emerging work. The Chair suggested that the Executive Committee consider, as part of its business planning and wider

operational management, whether prioritisation was really possible under these circumstances, and how it should be approached.

39. The Board discussed CSP's role in engaging with Government and officials, which, as a result of the broad remit of the CAA, it was agreed extended beyond the DfT to other agencies such as HMT and BEIS. Mr Johnson said that this was becoming increasingly time-consuming. It was agreed that the Government's confidence in the CAA and maintaining the existing positive relationship was of key importance. It was also recognised, however, that a balance needed to be struck between meeting requests where possible and effectively communicating where the lines needed to be drawn on what the CAA could and could not provide. As part of this, it was important to maintain regulatory independence and to recognise and act to address potential conflicts of interest between aspects of the CAA's regulatory duties and new requests. The Board agreed that work should continue to develop some criteria on what the CAA is and is not able to provide.

Action: Mr Johnson

40. Mr Johnson highlighted that preparatory work would soon begin to refresh the current CAA strategy, to reflect changes and new areas of focus since 2015. This topic would also be covered by the Board at its Awayday in June 2019. Mr Moriarty said that the intent was to introduce a more agile approach to maintaining the CAA strategy. The Board approved this idea and it was agreed that the refresh would focus on the period from now until the end of 2020.
41. The report noted the report.

VIII. SIX MONTHLY STRATEGIC AND BUSINESS RISK UPDATE (DOC 2018-100) BY TIM JOHNSON

42. The Board welcomed Mr Libretto and Mr Taylor to the meeting. In terms of engagement with staff on their risk registers, Mr Libretto confirmed that he had seen improvement in the consistency and quality of reporting.
43. It was noted that discussions had been held with individual Non-Executive Directors as part of the Audit Committee's process for reviewing the CAA's risk maturity. This was due to be completed by early 2019.
44. Under top business risks to resourcing/capability, Mr Libretto noted that the top risk, 'Airspace Change Proposals (ACPs)', would be covered under the SARG report.
45. The Board discussed the escalation of business risk 4 'Cyber Attack on CAA IT Systems'. Mr Taylor detailed the associated mitigations. He noted that a detailed review on this topic would be led by Peter Drissell over the next year.

46. Mr Libretto drew members' attention to business risk 5 'OGC Resourcing' and outlined the mitigations to address this. It was noted that legal demand has historically peaked in the last quarter of each year, but that this year the baseline level of demand was supplemented by the demands of Brexit. It remained unclear whether a non-negotiated exit from the EU would increase the call on the CAA's legal resources. Mr Moriarty confirmed that, in terms of addressing specific resourcing risks, OGC had been noted as a priority alongside two other areas. Mr Ward said that the potential risk to the CAA as a whole made OGC resourcing a major concern and welcomed it as a high priority issue. Ms Staples confirmed that she was exploring ways in which to mitigate the impacts of unpredictable expenditure on legal fees.

47. The Board discussed CAA resourcing risk trends as a whole. It was recognised that demographics and other types of tracking were done to enable tactical resourcing plans to be implemented when needed. It was felt, however, that a longer term look into future resourcing gaps was also needed. Mr Libretto confirmed that he would include this within his 2019 discussions of risk at a departmental level, to help develop a more strategic resourcing risk plan.

Action: Mr Libretto/ Mr Johnson

48. Under annex A (top risks to delivery of CAA's strategy), the Board noted the escalation of risk 9 'Heathrow Expansion – Rising Costs' and the mitigations being taken by the team, which the Board had previously been informed of and which would be considered under the team's review of CAA governance in the process in January. Mr Moriarty noted that a session with Heathrow Airport Ltd stakeholders had been scheduled in January, enabling members to address further questions on this topic then.

49. In response to a query raised by Mr Gray, Mr Moriarty said that he would arrange for a PIE session on risk number 12.

Action: Secretariat

50. The Board noted the report.

IX. REMUNERATION COMMITTEE REPORT (DOC 2018-101) BY DAVID GRAY

51. The Board noted the report from the Remuneration Committee.

52. Mr Gray informed members that it had been agreed that the current objectives remained appropriate. It was recognised that the Terms of Reference may require updating as a result of changes to the UK Corporate Governance Code and that this would be considered as part of the existing regular review process.

X. FINANCIAL REPORT (DOC 2018-102) BY CHRIS TINGLE

53. Mr Tingle reported on the CAA Group's financial results for the seven months to 31 October 2018, which continued last month's trend ahead of budget, due primarily to increased ATOL renewal income.
54. Mr Ward noted the write-off of long term payroll advance balances under other costs, which Mr Tingle confirmed had been on the balance sheet for several years.
55. The Board noted the report.

XI. SARG MONTHLY REPORT (DOC 2018-103) BY MARK SWAN

56. The Board welcomed Mr Round and Ms Herrington to the meeting.
57. Mr Swan gave an update on recent safety events and oversight activities since the last meeting.
58. The Board heard a further update on the AAA resourcing challenge, as discussed at last month's meeting. Mr Swan reiterated that it did not relate to a safety risk but an internal CAA operational one. Mr Round explained that, following initial activities, the work on implementing the strategy was gaining speed and substantial recruitment would be continuing over the next 18 months.
59. Mr Round highlighted that the timings would mean that the team would be at full capacity for Heathrow expansion needs. Mr Round confirmed that funding for the increased resource in the Airspace Regulation team would come on stream in April 2019 and run throughout Reference Period 3 (2020-2024). Mr Round confirmed that the recruitment was being supported by human resources colleagues through a wide range of approaches. AVM Mayhew confirmed that he had also discussed the need with RAF recruiters as part of pathways advice for departing staff.
60. The increase in airspace change work was discussed. It was highlighted that the volume had risen sharply due to several factors, including previously unsuccessful applications, new duties and legislative change enabling 'call ins'.
61. The Board discussed the challenge of prioritising change proposals. Decisions were always made to secure an acceptable level of safety. It was agreed, however, that further consideration be given to the order in which AAA colleagues could deal with change proposals if prioritisation proved necessary. The outcome of that consideration would be shared with the Board and DfT as appropriate.

Action: Mr Round/ Mr Johnson

62. Mr Round and Ms Herrington briefed the Board on the CAA's Mid-Air Collision programme. Findings showed that loss of separation instances remained largely flat and that increased conspicuity meant that the volume of infringements data had increased. Work was still being carried out to emphasise the importance of this

programme, in collaboration with airspace users. Changes, such as the introduction of the infringement awareness course and other means of enforcement, had yielded beneficial impacts.

63. The Board noted the areas the team would be focussing on in 2019, including reviewing current pilot refresher training, carrying out a General Aviation safer flying campaign, and deploying an electronic conspicuity delivery programme.

64. The Board noted the report.

XII. ANY OTHER BUSINESS AND FORWARD AGENDA

65. The Board noted that papers would be circulated two days later than usual for January, as a result of the winter break.

66. The Chair wished members a Merry Christmas.

**Date of Next Board Meeting:
16 January 2019, CAA House**