

CIVIL AVIATION AUTHORITY
MINUTES OF THE 513th BOARD MEETING HELD ON
WEDNESDAY 15 NOVEMBER 2017, AVIATION HOUSE

Present:

Dame Deirdre Hutton Chair
 Mr Andrew Haines
 Mr Peter Drissell
 Mr David Gray
 Mr David King
 Mr Michael Medlicott
 Mr Richard Moriarty
 Ms Kate Staples Secretary & General Counsel
 Dr Ashley Steel
 Mr Mark Swan
 Mr Chris Tingle
 Mr Graham Ward
 AVM Mike Wigston

Apologies:

In Attendance:

Mr Tim Johnson		Mr Iain Libretto	For item 9
Mr Richard Stephenson		Mr Nic Stevenson	For item 4
Ms Manisha Aatkar	For item 5	Mr Charles Lloyd (Aviation	
Prof Graham Braithwaite	For item 5	Communities Forum)	For item 4
Prof David Denyer	For item 5	Ms Angela Lynch	Minute taker
Mr Frank Evans (UKACC)	For item 4	Mr John McColl	For item 10
Mr Peter Gardiner	For item 5	Mr Jeremy Pine (SASIG)	For item 4
Mr Tim Johnson (Aviation		Mr Tony Rapson	For item 10
Environment Federation)	For item 4	Mr Ed Weston	

I. APOLOGIES

1. There were apologies from David Gray from agenda item 8 onwards.

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

2. No new or changed conflicts of interest were declared.
3. The minutes of the last Board meeting were approved, with the exception of minor rewording of paragraph two to clarify the recusal of Mr Gray and Mr Ward from part of the October meeting.

Action: Ms Staples

4. Under the actions (21 September 2016, paragraph 29), Mr Haines confirmed the work on fitness of individuals would be completed on time in December 2017 and the Board would receive an update in January or February.

III. CHAIR'S UPDATE

5. The Chair informed the Board of recent key events and meetings. These included a meeting of Safety Regulation Chairs, as discussed previously and agreed by the Board as a good opportunity to coordinate on cross-sector safety issues. The meeting was successful and representatives had agreed the next meeting would be arranged for March with a focus on cyber.
6. The Board welcomed the news that former Parliamentary Under Secretary for Consumer Affairs, Jenny Willott had been appointed as the new Chair of the Consumer Panel from December.
7. The Chair reported on a UKRN consumer event she attended that discussed Big Data. She said that a note of the session would be circulated to the Board for further information.

Action: Chair

8. The Board noted that the Chair and Ms Staples had participated in the annual International Women in Aviation conference in Berlin. During her visit, the Chair met with the Commercial Secretary at the British Embassy to discuss relevant local political and industry views on Brexit.
9. The Chair confirmed that a meeting had been arranged for her and Mr Haines to meet with the recently appointed Minister for Aviation, Baroness Sugg.

IV. CHIEF EXECUTIVE REPORT (DOC 2017-074) BY ANDREW HAINES

10. Mr Haines updated the Board on key meetings and live issues.

Monarch repatriation programme

11. The Board received a further update on the processes being followed in relation to Monarch's operating licences. Ms Staples informed the Board that the High Court had, that morning, issued its judgement in relation to judicial review of ACL's decisions to refuse to allocate slots to Monarch. The High Court had not given KPMG/ Monarch

permission to appeal, but a further application for permission could be made to the Court of Appeal. The Board acknowledged the decision made by Mr Gray and Mr Ward in respect of Monarch's Operating Licence and noted that a further hearing was to take place in relation to the AOC. The Board thanked Mr Gray and Mr Ward for their work thus far.

12. The Chair extended her thanks to Mr Stephenson for his role in enabling the Secretary of State's event to thank participants for their work on the Monarch repatriation programme.
13. Mr Moriarty updated the Board on the ongoing response to ATOL claims. Of the 23,000 expected claims, 13,000 had been processed with 8,500 payments completed.
14. Mr Moriarty reported that timings for processing claims were currently falling within required targets. He noted, however, that trade claims were starting to arrive in larger numbers now, which could require additional effort to complete.
15. In terms of financial costs, Mr Moriarty confirmed that the latest cost estimates were close to those originally predicted and that the CAA and DfT were working constructively together to complete the accounting processes. The CAA was ensuring that it was meeting its payment obligations to suppliers.
16. The Board noted the failure of Chadwell Travel Limited on 20 October 2017. There were a number of contributory factors, one of which had been the Monarch failure.
17. Mr Medicott noted that the Monarch failure had highlighted the need for proper training of trade stakeholders on the ATOL scheme. Mr Moriarty confirmed this point had been noted by CAA staff and the Chair said it was a point that she would bring up during her forthcoming meeting with Peter Vicary-Smith, Chair of Which?
18. The Board noted that the CAA would support the DfT in its review of the Monarch failure.
19. Mr Haines confirmed that work was well underway on a range of internal 'lessons learned' activities including a leaders' roundtable on 29 November. The outcomes of the full set of activities would be taken forward by the Executive Committee in the next financial year.
20. Mr Haines informed the Board that UK candidate Kirsten Riensema had narrowly missed out on the presidency of ICAO's Air Navigation Commission recently. The Board noted her considerable achievement and commended her success at ICAO during her tenure there.
21. The Board noted the report.

V. COMMUNITY DISCUSSION FORUM

22. The Board welcomed Mr Evans, Mr Johnson, Mr Lloyd and Mr Pines – members of the Community Discussion Forum (CDF) - and Mr Stevenson to the meeting.

23. The CDF members thanked the Board for the opportunity to meet. They outlined the key issues experienced by those overflown and their suggestions to the CAA.
24. Mr Lloyd highlighted that the rapid rate of change in the aviation sector over the past 30 years had seen increasing numbers of complaints, more community action groups emerge and more anger in communities (acknowledging that this was not uniform and some airports had good relationships with local stakeholders). He identified the introduction of Performance Based Navigation and increasing flight numbers as two of the most prominent issues.
25. CDF members felt that the regulatory environment had not kept up with rapid industry growth and that the current airspace policy framework was not robust enough. There was a concern that the Government's recent announcements on proposed changes would not tackle some of the key concerns. Mr Haines noted that it was widely recognised that the current airspace regulatory architecture is sub-optimal and this has been voiced by the CAA in dialogue with the public and industry.
26. CDF members confirmed that they were keen to work with the Government and the CAA to build trust between them and communities. There was recognition of the increased efforts by the CAA to engage more and the CDF would welcome further work in this direction.
27. A discussion was held on how environmental factors are considered as part of the airspace change process. CDF members felt strongly that these factors should be given equal weighting to efficiency (under section 70 duties). They proposed environmental 'red lines' be introduced, and suggested that the CAA consider setting conditional approvals. Mr Haines highlighted that enforcing conditions was not within the CAA's current powers but that it would consider the suggestion of legally binding conditions as part of its programme of work on airspace architecture.
28. Health impacts on the ground were discussed. Mr Lloyd said that there was a perception in some communities that these were not being taken seriously enough by the industry and that more proactive research in this area should be encouraged. The Board agreed that there was a growing trend recognising noise as a health factor and that heightened public interest in the topic was evident. CDF members suggested that the introduction of supplementary and more user-friendly metrics would be helpful, along with encouraging airports and communities to look for more innovative solutions to noise problems.
29. The make-up of the CAA Board was discussed, with CDF members concerned that it did not have enough direct experience of community issues. It was noted that it was not practicable for a community representative to sit on the Board but Mr Lloyd suggested that the Chair consider ways to extend its involvement in this area.

30. CDF members raised a number of points outside of the CAA's control where they would welcome its support as appropriate. Key points included the wish for a more detailed and clear national aviation noise policy, new planning policy guidance and new regulation on compensation.
31. On changes to the airspace guidance, the new guidance document was felt by the CDF members to be comprehensive and to encourage consistency of information and more timely discussions to take place.
32. CDF members suggested that it might be helpful to consider good practice examples from the planning sector, such as having a specific change sponsor contact for communities to go to directly. Mr Haines noted this point and confirmed the CAA's commitment to encouraging more conversation with communities.
33. Mr Haines asked whether it was felt that the CAA should accept the current airspace noise situation and try to improve things going forward, or try to improve noise impact retrospectively. The response was that to do both was preferable.
34. CDF members and the Board discussed the challenge of engaging with new community groups alongside existing ones, particularly where opinions contradicted one another. It was agreed that there was no immediate solution to this, but that more broadly, communities would welcome receiving more information explaining the rationale behind CAA decision-making.
35. On the subject of compensation, CDF members felt that there were a number of different ways this could be provided to communities and cited recent examples such as Manchester Airport and HS2. Mr Stevenson agreed to collect a list of other examples from CDF.
36. Post Implementation Review (PIR) processes were discussed, with CDF members of the view that more could be done in this area.
37. Mr Swan highlighted that ICAO is working on a 'best practice community engagement document' that will be issued next year. The Chair noted that the CAA would consider sharing details of where airspace changes have been legitimately rejected on the basis of community detriment.
38. A discussion was held on the CDF as a mechanism for CAA engagement. Mr Stevenson confirmed that a review of it was planned to take place after its fourth meeting in January 2018. CDF members felt that the initiative has real potential and members would explore through its review some of the main challenges, such as ensuring that they secured the right community representatives.
39. The Chair thanked CDF members for their input and confirmed that an annual meeting with the Board would be scheduled in future.

Action: Board Secretariat

VI. CRANFIELD SAFETY ASSURANCE REVIEW FINAL REPORT (DOC 2017-081) BY MARK SWAN

40. The Board welcomed Mr Gardiner, Ms Aatkar and representatives from Cranfield University, Professors Braithwaite and Denyer, to present the key findings of their Safety Assurance Review.
41. Professor Braithwaite stated that the review process had been facilitated by the open, honest attitude of CAA staff. He commended the CAA for its willingness to undertake such a thorough review of its own approaches and confirmed that the final report included all of Cranfield's major findings.
42. The Board discussed the report's key findings. These included: the importance of continuing to pursue appropriate cultural change (including continuing to increase the willingness for constructive challenge of decisions through use of both technical and non-technical experts); ensuring that all contributory elements are aligned (competencies, values and reward and recognition); and how to define 'what success looks like' to the organisation in order to develop. The Board highlighted that it is a challenge for safety regulators to recognise success as it is often about pre-empting something or taking preventative measures.
43. Mr Gardiner briefed the Board on the Safety Maturity Model and how the SARG team, with support from SSC and HR, would use it to develop a safety assurance self-assessment rating system. He confirmed that SARG would report back to the Executive periodically on this process. Mr King questioned whether all teams would feel able to use the Model to assess themselves. Mr Gardiner confirmed that the Safety Assurance team would aid them in this process and that it should be seen as a learning tool for staff development.
44. The Chair confirmed that the Board was committed to circulating the full report across the organisation to ensure transparency of its recommendations.
45. Mr Stephenson briefed the Board on the communications plan for the report, which would include colleague engagement roadshows, utilisation of internal communications channels and an industry roundtable event. These first steps would be completed over the next couple of weeks with further public engagement to be organised for 2018. Mr Stephenson noted that there was the potential for some negative press to emerge given past coverage of the topic but that he proposed to meet this by adopting a fully transparent approach.
46. Mr Swan confirmed that progress will be reported against the action plan to the Executive on a quarterly basis and to the Board every six months via the Safety Assurance report. Exceptional items will be included in the SARG Monthly report and

internal tracking of progress will be made available through the existing business planning system. The Cranfield University review team will return in a year's time to validate independently the self-assessment scoring against the Safety Maturity Model.

47. Mr Haines and Mr Swan said that the findings of the report had not raised any significant surprises to them, but that the topic of regulatory capture had not been as thoroughly explored as they had hoped. The report was felt to have been helpful with plenty of actions for the team to follow up on.
48. The Board noted the report. It confirmed it was content with the Executive's comprehensive plan to respond to its findings and agreed the outlined handling arrangements.

VII. ECONOMIC REGULATION OF HAL: DRAFTING REMIT FOR NEXT CAA CONSULTATION (DOC 2017-082) BY RICHARD MORIARTY

49. Mr Moriarty introduced the paper, which included outcomes of the detailed Board discussion held previously on the topic.
50. Mr Moriarty confirmed that a more detailed explanation of the numbers given would be included in the final document and a range of potential cost benefits would be given.
51. The Board approved the paper and delegated final sign off of the consultation to Mr Haines and Mr Moriarty.

VIII. 2018/19 CAA CHARGING PROPOSALS (DOC 2017-083) BY CHRIS TINGLE

52. Mr Tingle summarised the changes to the document and explained the final consultation process.
53. He highlighted that funding in relation to Brexit would be removed for separate consultation in January 2018, allowing for the potential start of Brexit trade talks and further guidance from Government. Mr Haines reminded the Board of current work being done more broadly on CAA contingency planning activities. He clarified that the key issue at present was to ensure that plans were developed for securing the right people and skills as required by the final outcome.
54. Mr Tingle highlighted that cyber funding for 2018/19 had been reduced to reflect the fact that the CAA had not fully utilised resources allocated for this work in 2017/18.
55. In response to a query from Mr Medicott, Mr Tingle confirmed that the Finance Advisory Committee (FAC) receives quarterly financial updates as well as the annual report and that the committee is made up of a variety of representatives, including from AOCs and trade associations.
56. The Board approved the report and gave consent for the final consultation to be published on this basis.

57. Members noted that the final proposed charges would be given to the Board in March for decision.

IX. SIX MONTHLY STRATEGIC AND BUSINESS RISK UPDATE (DOC 2017-084) BY TIM JOHNSON

58. The Board welcomed Mr Libretto to the meeting to discuss changes to the top strategic and business risks since the last update.
59. Strategic risk 6 (EU Exit Cross-Cutting) was discussed. Board members noted that the risk level had increased due to shorter timescales prior to exit, with the potential for the CAA to receive substantial requests for information or support over a compressed timescale. Extra resource had been provided to help manage this risk.
60. Strategic risk 7 (Repatriation) had been reassessed with the conclusion that the level of risk had not decreased, given the challenges of sourcing aircraft during peak times. The CAA would be supporting a planned review by the DfT of alternative models to manage airline failures in future. Lessons learned from Monarch were also being captured.
61. Strategic risk 13 (Project Delivery Culture) was highlighted to the Board as an escalated risk. It was noted that a number of mitigations were now in place, including strengthening Portfolio Delivery capabilities through the establishment of the Portfolio Delivery Board and Project Prioritisation Panel. Mr Medicott highlighted that tolerance for delays was a challenge as the deadlines being worked to were all internal. Mr Swan said that in recognition of this, changes to the business tracking process for projects had been made. Mr King queried whether the impact assessment for the risk ('very high') was overstated. Mr Libretto confirmed he had flagged this possibility and would review it further.
62. The Board discussed the status of strategic risk 5 (Industry Security Plans).
63. Mr Libretto clarified that business risk 3 (Airspace Change Process) had been escalated due to a likely growing pipeline of initial proposals rather than a backlog of fully developed proposals. The Board discussed the proactive stance and mitigations the CAA was taking.
64. The Board noted the escalation of business risk 4 (Drone Registration). Mr Johnson confirmed the CAA stance that any future plan should include future proofing and enable a practical scheme that would be enforceable.
65. The Board also discussed business risk 9 (General Data Protection Regulation). The escalation of this risk reflected the more extensive requirements GDPR places on CAA (and many other organisations) and the level of work needed to comply. Work was underway to ensure that the necessary systems, governance and accountability structures were being put in place. Mrs Staples provided an update on performance this

year and confirmed that, where necessary, corrective action had been taken. In response to a question from the Board, Mr Libretto confirmed that the risk of losing public opinion was captured within the Communications Department's risk register, owned by Mr Stephenson, and was a 'medium' level threat supported by a number of mitigations.

66. The Board agreed that the risk report was very useful in its current format. The Chair highlighted that the use of upward and downward arrows (to identify direction of travel) were a useful tool to apply across the document for the next update.
67. The Board noted the report.

X. SAFETY AND AIRSPACE REGULATORY GROUP (SARG) SAFETY ISSUES REPORT (DOC 2017-085) BY MARK SWAN

68. The Board welcomed Mr Rapson and Mr McColl to the meeting. Mr Swan provided an update on the latest safety issues raised since the last meeting. This included discussion of responses to the atmospheric event caused by Tropical Storm Ophelia and an incident of failure to achieve required take-off performance. Mr Swan confirmed that the latter was a wider topic of interest that the team was working on, and that the Board would be given a more detailed briefing in due course.
69. Mr McColl briefed the Board on Kobe Steel and ongoing EASA-led oversight work.
70. Mr McColl also provided an overview of his team's detailed review of the performance of a particular engine type. He outlined the ongoing engagement with the relevant operators, manufacturers and EASA. The Board noted that EASA was continuing to lead this work and that the CAA would provide support and monitor the situation as relevant.
71. Mr Rapson briefed the Board on key issues relating to General Aviation (GA). He noted the team had received a growing number of alleged incident reports. For many of the cases it required the team to use a large amount of resource to ascertain whether any wrongdoing had taken place.
72. Mr Rapson updated the Board on discussions at the recent post-season symposium on air displays. The overall response had shown support for actions taken such as increased reviews of displays and more inspectors on-shift, but also indicated that there was still more to be done.
73. Mr Rapson reported on air display numbers, which had fallen this year due to a range of factors.
74. He also updated the Board on the oversight of commercial balloon operations, including the safety assurance review underway.
75. The Chair asked when the AAIB's air display safety recommendations would be fully completed. It was confirmed that this would continue over the course of 2018 and

potentially into 2019. Mr Swan highlighted that progress against the remaining recommendations was reported in SARG monthly reports.

76. The Board noted the findings of the recent internal assurance audit of the GA Unit, which though largely positive had confirmed that further work was required fully to exploit the resource scheduling system and to be clear how work is prioritised. Mr Rapson confirmed these were being looked at in further detail and would be addressed alongside an update of the unit's strategy, planned for early next year. He noted that the unit was also working on planning for Brexit related changes, in connection with EASA rulemaking and ongoing projects.
77. The Board noted the update on the transition to 8.33. Mr King commented that additional challenges with the programme included shortages of avionics-trained engineers and supply problems. Mr Rapson agreed to consider the impact of challenge on the programme.

Action: Mr Rapson

78. The Board noted that the All Party Parliamentary Group on GA had established workstreams looking at: airfields; airspace; and VAT on fuel. It would be a conflict of interest for the CAA to join the groups but it would be interested in feedback from them.
79. The Board noted the safety performance data provided. Mr Haines requested that subsequent data include a category for accidents involving third parties.
80. The Board noted the report.

XI. FINANCE REPORT (DOC2017-086) BY CHRIS TINGLE

81. Mr Tingle gave an update on the finance report for the first 6 months of the year. The results showed the CAA to be ahead of budget, putting it on course to meet its year-end operating target.
82. Mr Tingle confirmed that CAAi income is expected to pick up over the second half of the year.
83. The Board noted the report.

ANY OTHER BUSINESS AND FORWARD PLANNING

84. The Chair informed members that the venue for the Board's next meeting away from the CAA premises (March 2018) had been confirmed as Duxford.

**Date and Time of Next Board Meeting:
20 December 2017 at CAA House**