

CIVIL AVIATION AUTHORITY
MINUTES OF THE 537th BOARD MEETING HELD ON
WEDNESDAY 22 JANUARY 2020, AVIATION HOUSE

Present:

Dame Deirdre Hutton Chair
Mr Richard Moriarty
Mr Rob Bishton
Ms Katherine Corich
Ms Marykay Fuller
AVM Ian Gale
Mr David King
Ms Anne Lambert
Mr Michael Medicott
Mr Paul Smith
Ms Kate Staples Secretary and General Counsel
Mr Chris Tingle
Mr Graham Ward

Apologies:

None

External visitors:

ICCAN Commissioners for Item 6

Mr Robert Light
Mr Sam Hartley
Mr Simon Henley
Mr Simon Kahn
Mr Howard Simmons

In Attendance:

Mr Tim Johnson
Mr Peter Drissell
Mr Richard Stephenson
Mr Philip Clarke
Ms Barbara Perata-Smith Minute taker
Ms Jane Cosgrove for item 5

Ms Norma Hastings	for item 5
Mr Nic Stevenson	for items 7, 8 and 9
Mr Matt Taylor	for items 8 and 9
Mr Simon Sheeran	for items 8 and 9
Mr Rory Kidger	for items 8 and 9
Mr David Malins	for items 10
Mr Glenn Bradley	for items 10 and 11
Ms Stephanie Shaw	for items 10 and 11
Mr Troy Preston	for item 12
Mr Peter Gardiner	for item 12
Mr Ben Alcott	for item 13

I. APOLOGIES AND INTRODUCTIONS

1. There were no apologies.

II. CONFLICTS OF INTEREST, PREVIOUS MINUTES AND MATTERS ARISING

3. No new conflicts of interest were declared.
4. The Chair advised that minutes for the December 2019 meeting would be presented for approval at the February 2020 meeting. Preparation of the final draft had been affected by other priorities.
5. The PIE sessions referred to on the Board actions list will be arranged and the Board notified. No other matters arising.

III. CHAIR'S UPDATE

6. The Chair gave an update of recent meetings and events that she had attended. These include two engagements relating to Matterhorn. First, an interview given to the journalist Tom Burrige on the collapse of Thomas Cook, some of which had been used in a BBC documentary that ran over the Christmas period. Second, an event for DfT's Arm's Length Bodies where the Chair spoke about the Thomas Cook repatriation in the context of highlighting collaboration across departments.
7. The Chair had visited Westferry over the Christmas and New Year period personally to thank the teams working on the Thomas Cook refunds, who had been on duty since the Autumn 2019 and working relentlessly. The Chair asked Mr Smith to convey the Board's sincere thanks to the team for their dedication and commitment.

ACTION: Mr Smith

8. The Chair had met with Lord Deighton and discussed Heathrow's proposed expansion.

9. The Board noted the update.

IV. CHIEF EXECUTIVE REPORT (DOC 2020-01) BY RICHARD MORIARTY

Key live issues

10. Mr Moriarty provided an update on a number of issues.
11. **EASA:** recent UK Government public statements about regulatory alignment between the UK and EU following the transition period, particularly the principle of “UK regulatory autonomy”, suggested that the UK’s continued participation in the EASA system was now less likely. However, the final nature of the UK’s relationship with the EU on aviation will be determined through the EU/UK negotiations that will take place during 2020 and the final arrangements will only be known for certain once those negotiations are complete. The CAA was continuing to work with Government to prepare for a range of scenarios, but we would have to prepare for the realistic prospect that the UK would need to agree and implement amongst other things a Bilateral Air Safety Agreement with the EU and create its own aviation rulemaking capability.
12. In terms of resource implications, Mr Moriarty explained that there might be a need for rapid mobilisation of certain teams, such as State of Design.
13. **Recent discussions with Government:** Mr Moriarty said that recent discussions with Government had covered issues including General Aviation, access to airspace, the viability of local aerodromes and encouraging grassroots aviation.
14. Board members asked about the CAA’s agility to respond to the changes to the policy framework within which it operates, and its bandwidth to accommodate additional requests from Government. Mr Bishton emphasised that safety remained the primary duty set by Parliament but that we had other important duties too. Mr Johnson added that the legitimate role of Government and Parliament was to set the legislative and policy framework within which we operate. The Government had given the CAA some additional tasks, and in many cases, these had been accompanied by additional funding to create additional capacity. As well as additional shorter term tasks, we were also engaging Government on some of the longer term strategic policy issues. We would be engaging positively with the Government’s evolving priorities but would also be willing to make clear if genuine conflict or bandwidth problems arose.
15. **Flybe:** Mr Moriarty provided a summary of the situation.
16. **Thomas Cook compensation:** Mr Smith commented that the vast majority of the claims had been settled, apart from the last 3% which were the most complex ones or had incorrect or missing records and thus required manual interventions. The

- teams had been dealing with claims for payment since last Autumn and had faced some unpleasant and aggressive customers on a daily basis, so it was becoming more difficult to keep colleague morale high.
17. The Chair pointed out that the lessons learnt from this exercise should be: first, to explain better to claimants that any payment made was funded by a pot built up of insurance premium type payments made at the point of booking, rather than the customer's own funds, and second, to be mindful of setting for any future similar operations a time period for processing claims.
 18. The Chair also praised all members of the Board and ExCo for their role in the crisis.
 19. **Palamon project:** Mr Smith provided a brief update.
 20. **Expenses policy:** Mr Moriarty set out his plan to review the current expenses policy and process and align it with other sectors and with our own internal wellbeing programme. The Board agreed with the proposal.
 21. The Board noted the report.

V. CAAPS CONSULTATION (DOC 2020-10) BY CHRIS TINGLE

22. Ms Staples recused herself from the meeting due to her role as a Trustee of Civil Aviation Authority Pension Scheme (CAAPS). The Board welcomed Ms Cosgrove and Ms Hastings to the meeting.
23. Mr Tingle sought the Board's endorsement on two CAAPS proposals, which had been consulted on with staff. First, rebasing the cap on pensionable earnings in line with the Consumer Price Index (CPI) with effect from 1 April 2020, as the cap was currently aligned with the Retail Price Index (RPI). This change could be introduced without the agreement of the Trustees. Second, changing the index used in the indexation of pensionable earnings to CPI (from RPI currently) for service - known as dynamization - from 1 April 2020. This change could not be introduced without the Trustees' agreement.
24. Mr Tingle outlined the benefits associated with the proposed changes, including a reduction of the current pension fund deficit and future service cost, but which would not alter the overall valuation result. The consultation had run from October 2019 to January 2020, with several responses submitted, including a small number of oppositions. Mr Ward praised the thoroughness of the consultation process.
25. The Board endorsed the proposals.
26. The Chair expressed concern that there was still inequality between the CAA's Defined Benefit and Defined Contribution schemes despite the fact that colleagues on the different schemes have different salary scales and requested a discussion to explore ideas to address this inequality, maybe as part of the next HR update.

ACTION: Mr Tingle and Ms Cosgrove

27. The Board noted the report.

VI. ICCAN PRESENTATION (DOC 2020-02)

28. The Board welcomed Mr Light, Mr Hartley, Mr Henley, Mr Kahn and Mr Simmons from ICCAN to the meeting.

29. Mr Light thanked the Board for the support it had offered to ICCAN during its early phases of existence. He provided an overview of the Commission and its strategic priorities: building trust and transparency, achieving consistency and accountability within industry and establishing its credibility and expertise.

30. ICCAN had continued to have extensive engagement with a very wide range of stakeholders to gather information and hear directly from those affected by aviation noise and involved in the aviation noise debate. The organisation felt it had managed to get a good grounding of perspectives and was planning to continue its programme of work, as set out in its Strategy which it had published in July 2019.

31. The most recent publication had been its review of the Survey of Noise Attitudes (SoNA). ICCAN had recommended that the survey be run more regularly to be able to understand changing trends among the public. It planned to follow this document with a toolkit to encourage consultation best practice for airspace design changes. In Spring 2020, ICCAN intended to explore metrics for noise complaints handling, since it is an area of concern and poor clarity. Finally, ICCAN would look across the regulatory landscape with a particular focus on planning framework, as this was one of the primary areas that did not always deliver for airport communities on noise.

32. Mr Light commented that airports were making an effort to abate noise and he was keen that they should maintain momentum. He was also keen to ensure that noise did not slip off the Government's agenda and was being considered by those developing new technologies or in their efforts to reduce the impacts of climate change. He was keen to discuss areas where both ICCAN and CAA could collaborate and complement each other's expertise, now and in the future, whilst respecting the two organisation's distinct roles.

33. The Chair stated that CAA had been aware for a while that communities had developed a much stronger voice, which could be a force of opposition against unpopular planning or airspace developments and that central government had more recently responded to this stakeholder group, particularly through the creation of ICCAN and proposals in the Aviation Strategy Green Paper respond. This meant that the arrival of ICCAN, as a trusted independent body, had been welcome. The

- Chair enquired about the Commission's view on noise regulation and what the expectations should be looking ahead.
34. Mr Light commented that communities' awareness of noise was growing – for example through the Airspace Modernisation Strategy (AMS). As such, it was paramount that airports provided clear, up-to-date information in jargon-free language, to allow the overflow to understand their perception of noise. Airports should shift the focus away from solely being seen as the sponsors of the airspace design change by communities, to explaining their operations and their plans for improvement in a clear and accessible manner.
 35. SoNA had increased understanding of how people and their wellbeing, health and quality of life were likely to be affected by noise. However, people's view of how noise impacts on them differed from individual to individual, and as such high-level, one-size-fits-all policy solution would not work. ICCAN would like to provide advice to regulators and government on what a good set of metrics could look like and how these should be implemented.
 36. The Chair observed that the challenge for ICCAN would come once the engagement phase had ended and Government started to consider whether aviation noise requires more regulation. If that was the course the Government chose, it would bring a potential overlap with CAA and would be important to understand where the regulation would lie and what the trade-offs were, as noise was not the only consideration in decisions about aviation, with others including safety, capacity, access for all airspace users and carbon.
 37. Mr Moriarty enquired about engagement with airlines. Mr Light commented that carbon had changed the dynamics of the debate about aviation, so it would be important to ensure airlines were part of the solution by, for example, exploring the life cost of aircraft (if it were brought down to 20 years it would bring benefits for noise and carbon), and by encouraging decisions on noise being discussed at Board level within airlines.
 38. Furthermore, ICCAN could focus on improving differential landing charges for airlines to incentivise the use of quieter and cleaner aircraft, which were already in place at some airports, but not working to their full potential. Although these conversations were for airports to have with airlines, differential pricing models were difficult for smaller regional airports to implement as they could encourage airlines away towards more competitively priced aerodromes. ICCAN was interested in exploring options in this space, for example a pricing model applied at national level with a robust set of penalties for non-compliance.

39. The issue of trade-offs had emerged in the debate on noise envelopes and a more nuanced discussion with all parties involved was required, as well as clearer information that allowed communities to understand the trade-offs. This was applicable both to noise as well as carbon. The Chair commented that ICCAN's input in this area would be useful as noise and carbon had been a feature of the AMS. As for regulatory powers, these could bring risks and challenge trust. ICCAN should explore whether it could influence without regulatory powers. Mr Light commented that central to the debate was what powers were needed and how that should be used, rather than who would have them.
40. Ms Corich enquired whether the debate should include just aircraft noise or also noise from other man-made flying devices, such as drones. Mr Johnson commented that this aspect was being considered by the CAA's Innovation Hub and some of the early sandbox trials it was working through. ICCAN suggested some collaborative work in this area.
41. The Chair thanked ICCAN for attending the meeting and suggested a follow-up in a year's time.
42. AVM Gale left the meeting at this point due to an urgent commitment.

VII. CAA STRATEGY REFRESH PROJECT (DOC 2020-03) BY TIM JOHNSON

43. The Board welcomed Mr Stevenson to the meeting.
44. Mr Johnson set the scene and reminded the Board that the aim of the refresh was to review certain parts of the CAA's Strategy to ensure it clearly articulated our current approach and direction of travel. A new chapter would include a forward look of future issues for further strategy development and at the CAA's role as a regulator, with suggestions on how to approach the development and implementation of these programmes. Mr Moriarty added that he wanted the document to be iterative and agile, reflecting his intention to have a more dynamic strategy.
45. The Board provided a number of comments on the tone, potential audience and drafting of the document and the proposed vision statement. The Board provided a number of substantive points of feedback. On the environment, several members commented that the theme should be given greater prominence, considering the shifts in the public's sentiment that were taking place. Mr Moriarty explained that while the other themes, such as safety and security, could be linked back to our powers, the organisation had a limited role in relation to environment matters and that he did not want to set out work that was unlikely to be delivered. He suggested

- that it could be included in the chapter on future activities. Further discussions on the environment were planned for the February PIE and the June Board Awayday.
46. Ms Staples suggested that the ordering of the document should be changed to be more reflective of reality: it should start with what industry does, followed by what CAA does, outlining our responsibilities for overseeing industry's compliance, and then look towards the future and what this might mean for the CAA and our approach to regulation. The vision would summarise our approach, while the themes could act as descriptors to expand on our activities and remit.
 47. With regard to publication, Mr Moriarty added that he had concluded that now was not quite the right time to publish a refreshed strategy with the uncertainty caused by Brexit and shifting priorities coming from central Government. Mr Moriarty said he was keen that the refreshed strategy should be socialised with stakeholders, including the Government, to get buy-in to our proposed approach. The team would return to the Board in March with a more mature draft. Mr Johnson thanked the Board for its comments and welcomed further feedback offline.
 48. The Board noted the report.

VIII. ISD ANNUAL REPORT (DOC 2020-08) BY CHRIS TINGLE

49. The Board welcomed Mr Taylor, Mr Sheeran and Mr Kidger to the meeting.
50. Mr Tingle outlined the paper which provided an update on high-level operational issues, portfolio delivery and prioritisation, the latter being paramount to capitalise on change.
51. Mr Sheeran explained that over the past year work had focused on the following improvements: first, introducing Skype for Business to the whole organisation, which had helped colleagues to work more flexibly, assisted by the relocation to Westferry; second, moving to a new SAP Finance and HR system; and third, exploring options to introduce Windows 10. These three pieces of work would lay the foundations for our information systems to be up-to-date, secure and protected.
52. Mr Sheeran added that the team recognised that the rollout of new services had not always gone smoothly. For future changes, the team would work more closely with HR on improving inductions for new colleagues and with Microsoft to tap into their knowledge library, with a view to providing colleagues with the freedom to work anywhere effectively.
53. With regard to information security, the size of the team had increased, and they were working with guidance from the National Cyber Security Council (NCSC) to understand better the CAA's existing protections and vulnerabilities.

54. Mr Taylor outlined the work taking place on improving our understanding and use of data and the proposed concept of a “hub and spoke” model, backed-up by robust governance. This approach would reflect the way Portfolio Delivery was organised, whereby a project could be run centrally or locally, following agreed controls. Mr Taylor added that the team was in the process of organising an event to understand better the spectrum of abilities related to data in the organisation, with a view to aligning the skills available internally to support a “hub and spoke” model. Further work was required on the detail of how this would work, and it would have to be aligned with the CAA’s wider work on capabilities. The Chair enquired about Cloud security. Mr Taylor provided reassurance that the Cloud provided security and resilience but needed good design and governance to control the migrating of information.
55. The Board noted the report.

IX. PORTFOLIO DELIVERY UPDATE (DOC 2020-04) BY CHRIS TINGLE

56. Mr Kidger highlighted the key points of the paper. He explained that the Portfolio Delivery (PD) function had matured in the organisation and had started to deliver benefits. Over the past six months the team had focused on digital and technology work, as well as the accommodation project. Looking forward, work would be done to identify priorities across the projects, to ensure a realistic set of programmes could be funded and resourced. The key ask from the PD team would be for the Board and Executive to engage with the prioritisation exercise and focus on the agreed priorities thereafter.
57. Ms Fuller enquired whether it would be possible to view the decision-process Groups undertook to set their priorities, as it would help to understand what we were and were not deciding to do. Mr Kidger agreed to provide more details in the next report.

ACTION: Mr Tingle, Mr Kidger

58. Mr Ward enquired how co-dependencies between projects were managed. Mr Kidger explained that he had a central Project Management Office function dedicated to exploring and analysing those issues in order to, for example, understand the impact and consequences for users and stakeholders, rather than just internally between projects.
59. With regard to change management, both Mr Kidger and Mr Taylor agreed that it was an improving picture but that the reception depended largely on whether the change was wanted, as tolerance to change differed from person to person. This would be a good tactic to use when triggering change and it explained why

organisation-wide roll-outs could be the most difficult. Good communications helped, but there could be more reliance on senior managers to convey information to their teams regularly and appropriately.

60. The Chair praised the progress the teams had made in managing these programmes. She asked that greater focus be put on identifying and tracking benefits.

61. The Board noted the report.

X. SARG MONTHLY SAFETY ISSUES REPORT (DOC 2020-07) BY ROB BISHTON

62. The Board welcomed Mr Malins, Mr Bradley and Ms Shaw to the meeting.

63. Mr Bishton highlighted the key points of the paper and explained that the relationship with EASA was still good and that the teams were involved in weekly calls which provided insight into a number of issues, including the Boeing 737 Max 8 Return to Service (RtS).

64. Mr Moriarty requested reassurance that the CAA had the necessary processes in place to facilitate the RtS of the aircraft once the decision had been made. Mr Bradley confirmed that was the case. He added that the team would be having a lessons learnt exercise once the matter was closed to understand all the other issues the grounding of the Max 8 had identified: for example, regulatory independence, ways to reinstate public confidence and how to regulate a global industry that relied heavily on software.

65. Mr Bishton advised the Board that there were a number of cultural issues that the team would explore, relating to how commercial objectives influence behaviours and design decisions, and the difference between amendments and new designs.

66. Mr Moriarty enquired whether the UK CAA organisation could take a different view if EASA and the FAA came to an agreement on the 737 Max RtS and the UK didn't. Mr Bishton suggested a more in-depth conversation on these issues at the March Board.

67. Mr Bishton provided an update on SERA (Standardised European Rules of the Air) and on electronic conspicuity. The former related to an exemption the UK had put in place for one element of SERA, a global set of rules developed by ICAO and that had been implemented into UK law. The exemption was applicable to GA traffic below 3000ft using Class D airspace, which would expire at the end of March 2020. The UK has secured a number of exemptions over a number of years, but the EU had issued in November 2019 a legal instruction to the UK to remove the exemption as soon as possible. Under the Withdrawal Act provisions, the UK was obliged to follow the EU legal framework during 2020. Some members of the GA community

were resistant to the limited changes that would be applied once the exemption expired and the SoS was aware of the situation and of the risks. He would discuss with his and CAA officials. If the exemption was withdrawn there would be a need for clear and comprehensive communications to explain the impacts to the GA community. The CAA Comms Department was aware and preparing such a campaign.

68. On electronic conspicuity (EC), CAA was developing its strategy for the implementation of EC, which will bring safety benefits and be a key means of enabling new technology such as drones to be integrated into airspace. This scheme is an ideal opportunity to better inform all airspace users, particularly the GA community, on the range of transponders currently available, their capabilities and limitations, the level of interoperability with other systems and raise awareness of our long-term strategy.
69. The Board noted the report.

XI. PERFORMANCE BASED REGULATION (PBR) (DOC 2020-06) BY ROB BISHTON

70. Ms Shaw highlighted the key points of the paper, which included an overview of the PBR journey, its successes and challenges and an insight into the future direction for the programme. Ms Shaw explained that PBR was well embedded in SARG, but that there could be benefits from engaging with other departments in the organisation. Some questions to pose related to whether we had the right skill sets to support a digital approach to regulation, and whether we could provide assurance that the risk-based conversations that happened at senior level were supported by a robust just culture model.
71. The Chair asked Ms Shaw to reflect on whether the above assurance existed within the current model. Additionally, noting that all regulatory approaches generated risks, the Chair asked that Ms Shaw consider and report back on the risks generated by PBR and our response to them.

ACTION: Ms Shaw

72. Ms Shaw explained that evidence of the success of the programme came from the fact that the performance of entities was relative to one another: we could show comparisons which in turn sparked conversations with Accountable Managers on the issues that mattered, which could then be escalated to the Board if warranted. The culture was changing, and effective outcomes came from relationships developed as well as tools in place.
73. The Chair requested that the report make clear that the CAA still “does” compliance and praised Ms Shaw for a comprehensive update.

74. The Board noted the report.

XII. SAFETY ASSURANCE REPORT (DOC 2020-05) BY ROB BISHTON

75. The Board welcomed Mr Preston and Mr Gardiner to the meeting.

76. Mr Preston provided an overview of the level of assurance in the various areas, commenting that it was an improving picture, with some green, mainly yellow and a few orange ratings. The ratings followed a red/amber/yellow/green (RAYG) model, were aligned with internal audit controls and were validated by BSI accreditation.

77. Board members were interested in what happened once all areas were rated green and suggested work that be done to define the next level of performance and how it might be achieved.

78. Mr Moriarty requested clarification on the rating for the enforcement area, beyond the issues with the technical aspect. Mr Preston explained that there had been issues with the standardisation of data which had resulted in lack of reporting consistency, but that work was in place to address this issue. The team had submitted a proposal to explore options to merge or replace the five systems that were currently in use.

79. Mr Ward enquired about the review methodology. Mr Gardiner commented that there were two complementary aspects to it: first, intervention, looking at where we could take action; and second, safety improvements, looking at where we could do better. Both of these approaches relied on the team collaborating with departments across the organisation.

80. The Board noted the report.

XIII. INTERNATIONAL GROUP (IG) ANNUAL REPORT (DOC 2020-09) BY BEN ALCOTT

81. The Board welcomed Mr Alcott to the meeting, who summarised the key aspects of the paper.

82. Mr Alcott commented that while it had been a politically challenging year, the team had had many successes due to their striving for excellence. The IG had won a Feefo award for consistently high scores in customer feedback of its courses. Brexit was still challenging given the potential impact on the levels of work currently contracted to the CAA by EASA, but CAAi was supporting the wider organisation in preparing for this and other work, such as the imminent ICAO audit. It also promoted knowledge import for CAA.

83. Mr Alcott said that the relationship with EASA and ICAO was on an upward curve and that the organisation was focusing on how it could raise awareness of the global safety benefits CAAi was now focussed on delivering. The change in purpose from

being a commercial enterprise to a social enterprise had delivered significant benefits. Mr Bishton and SARG had been instrumental in helping to change the culture to facilitate the above.

84. The Chair enquired about the area of greatest potential for the organisation, which Mr Alcott said was south east Asia, mainly because of its rapid economic growth. CAAi had also carried out some work in Africa but repeat more sustained safety activity was most likely to come from ICAO frameworks. Ms Fuller requested that the slide featuring the timeline that showed contracts in place and those still undergoing the tender process needed to be clearer in articulating which was which.

ACTION: Mr Alcott

85. The Board noted the report.

XIV. FINANCIAL REPORT FOR EIGHT MONTHS TO 30 NOVEMBER 2019 (DOC 2020-11) BY CHRIS TINGLE

86. Mr Tingle presented the financial report for the eight months to 30 November 2019. Mr Tingle noted that there was a favourable variance in the overall operating result, thanks to costs charged to DfT and ATT for the Thomas Cook repatriation and the cash generated by the Drone Registration Scheme ahead of running costs. Mr Ward asked about the accounting treatment of the Drone Registration Scheme and asked that this is considered by the Audit Committee.

ACTION: Mr Tingle

87. Mr Tingle added that employment costs were below budget for the year and that headcount was under control.

88. The Board approved the report.

XV. FORWARD AGENDA AND ANY OTHER BUSINESS

89. Mr Johnson ran through the Forward Agenda. Mr Moriarty requested that a briefing be produced ahead of the discussion with Gareth Davies (DfT's Director General of Brexit, Security Aviation and Maritime) at the February Board meeting.

ACTION: Mr Johnson

90. The Board noted the Forward Agenda.

Any other business

91. The Chair said that this would be Mr Medlicott's last Board meeting and thanked him on behalf of all Board members for his great contribution to the Board over the years. The Chair particularly praised Mr Medlicott's input in supporting the Chair to set up good governance when they had first joined the CAA, his chairmanship of

the Air Travel Trust, and active participation in other Committees, since he joined the CAA ten years ago. The Board wished Mr Medicott well in his future activities.

Date and Time of Next Board Meeting:

19 February 2020, 12:00 hours, Aviation House