

**CIVIL AVIATION AUTHORITY
MINUTES OF THE 539th BOARD MEETING HELD ON
WEDNESDAY 18 MARCH 2020, BY TELEPHONE**

Present:

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

Apologies:

None

In Attendance:

Peter Drissell
Tim Johnson
Richard Stephenson
Ben Alcott
Glenn Bradley
Jane Cosgrove
Philip Clarke
Barbara Perata-Smith Minute-taker

I. APOLOGIES AND INTRODUCTIONS

1. No apologies were received.

II. CONFLICTS OF INTEREST, PREVIOUS MINUTES AND MATTERS ARISING

2. No new conflicts of interest were declared.

3. The minutes for the February 2020 meeting were approved and would be published on the CAA website in due course.
4. The matters arising from previous meetings were noted without comment.

III. CHAIR'S UPDATE

5. The Chair gave an update of meetings and events that she had attended since the February Board meeting but acknowledged that face-to-face engagements were diminishing due to the current pandemic. She said that she went to the dinner celebrating Cranfield's win of the Queen's Anniversary Prize, which is awarded to exceptional work and initiatives in the aviation field. Cranfield University has won the prize three years running, this time for its flying classrooms and laboratories.
6. The Chair also attended the AOA's Roundtable Dinner, where she spoke to John Holland-Kaye and met Kelly Tolhurst, the new Minister for Aviation.
7. The Chair noted that Ms Staples' legal team had won the In-house Legal Team of the Year Award. She also announced that interviews for her successor had taken place in early March. The shortlist was currently with the Secretary of State who would then pass it on to No. 10 for a decision.
8. Finally, the Chair congratulated the Senior Leadership Team for rising to the recent challenges. AVM Gale seconded the congratulations.
9. The Board noted the update.

IV. CHIEF EXECUTIVE REPORT (DOC 2020-18) BY RICHARD MORIARTY

Update on live issues

10. **Flybe:** Mr Moriarty commented that the CAA had worked closely with the airline and DfT to ensure the company's entry into administration was conducted in a controlled and orderly way, which was achieved as well as could be expected.
11. **N264DB accident:** Ms Staples said that the AAIB had now published the final report on the incident, which contained two key recommendations for CAA, first regarding carbon monoxide in the cabin and second, on maintaining accurate records of certification and fitness for pilots. Ms Staples outlined the investigatory steps that the CAA was taking and confirmed that it was intended to conclude the work as a priority.
12. Ms Corich enquired whether there would be an increase in the use of illegal public transport, considering the limited availability of international flights. The Chair commented that this would be a good topic for the executive team to reflect on. Mr Moriarty added that we had already run a campaign on illegal public transport, so it would be beneficial to highlight the key points again.

13. **Heathrow expansion:** Mr Smith stated that, as a consequence of the pandemic crisis, government's bandwidth for considering the review of the ANPS – as per the Court of Appeal's judgement – had disappeared. HAL were now winding down all expansion activities until further notice, apart from the work focused on appealing the judgement. Economic regulation work would proceed sensitively with industry, to set up a price control applicable from 2022. An outline of Cat B and C costs so far would be presented to the Board in due course, for discussion.
14. **NATS RP3:** Mr Smith noted that the CMA was due to publish its Provisional Findings on 24 March. The team had agreed with NATS that the CMA could publish the report as is and then use the consultation that would follow to gather feedback from stakeholders on how the CMA should take into account the impact of the pandemic, such as a deficit on the pension fund, reduced flight volumes etc.
15. The Board noted Mr Moriarty's report.

V. COVID-19 ORAL UPDATE

16. **People:** Mr Moriarty commented that the situation was evolving daily. With regard to the 'People' pillar, advice to staff was aligned with the instructions from Public Health England (PHE), which now included permanent home-working for those who could until further notice. This practice had been extended to all CAA staff and from the end of the week, the Westferry, Manchester and Stirling offices would be closed. The bandwidth of ExCo continued to be dedicated almost exclusively on the crisis.
17. Ms Cosgrove added that the Gold team had already implemented a number of actions, including: testing the IT and business continuity plans to ensure they were robust; providing additional laptops where needed; continuing to monitor those working internationally and all visitors to CAA offices with targeted measures; remaining aligned to PHE guidelines; and successfully initiating home-working arrangements with emergency communication to all staff.
18. So far there were no confirmed cases at CAA, but a number of people had decided to self-isolate. FAQs on the intranet provided a clear steer for colleagues on when they should be working and what support they would get from the organisation. A separate email to vulnerable staff would be sent today. Collaboration between teams had been very effective and we would next consider how to keep people engaged while the home-working practice was in place.
19. Mr King enquired what steps the organisation was taking to ensure people did not feel isolated at home and to maintain a team spirit. Mr Alcott explained that the Wellbeing Board had looked specifically at these issues and at others, such as, staff having new and caring responsibilities, keeping connected, and looking after those

working in the office. Information on team initiatives, counselling, mental health issues etc. would be available to all and managers were continuing to take a pragmatic approach, ensuring voice calls as well as emails were in place to check in on people to make sure everybody was coping as well as they could.

20. Mr Moriarty commented that the organisation needed to be proactive in maintaining a connection across its people and enquired whether the MoD was facing a similar challenge. AVM Gale confirmed that the MoD was focusing on its staff by drawing together small teams, working hard to bring in those on the fringes, such as the part-timers, and ensuring that the message was that we were physically isolated, not socially, and that team meetings and calls should continue. AVM Gale offered to put Ms Cosgrove's wellbeing team in touch with the MoD's to exchange best practice.

ACTION: AVM Gale, Ms Cosgrove

21. Mr Ward requested an outline of the plans in place to protect the organisation from single points of failure from people in key roles falling ill. Ms Cosgrove explained that each team had carried out a review to set out priorities and identify vulnerable individuals. The information gathered would be kept under constant review.
22. Ms Fuller enquired whether there were other groups that needed special support. Mr Moriarty said that the oversight team was working hard with government and the professional services teams were also particularly stretched. Mr Moriarty suggested that, in the context of certain people being underutilised and others working flat out, we could explore deploying staff where the need was greatest. There might be skill issues, however, our people had in the past demonstrated a great ability to adapt and this could help to address the imbalances in capacity.

ACTION: All Directors to review.

23. **State of the industry:** industry continues to be badly impacted by the pandemic. Last week, several Directors met with representatives from the sectors to discuss operational issues, such as repatriation, building contingency plans to plug capacity gaps and testing temporary changes to standards. At present, key challenges for industry were liquidity, the economic impact of the virus on the economy and on consumer confidence in the short and long-term.
24. ATOL holders, including the most historically robust ones, were experiencing an acute crisis; airlines were putting in place emergency measures, e.g. grounding fleet and laying off staff; airports were also struggling, particularly the smaller entities that had already been hit by the demise of Flybe. These challenges resulted in cuts to the capital investment plans, which in turn would have an effect on supply chains. Some unwillingness to discuss progress on the Airspace Modernisation Strategy was also beginning to manifest.

25. Government, in recognising the crisis, had identified £300bn to distribute among the neediest organisations and sectors, including aviation. It also intended to curtail usually lengthy due diligence practices, as speed of action was of the essence.
26. AVM Gale commented that the crisis constituted a unique situation which was creating multiple risks, and that it would be beneficial to understand who was in the most critical place and whether there were factors within the hot spots impacting safety. Mr Moriarty replied that the ATOL holders and travel sector were experiencing the worst financial impact, which would affect the ATT if there were failures. Airlines' liquidity needs varied, as did airports', although we should not forget other less visible entities, such as helicopters and business jets. All teams were working together to support industry. Mr Smith added that the key issue was now not relating to passengers, but industry and that it would be for the government to decide how to distribute any funds to individual players.
27. AVM Gale wondered whether the moment of peak risk to CAA would be when companies started to fly again. Mr Bishton replied that his team was working closely with Mr Smith's to monitor planning assumption and cost decisions from airlines, which would then inform the CAA's operating model in the recovery phase. We would not be lowering standards but flexing regulatory practices to allow industry to manage their businesses.
28. Mr Johnson provided a summary of his meeting with DfT, which focused on the reprioritisation of the current aviation programme of work. Items that would be moved down the list were the implementation of the airline insolvency review, the closure of small aerodromes and some aspects of the Airspace Modernisation Strategy. Still on the agenda were Brexit, the General Aviation programme (including electronic conspicuity), space regulation, which government was still planning to consult on, and the review of airspace classification.

VI. FINANCIAL REPORT FOR TEN MONTHS TO 31 JANUARY 2020 (DOC 2020-25) BY CHRIS TINGLE

29. The Chair congratulated Mr Tingle for getting the CAA's finance in a good place so far, notwithstanding the challenge discussed. Mr Tingle presented the financial report for the ten months to 31 January and commented that the profit showed a favourable variance to the budgeted profit.
30. The Board approved the report.
31. Mr Johnson left the meeting to join a ministerial call.

VII. REMUNERATION COMMITTEE REPORT (DOC 2020-24) BY DAVID KING

32. Mr King explained that the last meeting of the Committee had been held in February, although the discussion had now been overtaken by events. The focus of the session had been to explore early thinking on the EDs' objectives, as well as discussing potential candidates for next year's team objectives, noting the various challenges that were on the cards. 360 feedback had also been covered, although Ms Cosgrove confirmed that it was unlikely to proceed at this stage.
33. Mr King sought approval on a small change to the constitution, amending the quorum to two members, one of whom should be the RemCo Chair.
34. The Board approved the amendment and noted the report.

VIII. SARG MONTHLY SAFETY ISSUES REPORT (CAPABILITY FOCUS: FLIGHT OPERATIONS) (DOC 2020-19) BY ROB BISHTON

35. Mr Bishton highlighted the key points from the report and the improvement work in place. First, how the organisation should position itself during this crisis to remain legitimate with the DfT, industry and our people. Second, in terms of operational model analysis, how we could flex our business to better work with operators, in view of the recent demise of Flybe and of Thomas Cook, in particular reflecting on the type of assistance we could provide remotely. And third, how we should manage our priorities, in view of the work areas the DfT had highlighted: Brexit, the return to service of the MAX 8 and certain GA elements.
36. On the second point, Mr Bishton commented that there were effective remote tools in use already, such as desktop audits and video-conferences with industry, making physical oversight minimal, so this was unlikely to pose a big risk. Mr Bishton added that GA work was ongoing.
37. On the return to service of the MAX 8, Mr Bishton commented that his trip to Washington had been very fruitful and had ensured the CAA's good relationship with industry continued. EASA had confirmed that the Covid-19 crisis would delay the MAX 8 return to service which had now been put back to 2021.
38. On Brexit, the organisation's financial challenge could have some impact on establishing the required capability to be aligned with EASA by next year, however, there would be an opportunity to establish new remote working practices and new ways we could work with industry, on which we should capitalise.
39. Mr Ward enquired whether the organisation was confident that regulated entities would be compliant if we could only practice remote oversight. Mr Bishton commented that the way AOCs were set up lent itself to remote oversight, as the CAA team had to liaise with the relevant accountable manager to discuss certain aspects of the entity, e.g. safety and change management, cost assumption etc.

When the recovery began, the team would focus on the most significant aspects of these conversations to ensure the regulated entity was compliant.

40. Several of the large fixed wing organisations had been in touch to test and discuss plans and measures, so Mr Bishton was confident that transparent conversations were taking place. Some business jet companies had also contacted the team, although they seemed less affected. The smaller entities would require the most assistance to ensure they obtained the support they needed from government. As for the rotary side, the crisis had shut down operations and the team had been working with Oil & Gas to manage the situation, as well as working closely with the emergency services.
41. Mr Bishton commented on how the CAA had made progress with wellbeing in the past few years to ensure people felt comfortable engaging in relevant conversations. Occupational health was working well. Pressure points in AAA were due to airspace regulation resourcing and the airspace modernisation strategy. The medical department was still playing catch-up from supporting Brexit licence transfers during 2019 and Covid-19 had not improved the situation, however, overall wellbeing was progressing in the right direction.

Capability focus: flight operations

42. Mr Bradley highlighted some key points from the slides provided. He mentioned that the team had a number of highly capable and skilled people and that although the current structure was temporary, it was stable, and plans were in place to refine it for future challenges, such as dangerous goods and the new regulation for SMS in airworthiness.
43. In terms of issues and opportunities, Mr Bradley listed: the licensing of flight crew post-Brexit, particularly the interchange between operators internationally and in the EU; the MAX 8 return to service; and flight simulator certification.
44. Mr Bradley then highlighted a few challenges that required the Board's input. First, pilot performance, both relating to understanding software and automation and to oversight, where we needed to improve standards by having more penetration into the full breadth of industry. Mr Bishton added that the best way to do this would be to have good oversight of instructors and examiners from grassroots level upwards, so that good and best practice became embedded in individual organisations.
45. Mr Ward asked how we could ensure examiners and instructors kept themselves up-to-date. Mr Bishton explained that the team had good practice in place with the larger commercial organisations, but more work was required with the smaller entities and GA.

46. Ms Fuller enquired how the manufacturers addressed the automation and software issue. Mr Bradley commented that manufacturers tended to make aircraft with a training programme as small as possible to render the product more appealing, however, as a regulator we needed to engage with the manufacturers to better understand the training footprint they had.
47. The second challenge concerned the oversight of recreational aircraft. Mr Bradley explained that effort was needed to maintain stronger relationships between the FO team and the GA unit, especially with regard to business jets. The Chair commented that it was positive that the business jet community had been brought in, as for a time, we felt they did not get enough attention.
48. Finally, the third challenge was eVTOL. This sector was developing fast, and we needed to focus on the key issues, which were electric motors, software and battery technology. A cross-governmental board with members from CAA, EASA and the FAA had been set up to ensure progress happened in synchrony. Supersonic aircraft presented similar challenges. Ms Corich expressed an interest in working with the team in this area and would liaise with Mr Bradley and Mr Bishton.

ACTION: Ms Corich, Mr Bishton, Mr Bradley.

49. The Board noted the report.

IX. PROFESSIONAL AVIATION REGULATION COURSE: A NEW LEVEL 7 APPRENTICESHIP (DOC 2020-23) BY BEN ALCOTT AND JANE COSGROVE

50. Before introducing the paper, Mr Alcott noted that some of the timings for the project would need to change due to the current crisis. Mr Alcott set the scene and commented that the CAA already used the apprenticeship levy, with around 20 apprentices currently in the organisation. The aim of this project was to design a specialist aviation regulation course, which could be sold world-wide, which met SARG's requirements and which was self-sustainable. Accordingly, SARG has been involved in the design and CAAi in the delivery.
51. The elements of the proposal to note were the fact that there was little competition for similar subject matter and the payback looked positive even with fewer students. There had already been a high level of interest in the course in the UK, with several organisations requesting to be kept up-to-date on the course's progress through certification. The main competitor was ENAC, however, their course was more expensive and took double the number of students. There was no financial or resource commitment required from SARG after the first year as the course would likely be self-sustainable.

52. The timings were subject to change, however, the School's approval was set for tomorrow, after which the course would be scrutinised by the University for final sign off.
53. The Chair asked the Board for support to the direction of travel of the project.
54. The Board agreed this approach.

55. Mr Johnson re-joined the meeting

X. FORWARD AGENDA AND ANY OTHER BUSINESS

56. Mr Johnson ran through the Forward Agenda and noted that the Board Review would be postponed until after the crisis. He added that the team would provide a revised version of the forward agenda document, categorising topics that were critical or time-bound and which should proceed and topics that could be deferred until further notice. This would include PIE discussions and it would be aimed at slimming down the agenda to ensure the SLT had enough bandwidth to concentrate on the matter at hand.
57. The Chair asked Mr Johnson to summarise the outcome of his ministerial call. Mr Johnson said that the DfT and Treasury were collaborating to put together a financial rescue package for the economy, which would benefit aviation, and understood that speed was of the essence in these uncertain times. Some traffic forecasts were in preparation, with a best-case scenario seeing no volumes for three months and worst for six months.
58. The Chair concluded the meeting by expressing her gratitude to the top team for stepping up to the challenges of the crisis, once more.

**Date and Time of Next Board Meeting:
15 April 2020, 9:30, by telephone**