

CIVIL AVIATION AUTHORITY
MINUTES OF THE 553rd BOARD MEETING HELD ON
WEDNESDAY 19 MAY 2021, 11:00, on Microsoft Teams

Present:

Sir Stephen Hillier

Chair

Richard Moriarty

Rob Bishton

Katherine Corich

Marykay Fuller

AVM Ian Gale

David King

Anne Lambert

Paul Smith

Kate Staples

Secretary and General Counsel

Chris Tingle

Graham Ward

Apologies:

None

In Attendance:

Ben Alcott

Jane Cosgrove

Peter Drissell

Tim Johnson

Alex Kaufman

Philip Clarke

Barbara Perata-Smith

Minute-taker

Alison Naylor

for items 6

Susanna White

for items 6

Rob Olney

for item 7

Sophie O'Sullivan

for item 7

Cara Ruzicka

for item 7

Claire Lambert

for item 8

Colin McCleod for item 8
Will Nathan for item 8
Helen Zambuni for item 8

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 from the previous Board meeting were approved with some amendments which would be provided offline by the relevant parties. Once finalised, the minutes would be published on the CAA website in due course.
4. The matters arising were reviewed and a number of actions highlighted to be closed after this session.

III. CHAIR'S REPORT (DOC 2021-42) BY SIR STEPHEN HILLIER

5. The Chair summarised a number of headline points for discussion.
6. Recovery and safety risks: the Government's milestone for the reduction of the restrictions, which had been set for 17 May, had had a lower than expected impact on travel bookings, reflective of government's cautious approach. This could mean more inflated risks due to the protracted recovery period, but also more time to mitigate and address those risks.
7. Board reporting: the Chair noted that presentation and format of reports had reached a good stage and suggested that the Board was now allowed time to familiarise themselves with the new reporting format before further iterations were made.
8. Colleague experience survey: the data from the most recent survey should encourage a good discussion, under item 5 of the agenda, particularly highlighting what would be required of the Board going forward.
9. Space: the new regulatory function would be effective from July 2021 and the organisation would need to make sure it was clear on its position and responsibilities.
10. The Board noted the update.

IV. CHIEF EXECUTIVE REPORT (DOC 2021-43) BY RICHARD MORIARTY

Approvals

11. The CEO asked the Board to endorse a change to the approval process for the Annual Report & Accounts (AR&A) 2020/21, and, for this year only, for it to be signed electronically. This was due to the low likelihood of a physical meeting in June where the AR&A would be presented for approval.
12. The Board endorsed the request.

Live issues

13. Recovery and risks: the CEO noted that the operating environment had recently been impacted by the “Indian” variant of the Covid virus, which had driven the Government’s considerations and risk tolerance. There was an indication that the list of green countries was not likely to be expanded soon, making the recovery period more protracted, which had been poorly received by industry. The prospect for summer business was now looking worse and the commercial aviation sector was lobbying government for support, as well as trying to second guess consumers’ intentions. For this reason, the team was working with industry as if increased demand was likely to materialise, to be ready, as information from Europe was suggesting they were interested in connecting within the bloc but also with other markets, including the UK and later the US. However, if demand did not materialise, industry would incur substantial costs so there needed to be a balance between this summer’s expectations and bridging into next summer.
14. It was important to focus on risks in a systemic way, rather than solely on entities’ risks, as industry had suggested the areas of concern included such issues as having to hold aircraft and diversions, queues, holding on tarmac etc. In order to explore these issues a taskforce had been set up, headed by Jon Round in AAA, which would work on scenario planning in advance of the system running hot.
15. PLF enforcement: in relation to our role on Covid enforcement, this was seen as a priority by Government who insisted high compliance from airlines was paramount. Performance data indicated compliance was excellent, up to 99.5% and had improved from the early days, thanks to the team’s work with airlines. The relationship with Government was positive and, at a recent meeting, the Aviation Minister, Robert Courts MP, had discussed future options with more digitalisation to speed up checks and improve the effectiveness of the system.
16. The team had visited Heathrow Airport and it had been beneficial and useful to see first-hand how the process worked and what challenges it presented.
17. Refunds were discussed as they had the potential to unravel, as the EC261 regulation did not cover cancellations for the consumer if flights were operational. The team was encouraging industry to be flexible, but the legislation was clear. It

was hoped that a more mature understanding of the process would bring more an effective refund operation than it had originally.

18. Heathrow Airport Limited (HAL) decision: the CEO noted that there had been little reaction to the CAA's response to HAL's request for a Regulatory Asset Base (RAB) adjustment. Recent meetings with HAL had instead focused on preparations for H7.

Internal issues

19. Strategy: feedback from the recent Town Halls with Tim Johnson, which had been organised to socialise the new CAA strategy, had been positive, particularly the one-page summary of the key components of the strategy. The key concern for staff seemed to be the future ways of working and there would be granular questions that needed early answers, but within the overall intention of the organisation, which was to encourage flexibility in line with business needs.
20. CELLMA: the application had gone live in May but was suffering performance issues requiring frequent bug fixes. In addition, there was a backlog of registrations of portal accounts and problems with the self-declaration form for General Aviation pilots, all of which was putting the team under pressure. In an attempt to ease the strain, calls had been redirected to the contact centre and additional resource deployed to address the backlog. It was likely to take time to fix the bugs and resolve the issues.
21. Those experiencing a delay would not be stopped from flying and there were protocols in place whereby airlines would be able to notify CAA of the priority cases which would be accelerated through the process. And there were communications in place to walk the GA pilots through the self-declaration forms.
22. The team was liaising with the supplier and keeping track of the additional resource costs, but it was worth remembering that, despite the disruption caused by the issues, there was still a significant benefit to having the system, which was an improvement from the previous one.
23. Cyber security / security maturity: the small team had been impacted by recent leavers but there was confidence that appropriate expertise could be secured. The Colleague Experience Survey results for ISD indicated pay and reward issues. This kind of specialism was in demand in the job market, so it was a risk to monitor.
24. Universal Safety Oversight Audit Programme (USOAP): this project was related to the preparation for the ICAO audit, due to take place in late 2022. This was an audit of the State and the team had a plan in place, which included answering and providing supporting evidence for 700 questions on various protocols. The item had been a red risk for a few months as a consequence of other business activities

having to be prioritised, but the team would be able to produce an update in May and the Board would be brought up to speed accordingly. The Chair requested a single slide to illustrate the tasks that were starting to ramp up, elevated from the team and project slide.

ACTION: Ben Alcott

25. The Board noted the report.

V. FINANCE REPORT FOR THE TWELVE MONTHS TO 31 MARCH 2021 (DOC 2021-44) BY CHRIS TINGLE

26. The financial results for year-end were provided, including the forecast for 2021/22 and an update on discussions with DfT on the funding.

27. The operating profit for the month was lower than the budgeted profit, reflecting a reduction in the recognition of the S.12 grant, reduced regulatory revenue and increased monthly spend. The operating profit for the year had an unfavourable variance to the Covid budget position, mainly due to the movement in the En-route profit position as revenue was deferred to reflect expected increased costs in subsequent years. The regulatory operating profit was achieved, ahead of budget expectations. The cash position was also favourable thanks to prompt settlement of fixed charges by stakeholders and the risk of bad debt not having materialised. The year-end audit was proceeding well and the CAA's auditors, BDO were content with the letter of comfort that had been issued by the Department for Transport (DfT).

28. The team was working through the forecast figures with DfT colleagues and the update that had been provided to the September data indicated lower passenger figures than last year.

29. The Board noted the report.

VI. COLLEAGUE EXPERIENCE SURVEY (DOC 2021-46) BY JANE COSGROVE

30. The Board welcomed Alison Naylor and Susanna White to the meeting.

31. An overview of the paper was provided, focusing on the key points for discussion, summarised as follows.

- The Colleague Experience Survey had a high response rate and there were some notable strengths identified including one of our key priorities of wellbeing, which was ranked very high compared to the UK norm and UK high performing norm comparators.
- It provided a rich data set, available for the first time in a while on this topic, which had been shared, at a team level, with all departments.

- More work was required to understand better how the organisation scored against the strategic priorities and further analysis was needed to explore the issues on manager support.
 - The areas for improvement indicated that:
 - more clarity was required on the ExCo vision, but the Board was asked to note that there was a significant proportion of the population who were undecided on whether there was a clear vision from ExCo. This was not an unexpected result for ExCo given our current work on our vision and strategy and the impact of COVID-19 on our industry. This provides us with an opportunity through our current work to ensure that our new CAA strategy is better socialised.
 - some leadership cohorts were less engaged which would be a key area of focus in group action plans and also via the People Strategy;
 - the results for systems and processes supporting our work, even though we have made recent enhancements this is still an area of focus. Aviation Security was an area where this was a particular concern linked to the need for separate systems and security needs. The security maturity programme will further address this.
32. The Board debated the insights that the report had highlighted in some departments and noted that the responses to this data would be part of overall people planning at group level. One of these was pay, which had received low scores in a number of hotspots across the groups. The findings on pay from this year's survey were very similar to those of past surveys but, despite this, the departments in question still had low turnover and it was agreed that the broad message should focus on recognising the external environment and promoting the benefits the organisation offered. The Board also noted the current work ongoing through the People Strategy on reward. In the context of the Horizon work the Board noted one other finding from the report that indicated 25% of people thought pace of change was too slow and therefore there could be an opportunity here.
33. Several questions were raised on other aspects of the report, as follows.
- One of the key considerations for the Board was to gain assurance from the organisation that the right people were in the right jobs, but the report had highlighted some discontent in the way people were promoted internally. The team replied that in an organisation with low turnover there may be frustration caused by an inability to progress and work was in place through the reward strategy to understand this better. Performance was an important aspect of attempting to tackle low turnover and there should be a more robust process

in place, which was visible and an example for the whole organisation. The concept of horizontal moves was becoming more popular and should be explored further in line with our aspirations for a more agile workforce through Horizon.

- There were still too many single points of failure in the CAA. The team explained that a succession plan exercise was being conducted across the organisation, rather than just with the SLT, to talent map staff as this would enable the CAA to identify and develop potential candidates. Furthermore, ExCo Directors needed to challenge each other and set out expectation of what leadership should look like.
 - The statistics on the ethnic minority breakdown showed that the number of successful applicants in those categories were lower than the overall total.
 - There was a disparity between the perception of the organisation from the senior and the more junior people. Whilst this should be explored, the team should also ensure the enthusiasm of the junior group did not wane by meeting their needs and providing exposure to the SLT. The team commented that this was already the case, for example, through the Town Hall sessions that had socialised the new CAA strategy and that would provide the junior cohort the direction of travel for the organisation.
 - Clear outcomes from the survey should be identified and a feedback loop set up to ensure those that contribute were updated on progress.
34. Since the survey, ExCo Directors had spent time understanding the data, in terms of symptoms versus root cause, and setting out targeted activities to address. However, as issues were worked through, there should be recognition that some of the scores might decrease in response to changes put in place.
35. The Chair summarised the discussion and urged the team to focus on delivering the strategy as it would aid the CAA's credibility internally. The Board would monitor the amount of change taking place. He thanked the team for the work and for informing the Board's understanding.
36. The Board noted the report.

VII. SARG MONTHLY SAFETY ISSUES REPORT (DOC 2021-47) BY ROB BISHTON

37. The Board welcomed Rob Olney, Sophie O'Sullivan and Cara Ruzicka to the meeting.
38. An update on the Boeing 737 Max 8 was provided, following recent press coverage, to ensure that there were no implications on the decision the Board had

made to approve the return to service (RtS). Specifically, the conversation focused on three areas.

39. First, whether the developments indicated the Board should revisit the return to service decision. The team confirmed that all was proceeding as planned.
40. Second, in regard to the electrical bonding deficiency issue that had been highlighted by the press and subsequent action taken by Boeing. The Board was assured that the matter did not relate to the RtS decision and that Boeing had already taken action, grounding the aircraft affected, followed by an airworthiness directive by the FAA. This would impact consumer confidence in the product, but not the UK AOC held by TUI who were already managing the aircraft rotation.
41. Third, in relation to the intention of a particular airline to bring the Max 8200 into their operations. The team explained that the aircraft in question would not require a complete aircraft type validation as the modification mainly related to making the seat configuration higher density.
42. The Chair asked the Board to confirm whether they had comments on any aspect of the update. The Board had no comments and was satisfied that the RtS decision did not need to be revisited.
43. The team then provided updates in three areas: Covid risks relating to the large passenger transport sector; lithium batteries and our role on the international front; and the evolution of the RPAS programme since the last Board conversation in January.
44. Risks: the infographics showed where the team's efforts were targeted and how activity was designed to effect change and improvement over time. Risks 2, 5, 6 and 7 were linked to the operating context that COVID had brought to the large passenger transport sector. The state of play was fluid and uncertain indicating that the challenges industry would face this year were likely to be prolonged, with areas of increased focus and with the recovery continuing into Summer '22. However, there was still a high degree of collaboration on addressing these risks and challenges, with information exchange at a global level being very effective. Both EASA and the FAA, in addition to other major safety bodies, had published useful information which the team constantly reviewed to make sure any gaps in our own approach were addressed through the monthly CSR working group.
45. The pack also contained a slide on key or emerging risks, in order to make sure other significant areas of focus were brought to the Board's attention periodically. This month, the attention was on flying displays and helicopter operations in London.

46. A question was raised to understand whether the risk to helicopters from RPAS should also be explored, as well as the stated risk from structures and buildings. The team explained that the two components had been kept separate as RPAS were generally unlikely to fly in the Heli-Lanes as these were too low for those kinds of operations. That said, there was a managed side to the risk, whereby the highest concentration of RPAS was in London and the mitigation included a detailed comms campaign to highlight this risk, including frequent reviews. There was also an unmanaged aspect which was related to those RPAS operators who did not follow lawful processes. The trend indicated that larger RPAS were becoming more popular and because these were generally equipped with electronic conspicuity, it meant that the larger the platform, the easier the risk became to manage.
47. The Chair mentioned that the military should also be advised that a minimum risk approach should be taken when flying helicopters in the London Heli-Lanes.
48. The issue of how the risks were scored was raised as the ratings seemed to remain constant despite the decreasing volumes of air traffic. The team commented that risks were scored on an absolute, based on likelihood and impact, rather than linked to traffic volumes.
49. The Board commented positively on the new reporting format and requested first, that time was now allowed for the report to bed in and second, that the slide with the top ten risks was included again.

ACTION: Rob Bishton

50. Dangerous goods (DG): the team had focused on this risk within the domestic sphere, maturing the analysis, and was now confident that it was well managed and well understood. However, the CAA's influence and level of control internationally was different for this matter and the team had worked with a number of airports to screen flights and with manufacturers to highlight dangers. Furthermore, work was in place with DfT's State Safety Board to address the risk of increasing illegal transport of lithium batteries.
51. A comment was made in relation to a recent incident where a correctly declared dangerous goods package had resulted in a fire, and whether CAA should engage with ICAO more closely, particularly as this had been a long-standing area of activity. The team assured the Board that they were involved in the ICAO DG working groups and had been liaising with IATA who were also represented at that meeting and who had a degree of influence in the matter. In addition, there had been changes of regulation that now prevented dangerous goods from being transported on passenger aeroplanes, however, there were loopholes and the

proliferation of devices containing lithium batteries was increasing, bringing high volumes and quality issues that were difficult to manage. The team was leaning in on this issue and intended to highlight at the State Safety Board the opportunity to issue restrictions and sanctions if required.

52. A question was raised on the risk of aeroplanes carrying lithium batteries flying into Heathrow Airport. The team reassured the Board that the impact would be limited, but committed to reflecting how the risk could be managed.

ACTION: Rob Bishton

53. The Chair summarised the discussion and said that close engagement with ICAO would be paramount to influence the international perspective on dangerous goods and implement a reforming agenda. He advised the team to explore the full range of options to reduce the risk.

ACTION: Rob Bishton

54. RPAS: the team explained that a full update from the conversation first had in January would follow at a later session, but that this discussion would include a smaller update on the strategic goals.

55. Growth in the RPAS sector was still continuing, even during the pandemic. There was a 69% renewal rate for registrations, and these two elements indicated a steady market. There was however a high demand from operators wanting more complex platforms.

56. RPAS and GA had been merged into a single unit but were kept separate tactically, while strategically there was a new transformational role across the two elements. The team had started work on 'detect and avoid' calibration for specific systems and was planning to work with airworthiness to explore what level of safety worked and how it needed to interact with avionics.

57. A project had been commissioned from Imperial College to develop a hazard and research safety model for Beyond Visual Line of Sight (BVLOS) which would allow the team to build safety from a platform perspective and then integrated with the model from an operational perspective. A comms campaign was in train to encourage aviation communities to come together in this space.

58. The Chair enquired whether the team had an update on the BVLOS trial that was currently in process and he was advised a progress report would be provided at the next session.

ACTION: Rob Bishton

59. A question was raised on the timeframe for determining a target level of safety and RPAS, whether electronic conspicuity had a place in this conversation and whether unmanned Air Traffic Management referred to RPAS or people. The team

explained that the research from Imperial College would be available in the next two months, but needed to be socialised with many stakeholders, including DfT, to then agree a target for third party risk/safety. RPAS operators would have sophisticated electronic conspicuity systems built into their airframes but would not be able to identify other airframes unless they also had electronic conspicuity. Although those operators could mitigate the risk, the team needed to understand the level of safety that those proposed mitigations would bring. The research from Imperial College would help to understand this relationship between those two elements and develop a methodology to do the required work. This might take around 18 months.

60. The Chair enquired whether there was a need for the work to be accelerated, in view of Government's drive on innovation and demand from the sector. The team explained that increasing the size and skillset of the team would be the first step, however, 2024 seemed to be the delivery target for many like-minded States, so the timeframe was a sensible one.
61. A comment was raised in relation to an additional factor to consider in the timeline. NATS next regulatory settlement would take place in 2023 and the team would have to explore the dynamic between a competitive price model and a monopoly. Furthermore, with regard to electronic conspicuity, the team was in the process of agreeing the next steps with DfT and would provide an update in due course.

ACTION: Tim Johnson

62. The Board noted the report.

VIII. SPACE REGULATION: STATUS OF CAA PREPARATION (DOC 2021-48) BY TIM JOHNSON

63. The Board welcomed Claire Lambert, Colin McCleod, Will Nathan and Helen Zambuni to the meeting.
64. Today's discussion would focus on the state of the CAA's preparedness to start our space regulation function, risks and mitigations and stakeholder engagement with internal and external groups and individual to raise awareness of the work and the new responsibilities.
65. Context: in the last 12 months, the team had witnessed an increase in interest and expectations from the sector in this space, including in diversity of requests for licences and demand. Certain applicants were deliberately submitting applications in the UK because of their respect for the CAA and the creative and flexible approach provided by our regulations, which meant there were two aspects to this issue: first, in relation to our responsibility to license these satellite

- launches and spaceports safely; and second, in relation to the need to manage the expectations of industry.
66. Funding to increase the team's size and capability and the timescale of action would be a key decision for government, however, the current model was scalable and the team had already engaged with the FAA to work in partnership when appropriate. So far, the CAA was on track in its planning and ready to accept applications.
 67. There were a number of elements that needed to be in place in order to begin operations in 2022. Government's ambition was for the UK to be the first European country to launch a small rocket and to initiate a launch from a Scottish spaceport. Although responsibility for most of the above activities rested with industry, CAA would be ready to accept submissions in the summer – as soon as it was officially appointed as the regulator - and ensure these were compliant and safe.
 68. The Board was keen to understand better who would be responsible for what and the team explained that there were parts of CAA that had important input into the programme without being directly related to the space team. For example, the Environmental Research and Consultancy Department's (ERCD) support in relation to noise and environmental issues had been invaluable.
 69. One of the risks lay in the engagement strategy, as industry's expectation needed to be managed. From experience dealing with the existing licences and approvals regime, stakeholders might have to abide to Service Level Agreements linked to financial penalties and the CAA could come under pressure from these applicants if our activities did not run smoothly. The key to a speedy application would be the quality of the submission. Monthly progress reports to government would ensure open communication and mutual understanding.
 70. Engagement: the team explained that the engagement strategy was being developed and would sit beneath a broader strategy owned by CAA, the Space Agency and DfT, to ensure alignment. The focus of the programme was to ensure the CAA's role and responsibilities were clearly outlined, to manage stakeholders' expectations and educate them on the key ways to enable speed delivery of their applications.
 71. The strategy had three workstreams: Parliament; industry, which was significant and had seen engagement since early March, including with trade associations; and communications, such as a myth buster, to set out our role, and clear web content.

72. A comment was made in relation to ownership of the safety case and the risk it posed to the separation between applicant and approver when stakeholders requested support or asked for further guidance. The organisation needed to balance agility and enthusiasm in carrying out the new function with maintaining regulatory independence. For example, other nations known for light regulations had been challenges at citizen level on the reason for not regulating beyond the launch, and questions had been asked to what use the data from the satellite would be put. The CAA should consider some of these issues.
73. The team added that it had been helpful to set up the space capability from scratch, ensuring it contained a blend of skills, beyond just aviation and space. This would help stakeholders to understand the regulatory processes and provide explanations and clarifications, but still maintain our regulatory independence. The legislation clearly outlined the different responsibilities between CAA and the applicants and the Chair suggested that this delineation needed to be emphasised and maintained, underpinned by the regulatory principles which ran across all sectors of industry.
74. A question was raised on the way that space was positioned within the climate change agenda. The team explained that they were working collaboratively with DfT to develop the policy framework.
75. The Chair summarised the discussion, asking the team to continue the conversation on regulatory independence, stick to the regulatory principles and focus on engagement as the next important phase of the work. He thanked the team for their work and for reaching this position.
76. The Board noted the report.

IX. FORWARD AGENDA INCLUDING DRAFT MAY BOARD AGENDA

77. The Board was briefed on the content of upcoming meetings and was advised that preparations for the Board Awayday in July were underway. The Chair confirmed that the July Board and Awayday would take place at Aviation House.

X. AOB

78. The Chair asked whether there were any matters to discuss at the NEDs meeting, which was due to take place after the Board, but as there were none, it was agreed the meeting would be cancelled.
79. The Chair noted that this would be AVM Ian Gale's last Board meeting and he thanked him on behalf of the Board for his great contribution to the discussions and his insights and perspective.

80. AVM Simon Edwards would join the Board with effect from June.

Date and Time of Next Meetings:

Wednesday 16 June 2021, 11:00 hours, on Microsoft Teams