

CIVIL AVIATION AUTHORITY
MINUTES OF THE 534th BOARD MEETING HELD ON
WEDNESDAY 16 OCTOBER 2019, AVIATION HOUSE

Present:

Dame Deirdre Hutton	Chair
Mr Richard Moriarty	
Ms Katherine Corich	(Skype)
Ms Marykay Fuller	
AVM Ian Gale	(Skype from 11:30)
Mr David Gray	
Mr David King	
Ms Anne Lambert	
Mr Michael Medlicott	
Mr Paul Smith	
Ms Kate Staples	Secretary and General Counsel
Mr Mark Swan	
Mr Chris Tingle	
Mr Graham Ward	

Apologies:

None

In Attendance:

Mr Peter Drissell	
Mr Tim Johnson	
Mr Richard Stephenson	
Mr Rob Bishton	
Mr Philip Clarke	
Ms Barbara Perata-Smith	Minute taker
Mr Steve Forward	for item 5
Mr Andrew Walker	for item 6
Mr Matt Claydon	for item 6
Ms Nicky Keeley	for item 8

I. APOLOGIES AND INTRODUCTIONS

1. There were no apologies.
2. The Chair noted that this was Mr Swan's last Board meeting, as he would be leaving the CAA on 8 November to take up his role as Head of the Airspace Change Organising Group (ACOG). Mr Bishton had been appointed as the new Director of SARG and would take up the role on 6 November and he would observe today's meeting.
3. The Chair added that this was also Mr Gray's last Board meeting and Mr Clarke's first attendance as the new Business Manager, replacing Mr Weston.
4. Finally, the Chair noted that there would be a 'Meet the Board' event at 13:30 in the Aviator restaurant.

II. CONFLICTS OF INTEREST, PREVIOUS MINUTES AND MATTERS ARISING

3. No new conflicts of interest were declared.
4. The minutes of the September Board meeting would be agreed at the November Board. This was because an early draft rather than final draft of the September minutes had been included in the October Board pack in error.
5. The Chair asked that the list of actions was reviewed to ensure it was up-to-date.

ACTION: Mr Moriarty, Mr Johnson, Mr Clarke.

III. CHAIR'S UPDATE

6. The Chair gave an update of recent meetings and events she had attended.
7. These included a visit by the Secretary of State (SoS) to Cranfield University to see progress being made on innovative technologies there. She had a productive conversation with the SoS during that visit. She also attended the European Policy Forum, which had focused on market access for vulnerable consumers in regulated industries. The Chair praised the quality of the discussion, particularly the presentation by the speaker from Citizens Advice that analysed the distinction between vulnerable consumers and those targeted by price differentials. Mr Gray also attended and agreed with the Chair on the value of the meeting.
8. The Chair commented that Which? would like to get more involved in the aviation market and will make contact in the near future.
9. The Board noted the update.

IV. CHIEF EXECUTIVE REPORT (DOC 2019-071) BY RICHARD MORIARTY

Key live issues

10. Brexit - Mr Moriarty commented that the CAA was content that its contingency plans it had agreed to develop were now significantly advanced including support to the

Government's Yellowhammer Operation. Mr Johnson noted that one of the biggest risks was the state of preparedness of small and medium sized enterprises in the UK's aviation and aerospace sector. The CAA had taken reasonable steps to mitigate this through the publication of extensive guidance on the CAA's dedicated Brexit website and recently writing to all those it regulates.

11. Should the UK exit the EU on 31 October with a no-deal, CAA would implement the next phase of its Brexit programme and this would involve, where required, supporting the Government with discussions about the UK's future relationship with the EU and EASA.
12. Mr Moriarty added that CAA would work to maintain a close relationship with EASA. In parallel, we would be working to give other states continued confidence in the UK's aviation regulation framework.
13. Mr Johnson commented that EU Air Service Agreements were managed by the DfT and were in place.
14. Mr Moriarty summarised the Government's priorities for aviation from the Queen's speech, including legislation on air traffic management, drones and airline insolvency. Additionally, a recent meeting with DfT indicated the SoS's desire to be closely involved in airspace modernisation and accelerate the planned review of the airspace classification. This would place a premium on the time of all parties, including the CAA, NATS and ACOG, to work in a coordinated way.
15. Mr Johnson added that DfT was planning additional work on supporting GA, including work on the implementation of GNSS approaches and revitalising GA aerodromes. The CAA was working with DfT to ensure the objectives of the workstreams were well defined and that the opportunities and risks were identified and owned by the appropriate parties.
16. Drone Registration and Education Scheme – Mr Johnson confirmed the development of the system was complete and reflected some recent changes agreed with DfT. The service would be going live on 5 November 2019. The charge had been set at £9, with future enhancements to system functionality having been removed from the cost case to achieve this lower figure. Mr Johnson confirmed that he had made clear to DfT that should any enhancements to the system be required in the future than the funding for this would need to come from either increasing the user charge or through additional taxpayer funding.
17. Boeing 737 Max 8 – Mr Swan noted that a Joint Authorities Technical Review was available for the Board to read. A summary would also be presented at the November Board meeting. The report covered the type certification by the FAA. Mr

- Swan advised that the return to service was not likely to take place until at least the end of Q1 of 2020.
18. Mr Swan emphasised that the UK had an excellent relationship with EASA on this issue and there was confidence in EASA's process. EASA had taken into account CAA's input and continued to share its thinking with the CAA in an open way. In response to a question, Mr Swan said that he did not believe this technical relationship on the Max would be impacted by Brexit as it was in everyone's interests for the relevant safety professionals to work together as they have been doing for some time.
 19. Shoreham incident – Ms Staples provided an update on recent developments.
 20. Matterhorn – Mr Moriarty commented that there was still significant resource engaged in several live workstreams, such as the refund operations and the licensing process.
 21. Mr Smith noted that the CAA had refunded about one quarter of the total value of the claims made to those customers who had originally paid by direct debit. He confirmed that the vast majority of the remaining direct debit claims would be paid within the 14-day service level commitment. There would be, however, a small number – perhaps 1-2% - of direct debit claims that would need to go through the full claims process because the Thomas Cook data we have received required extra validation. For the non-direct debit claims we were still targeting a service level commitment of payment within 60 days of accepting a valid claim form.
 22. Mr Moriarty said that there would be an impact on the CAA's 2019/2020 business plan due to the resource that had to be diverted on to the Matterhorn operation. However, despite the enormous challenge, it was positive to witness how people within the CAA had stepped up collectively to contribute to the Matterhorn workstreams. We would look at ways of capitalising on this energy and spirit for our future work.
 23. The Chair commented that a PIE discussion should be scheduled to explore this further, for example by looking at management practices, and whether people were given enough autonomy in their day-to-day roles, as empowerment was one of the key positive points highlighted by colleagues working on Matterhorn.

ACTION: Ms Cosgrove
 24. Aviation Security – Mr Drissell provided a summary of ICAO's recent Global Aviation Security Symposium (GASS), which took place ahead of the ICAO Assembly. Mr Drissell noted that his team had worked closely with DfT to draft a global Aviation Security Plan and a training plan which had been adopted by ECAC and subsequently obtained full support at the Assembly. Furthermore, the team

produced a Security Culture programme and a SeMS programme. The Assembly welcomed the work on these and invited CAA to run training courses, which would be managed through CAAi. Finally, the team achieved agreement for the Security Audit Plan, which was UK sponsored, and updated the Aviation Security Declaration to support the work done as part of the GASS, which was also adopted.

Other issues

25. Mr Moriarty commented that the National Infrastructure Commission (NIC) had now published its advice on utility regulation and investment. Although it was mainly focused on telecoms and utilities, it highlighted a number of issues such as regulatory collaboration to better encourage investment and competition in these sectors.
26. Mr Moriarty noted that the NIC report had suggested UKRN should have an independent Chair. This would be for regulators, not Government, to appoint. He said that the CAA was a big supporter of UKRN and attended several sub-networks, as well as hosting the team at the CAA's Westferry office.
27. The Board noted the report.

V. PRESENTATION FROM STEVE FORWARD, DIRECTOR OF THE UK AIRPROX BOARD (DOC 2019-072) BY MARK SWAN

28. The Board welcomed Mr Forward to the meeting. The Chair commented that this was Mr Forward's last Board meeting as he would be retiring at the end of December 2019. Mr Swan added that Mr Forward had done an excellent job of leading the organisation. The Chair said that the UKAB was funded jointly by CAA and MAA and based at RAF Northolt, working with a team of eight individuals and a group of voluntary Board members.
29. Mr Forward provided an overview of UKAB and explained that the past two years had seen increasing numbers of airprox notifications, and that the percentage of these that had been assessed as risk-bearing (i.e. in between 'safety not assured' and 'collision risk') had increased in the past 10 years. Mr Forward added that it was useful to look at the different sectors and how they performed.
30. He took as examples the commercial and military sectors. The former largely flies in controlled airspace with TCAS technology in place, and the latter had improved in their approach to reducing airprox incidents. The data indicates that General Aviation (GA) is the sector where airprox notifications were the highest, which could be due to having minimal ATC support, little electronic conspicuity and issues with pilot performance. GA experience is that there is approximately one collision for every 20 risk-bearing airprox incidents.

31. Mr Forward highlighted that, in 2018, GA accounted for 87% of all airprox events. This was mainly in the sporting and leisure sub-sectors of GA rather than the commercial GA sector. The trend seemed to be declining in 2019, although drones had become more widespread and thus also featured heavily in the airprox notifications. Mr Forward commented that, in his opinion, one of the most probable reasons for GA airprox incidents was the complexity of cockpit avionics, which were drawing the pilot's attention away from an 'eyes out' approach. The cockpit was more compelling than ever and could induce a false sense of security that all readings were providing a full picture when in fact it was paramount the pilot was engaged with the outside world while flying. Mr Swan added that SARG was already working on encouraging improved training and avionics with a workstream in progress. Ms Corich expressed an interest in getting involved with this work.

ACTION: Mr Bishton / Ms Corich

32. Mr Forward summarised the next steps as covering work on avionics and sky awareness, drones and electronic conspicuity. On the latter, Mr King commented that accuracy and interoperability of various conspicuity devices was paramount, so everything could 'see and be seen' with reasonable assurance. Mr Swan agreed and noted that the AAIB were also supporting electronic conspicuity and that more focus should be directed at encouraging products with a good enough standard to provide accuracy and consistency of reading and some assurance to ATC. It was not appropriate for the CAA to promote any particular product, especially as several commercial competitors were already in the market and new ones were looking to enter it. But the CAA did have a role to be clear on what outcomes it wanted to see from a more electronically conspicuous environment and the standards products should aim for. Work on this was in progress in SARG, including an initial strategy, and would be shared with the Board in due course, most likely next year. Mr Johnson noted that the SoS was interested in encouraging the development of electronic conspicuity and was supportive of increasing the use of present products in the market in advance of a fully national and interoperable solution being developed. This was on the basis that some improved situational awareness was better than nothing provided pilots are fully aware of the limitations with any devices they rely on and that pilot competency remains the primary means of achieving high standards of safety.

33. Mr Forward concluded by highlighting a few challenges for the UKAB, such as issues in capacity and capability for data analysis, resources and workflow and the UK-only remit of the organisation.

34. The Chair thanked Mr Forward for his six years heading the UKAB and for the work it did. Mr Tingle confirmed that recruitment for Mr Forward's replacement was in progress.
35. The Board noted the report.
36. AVM Gale joined the meeting by Skype. The Chair suggested that he should discuss the UKAB report with Mr Forward.

ACTION: AVM Gale

37. Mr Swan recused himself from the meeting.

VI. RP3 REFERENCE TO CMA (DOC 2019-073) BY PAUL SMITH

38. The Board welcomed Mr Walker and Mr Claydon to the meeting.
39. Mr Smith reminded the Board that CAA intended to make a reference to the CMA for its price control proposals for RP3. He thanked the NEDs that had contributed to this matter, in particularly Ms Lambert, who continued to be involved. Mr Smith confirmed that the reference would create additional demands on CAA's resources, but that some measures had been put in place to mitigate this risk.
40. Mr Claydon explained that CAA would progress the work to implement RP3 where possible, as it was time-critical and should be in place by January 2020.
41. Mr Moriarty enquired whether the airlines would have adequate involvement in the process and whether the previous commitment given by Martin Rolfe, the CEO of NATS, that the CMA process would not delay key RP3 programmes during the reference as the first year of NERL's plan and the CAA's final determination were very similar. Mr Claydon commented that, on the former, the airlines had been kept up-to-date on the process and would continue to input into it, including through an opportunity to make a third-party representation during the reference if required. On the latter, Mr Claydon explained that he understood that NERL had committed to proceed to implement year one of the plan unless the CMA instructed them not to do so.
42. The Chair asked the Board to endorse: the CAA making a reference to the CMA on its final RP3 determination; to delegate authority to Mr Walker and Mr Smith to sign off on drafting the main submissions to the CMA; for Mr Moriarty to sign off the key messages in the executive summary of that submission; and for Mr Walker and Mr Claydon to sign off the responses to questions and the more detailed information that we would need to provide to the CMA.
43. The Board endorsed the requests.
44. The Board noted the update.
45. Mr Swan re-joined the meeting.

VIII. AUDIT COMMITTEE REPORT (DOC 2019-073) BY GRAHAM WARD

46. Mr Ward noted that he would take the report as read. He commented that the recruitment to replace Andrew Alsop was complete and that Andrew Broadhead had been successful and had been appointed as the permanent Head of Internal Audit.
47. Mr Ward praised Mr Broadhead's proactive stance in getting all departments to incorporate Internal Audit recommendations into their business plans and the continuity that his permanent appointment would bring.
48. Mr Ward noted that the Audit Committee's annual review of major risks would proceed, but the precise form still needed to be agreed. He was conscious of the pressure the organisation was under during and after Matterhorn but felt such an important event meant that reviewing risk was particularly important. Mr Ward and Mr Johnson would discuss further the process for the annual assessment.

ACTION: Mr Ward / Mr Johnson

49. The Board noted the report.

IX. CYBER SECURITY OVERSIGHT UPDATE (DOC 2019-075) BY PETER DRISSELL

50. The Board welcomed Ms Keeley to the meeting, who provided an update on the CAA's progress in meeting CAA's obligations on cyber security oversight.
51. Mr Drissell explained that the Networks and Information Systems (NIS) regulation was the CAA's first substantive statutory responsibility on cyber oversight. The team had spent the first year exploring the detail of how best to implement it. We had worked collaboratively with the National Cyber Security Council (NCSC), DfT and stakeholders to draft a plan of action. This included four steps: a cyber assessment framework for aviation (CAF), which was developed by the NCSC; a requirement for accountable managers to confirm that the above was in place and was being applied effectively; an independent third party audit of how well that framework was being applied, using an assessment model called Assure, for which we were recruiting additional service providers; and ensuring that cyber security was properly considered in organisations' risk management frameworks.
52. The CAF was instrumental in improving industry's understanding of the NIS and we had evidence of several examples of early progress. It was paramount to have knowledgeable people in post, able to drive progress and get buy-in from the relevant organisation's Board and leadership team. Experience to date showed that the lack of a robust and dedicated team would have an adverse impact on performance. There was still substantial progress to make but the plan that was shared by all those involved now had a number of credible milestones for delivery.

53. AVM Gale commented that resilience was a key area of scrutiny, particularly exploring how organisation could continue to maintain safety if their cyber defences had been compromised. Ms Keeley explained that there was a five-step contingency plan to deal with these situations, which had been internationally recognised and adopted.
54. Mr Drissell mentioned that work on the link between cyber and safety was in progress through the Cyber Governance Board and would be able to report at later meetings.
55. Mr Moriarty enquired whether the NCSC had a view of how aviation compared to the other sectors, but Ms Keeley replied that because all modes of transport were consolidated together there was no data specifically on aviation. She would seek more information for the next Board update.

ACTION: Mr Drissell / Ms Keeley

56. Mr King enquired how available was the data the team had been collecting. Ms Keeley reassured him that it was classed as 'Secret' and handled separately from the network.
57. Mr Moriarty commented that the CEOs of the entities reviewed would find it interesting to understand where their organisations were ranked and their areas of weakness. Ms Keeley replied that these were communicated to the NCSC and DfT to ensure a joined-up view. As part of the structured approach of this programme, the team would next be assessing the UK's air traffic management sector in more detail. The Chair praised the approach and the way the programme integrated with work in other parts of the CAA.
58. The Board noted the update.

**X. SARG MONTHLY SAFETY ISSUES REPORT (DOC 2019-076) MARK SWAN
CAP1145**

59. Mr Swan provided a summary of the post implementation review (PIR) for CAP1145. This contained the conclusions from the comprehensive international review the CAA had carried out on off-shore helicopters, following a number of fatal accidents. The PIR represented the end of the CAA's involvement on the review recommendations although a number of initiatives were being progressed by EASA. Any comments from the Board on the document should be directed to Mr Bishton, as SARG was looking to publish in the late autumn 2019.
60. Mr Swan added that the team had briefed Scottish Government Ministers on progress. They had been very supportive with the work. Ms Staples noted in that

context that the final determination from the fatal accident inquiry into the Clutha accident had not been released yet.

Other issues

61. Medical – Dr Sally Evans had reduced her working pattern to three days per week. She would become the Secretary General of the International Academy of Aviation and Space Medicine from September 2020. The Chair expressed her and the Board’s congratulations for Dr Evans’s appointment.
62. Insulin-treated pilots – the FAA had commenced issuing medical certificates to commercial pilots with diabetes being treated with insulin. Dr Evans had been instrumental in leading this work from the UK. We would be discussing this with EASA to encourage them to reconsider the EU rules in this area.
63. Flying displays – the season had come to an end with no incidents.
64. Rolls Royce Trent 1000 engine – the engine needed to be modified to address the over-emission of smoke, which was not a safety issue, but was above the certification criteria and thus a question for EASA to deal with. CAA had not allowed Rolls Royce engines back in service until the issue had been addressed, which had galvanised RR into closely liaising with EASA to get it resolved. RR’s wish was to deal with this issue via the engine’s programmed maintenance plan, which would take until 2023. However, EASA was keen that a more concise correction plan was in place and completed by 2021.
65. The Board noted the report.

XI. ANY OTHER BUSINESS

66. The Chair summarised Mr Swan’s long and distinguished career with the CAA and recognised the enormous contribution he had made while in post. She expressed her and the Board’s thanks and wished him well in his role of Head of ACOG.
67. The Chair also praised Mr Gray as one of the first NEDs appointed during her term and acknowledged he had been instrumental in providing economic regulation expertise during the past years. She thanked Mr Gray on behalf of the Board and wished him well in his next endeavour.

**Date and Time of Next Board Meeting:
20 November, 10:00 hours, Westferry**