

CIVIL AVIATION AUTHORITY
MINUTES OF THE 555th BOARD MEETING HELD ON
WEDNESDAY 14 JULY 2021, 11:00, on Microsoft Teams

Present:

Sir Stephen Hillier

Chair

Richard Moriarty

Rob Bishton

Katherine Corich

Marykay Fuller

David King

Anne Lambert

Paul Smith

Kate Staples

Secretary and General Counsel

Chris Tingle

Graham Ward

Apologies:

AVM Simon Edwards

In Attendance:

Ben Alcott

Jane Cosgrove

Peter Drissell

Tim Johnson

Alex Kaufman

Philip Clarke

Barbara Perata-Smith

Minute-taker

Briar Mulholland

for items 7

Rick Newson

for item 7

Chris Whitehurst

for item 8

Michael Cox

for item 9

Sophie O'Sullivan

for item 9

Ray Forster

for item 10

I. APOLOGIES AND INTRODUCTIONS

1. Apologies were received from AVM Simon Edwards.

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 minor amendments and would be published on the CAA website in due course.
4. The matters arising were reviewed.
5. On Action 155, the Chair confirmed it would be useful for the Board to have an update on risk in six months' time, emphasising the difference between the original risk assessment and the current one, to understand whether optimism bias had affected the forecast and whether the mitigations had been effective.
6. The COO provided an update on the CELLMA backlog and assured the Board this was now in hand.

III. CHAIR'S REPORT (DOC 2021-58) BY SIR STEPHEN HILLIER

7. The Chair noted that today's meeting would be shorter, to allow for the afternoon session to take place. There would be three external speakers setting the scene on aviation's decarbonisation, in anticipation of the Board Awayday in September, which would focus entirely on the environment and sustainability. Details on the logistics of the September Awayday would be provided separately.
8. Today's Board meeting agenda included a substantive item on the Level 3 case handling review which was an important issue to ensure we applied consistent judgement.
9. The Chair commented that the Comprehensive Spending Review (CSR) was in progress, but very fast moving and with an early September deadline. He noted that the proposals might have to be shared with the Board offline, in August.
10. The Board noted the update.

IV. FINANCE REPORT FOR THE TWO MONTHS TO 31 MAY 2021 (DOC 2021-60) BY CHRIS TINGLE

11. The COO noted that he would run through the monthly figures, the forecast and the outlook for the full year, the CSR process and discussions with the DfT, focusing on the CAA's proposed bids for BAU and ambition work.
12. The monthly figures had a favourable variance, due to positive income and good cost performance, primarily due to being below budget with the head count. On the income, the s.12 grant had been accrued and the team was planning to

manage it closely in line with forecast. Passenger volume forecasts were changing up due to the impacts that changing public health requirements were having on booking and travel plans. Overall, the variable income is tracking ahead of budget for the first quarter, so Finance will need to carefully consider whether the budgeted s.12 grant drawdown is necessary.

13. The COO added that further information was expected soon on the CSR process. The CAA had designed the proposals for both BAU activity and ambition work: the former would include projects already underway or highlighted in the SoS's Priorities Letter to CAA; the latter would align with the objectives of the CSR, which could include were decarbonisation, electric aviation and innovation. Submissions were expected in the first week of September, so an update to the Board would follow by correspondence in August.
14. The Board noted the report.

V. CHIEF EXECUTIVE REPORT (DOC 2021-59) BY RICHARD MORIARTY

Approvals

15. The CEO asked the Board to approve two items, as follows.
16. First, the Board was invited to approve publication of the organisation's Register of Interests. The Board approved the request.
17. Second, the Board was invited to approve the proposed approach to making decisions in relation to the CAA's space function, noting a review would be carried out in six months' time, in light of experience.
18. The Board approved the proposed decision-making approach. A request was made for a note that explained the extent of the CAA's function in relation to space. The Policy Director took an action to forward a one-pager setting out the CAA's space role and responsibilities.

ACTION: Tim Johnson

Live issues

19. Recovery and response: the Board was informed of the prospect that CAA could be allocated an additional function in relation to airlines' compliance with various Covid border health measures. The new role would require the CAA to check airlines' compliance with new obligations to check that passengers who had received two vaccinations recorded that information in their passenger locator form (PLF). The same approach was being followed by the ORR for the Eurostar passengers and by the MCA for ferries.
20. The team had broadly agreed with government that there would be two types of offences: first, where airlines could not demonstrate having sufficient processes in

place to ensure effective monitoring; and second, where airlines did not have adequate records showing the checks had been carried out. The team would discuss the next steps with the airline community.

21. The Board observed that this work should follow strict terms of reference agreed by all parties involved, and in particular focused on airline rather than individual passenger compliance. The CEO commented that the proposal had been drafted by CAA and agreed by the ORR and the MCA, however, the team would monitor the requirements carefully to ensure they were within the agreed parameters. Guidance to support airlines would be produced and CAA would be supported by legislation defining the offence which would provide clarity on what the expectations were for the airlines.
22. A question was raised to understand how well-equipped airlines were to start doing this once the restrictions were lifted. The team commented that the requirement was already active in a number of countries, as such airlines had begun to trial processes to test the approach. They were motivated to deliver it well as it would encourage people to travel, although they recognised the complexities involved.
23. The team was asked to carry out an analysis of all the small increments that CAA had been allocated in the past year to understand the impact of these on the organisation and whether there were any resulting pressure points. This was particularly important in view of the fact that an integrated system to digitalise fully the PLFs was likely to take some time to implement.

ACTION: Paul Smith

24. The CEO summarised the key points from a recent meeting with Government about recovery in the travel industry.
25. International matters: the CEO noted that the end of the two-year post-EASA recognition period was one that the organisation needed to prepare for diligently and set up a dedicated team to handle the inevitable issues arising. The CAA would be trying to ensure a smooth transition and continuity of service, but the impact of the pandemic had affected progress. The Chair commented that the team should provide an overview of the lines of activity, the assessment, and the scale of the problem to ensure the Board had visibility.

ACTION: Tim Johnson, Rob Bishton

26. ICAO USOAP: the latest engagement with ICAO had indicated the audit was likely to take place in Q4 of 2022 and that it would be the first trial run of a new process. ICAO were keen to liaise with CAA on the scope for the safety element of the review. The willingness of ICAO to work with CAA was a reflection of the hard work put in by the team responsible. Progress would now be reported as amber.

Internal issues

27. Security Maturity: The COO confirmed that tender process had completed and that PA Consulting had been awarded the work and were formalising the contract.
28. Future ways of working: CAA was awaiting the publication of updated government guidance for COVID-19, which it would follow. The next three months would be a period to re-acquaint with the office and trial hybrid working.
29. Electronic conspicuity: discussions were continuing with DfT about further incremental steps on an EC strategy, including options that improved safety, enabled more innovators to use UK airspace and reduced the need airspace segregation. The principles were still consistent with the approach that had been agreed at the Board previously.
30. A question was raised on the information provided by the data pack, in relation to oversight activity and occurrence reporting. On the former, the team explained that the reference to desktop auditing concerned both the on-site and the virtual variety, and on the latter, a glitch in the system might have been responsible for the figures, which would be investigated.
31. The Chair requested a clarification on why the RAG rating for ECCAIRS 2 had worsened. The team advised that the project was being closely monitored and was reliant on guidelines from EASA being published. More broadly, CAA needed to consider data strategy and the integration of the various platforms. The Chair advised the team to reflect more deeply on whether the lack of upgrade may mean the information could not be captured and whether it was a system problem or a capability problem.

ACTION: Rob Bishton

32. The Board noted the report.

VI. AUDIT COMMITTEE REPORT (DOC 2021-61) BY GRAHAM WARD

33. The Chair of the Audit Committee noted that the SoS had approved the appointment of BDO as auditors for the CAA, for three years plus one.
34. The COO commented that the Annual Report & Accounts had not been yet laid before Parliament as the team was still working on a final print version, but that it would be submitted imminently.
35. The Chair of the Audit Committee commented that this would be his last update and thanked the Audit Committee, Andrew Broadhead, Head of Internal Audits, and the Executive Directors, who had positively responded to the Committee's requests over the years.

36. The Chair thanked the Chair of the Audit Committee for his outstanding leadership on the Committee over the years.
37. The Board noted the report.

VII. LEVEL 3 CASE HANDLING REVIEW (DOC 2021-62) BY TIM JOHNSON

38. The Board welcomed Briar Mulholland and Rick Newson to the meeting.
39. The Chair noted that the topic had previously been discussed and reminded the Board that the Level 1 review was already in place, the Level 2 for airspace infringements would be in place from 1 August 2021 and that the team had done extensive work with DfT officials to agree the Terms of Reference for the Level 3 review. As such, today's discussion would focus on providing guidance to the team on the options set out.
40. The process was currently focused on airspace infringements, but the ToRs also included other areas, such as personnel licences, thus requiring reflection whether the approach proposed could set a precedent.
41. The Board was briefed on the options: the core policy parameters had been agreed with DfT Ministers and officials and included the requirement for the process and procedural function to be undertaken in a timely way, and the Level 3 review would only be open to individuals that had already been through Level 1 and 2.
42. Several observations were made by the Board, including the following.
 - The introduction of a Level 3 review provided a welcome opportunity to improve the transparency and process of regulatory decision making where it related to individuals. As such, this would help make the CAA a better regulator;
 - The team should ensure that, in the event of the Level 3 review taking place, the process did not allow an extension of poor practice and, that, if the Panel found the process inadequate, CAA was able to revisit it and make its decision again. The Panel's review should be focussed on the process followed, not the aviation safety judgement made by the CAA. It was important that a single body (the CAA) remained the decision maker on regulatory matters.
 - The independence of the Panel – from DfT, CAA and aviation stakeholders - was paramount to the success of the process and might want to opt for a Panel that was able to come together as required rather than a separate but dedicated body. It should concern itself with the procedural accuracy, rather than the content of the decision, and as such it should have robust expertise in matters of procedure.

- The CAA should consider the scope of activities that are in scope, where there are existing review processes and where the biggest benefits might exist
 - The team should consider how to establish legitimate tests to ensure only credible applicants with a legitimate case had access to the Level 3 review.
 - More consideration was needed in respect of the differential treatment of individuals and entities.
43. A comment was raised in relation to the fact that if the process was challenged, found to be lacking, rerun and the outcome still considered unsatisfactory, then Regulation 6 would then be available. The team explained that, first, Regulation 6 was provided for in legislation, while the review was trying to set up a non-legislative mechanism, and second, parameters would be needed to prevent trivial points from being used to trigger the review process. This would have to be discussed further with DfT.
44. The Chair suggested that the review process should be tested with a range of scenarios to ensure that the implementation has explored the eventualities for all the functions in scope and based beyond infringements. We should be clear that safety would never be compromised and try to communicate and present information in a visual way, to better facilitate an understanding of the decision-making process with a non-aviation and non-legal audience.
45. Funding of the Level 3 process was discussed and the team explained that the cost could be met by government, rather than through the statutory charges.
46. The Chair asked the Board if it supported the approach proposed by the team and detailed on Slide 7 of the pack, and the Board confirmed it was the case, subject to the team carrying out further work on the points highlighted above.
- ACTION:** Tim Johnson, Briar Mulholland
47. The team commented that the deadline set by DfT to reach agreement on the review process was on 20 August.
48. The Chair summarised the key points of the discussion:
- safety should be paramount: any review where the team felt safety was being compromised should be alerted to the Board;
 - the aim of the organisation was still to ensure we did business in a way that was appropriate, thus making sure we had robust procedures and followed them. This was the right thing to do and would also help reduce the need for Level 3 reviews;
 - scenarios were a useful tool to explore outcomes and unintended consequences, followed by a smart way of representing the decision-making journey, for all audiences;

- the team should focus on agreeing the top-level outline of the process with DfT by the August deadline and then continue to flesh out the details.
49. The Board agreed with the proposal to delegate decision-making with the CEO, but requested that it was alerted in the event of novel or contentious issues.
 50. The Board noted the report.

VIII. SIX-MONTHLY GDPR UPDATE (DOC 2021-63) BY KATE STAPLES

51. The Board welcome Chris Whitehurst to the meeting.
52. The General Counsel summarised the paper and noted that the CAA handled a lot of personal data which in some cases, for example in relation to medicals, could be sensitive. Against this background, the number of GDPR breaches had been very small, however, for the individual, personal data was very important, and the team had to exercise diplomacy and empathy when handling complaints and GDPR issues. In the last quarter of 2020 and the first of 2021 the team's capacity was stretched when faced with an increasing amount of requests for data access and such diminished resilience had started to affect performance.
53. The report showed an overview of the performance, including the recent decision taken by ExCo to disable the auto-complete function on Microsoft Outlook, however the general approach was that GDPR needed continuous monitoring. Colleagues' training had also always been a priority, to reinforce certain messages, to ensure technology was used appropriately and systems were supportive.
54. Staff who were responsible for errors, sometimes due to having to work under pressure and deal with large amounts of transactions, received further training and were supported throughout to ensure full understanding of issues and requirements. On occasions, the breaches had been caused by colleagues that had been redeployed to a different department quickly. But the organisation was clear in encouraging the reporting of breaches as per its Just Culture approach. The team would ensure that a process was developed to fulfil changes of task and ensure the CAA could be the agile and flexible organisation it sets out to be.
55. The Chair enquired how the CAA's GDPR performance compared to other similar public service intensive organisations. The team advised that while it had joined a cross-governmental group some while ago, set up by DfT to promote best practice and understand the issues of other departments and how risk averse they were compared to CAA, opportunities to learn from others had been limited during the pandemic.

56. An observation was raised in relation to the danger of implementing GDPR protocols at too swift a pace, which might unwittingly hinder the organisation's ability and requirement to access information. It remained important to understand the impacts of systemising the CAA's approach to data and information management, as often the organisation had the data but did not join the dots. The team commented that this point had been discussed at a recent Information Governance Board. The CAA was keen to ensure that whatever the circumstances, it should be able to discharge its regulatory responsibilities, and that it kept information safe and secure with checks and balances that were robust but not so strict as to prevent colleagues from doing their job.
57. The Board endorsed the recommendations in the paper.

IX. SARG MONTHLY SAFETY ISSUES REPORT (DOC 2021-64) BY ROB BISHTON

58. The Board welcomed Michael Cox and Sophie O'Sullivan to the meeting.
59. The team provided an overview of the key issues, including the following.
- The recovery was continuing to be the focus of the work, particularly in relation to supporting pilots returning to service. The large operators had implemented measures to ensure staff resumed work in a competent manner, but the volumes were increasing rapidly and were driven by government announcements. However, CAA had confidence in the entities' ability to manage these issues.
 - Mitigations to prevent pitot tubes from being blocked were working, with a renewed focus on maintenance activities.
 - Level 1 compliance findings were encouraging the team to reflect on how these were and could be managed.
 - There was still a number of small aerodromes and helicopter operators on notice due to poor Safety Management Systems in place.
60. Questions were raised on the risk report, in relation to lithium batteries and to wildlife management and bird strikes. The team explained that the former had been split into risk to cargo and risk passengers, due to the number of people impacted in the event of an incident. The latter highlighted how, despite a decrease in flying activity, the requirements for habitat management needed to remain in place as this had proved to be a concern at some of the smaller airports.
61. The Chair enquired about the likelihood of an aggregate risk reduction in Q3 and Q4. The team commented that the Regulatory Safety Management System was under constant development to capture the correct impatience and appetite for risk reduction, in an environment that was unusual and uncertain. This would be useful

to challenge people and promote action. For example, parachuting had always been managed successfully, but recent challenges had prompted a review of the risk approach, to ensure it was still applicable. Views from the Board would be welcome in relation to an area that had participation from a group of vocal stakeholders.

62. Parachuting: the team briefed the Board on the latest development and noted that it continued to engage with a round canopy parachute group, which had submitted a parachute training organisation (PTO) application to be an independent training organisation for a UK round canopy parachuting rating and an Approved Persons application to be an approved persons to regulate the sector. The applicants had been advised to follow the standard process and provide the appropriate documentation and evidence to support their applications, but this had not been the case. The team added that it would continue to oversee the sector through the delegated model now in place, where British Skydiving (BSD) was an approved person. The CEO emphasised that the team was seeking a steer from the Board but that decisions on any application would be for SARG and noted that the CAA was not preventing individuals from carrying out their parachuting activity, but could not approve applications to operate as a commercial entity.
63. The Chair asked confirmation that appropriate evidence, data and an audit trail to support the proposal had been built and that it was available and coherent. The team confirmed that was the case. The Board agreed to endorse the team's proposal to delegate responsibility for approving applications to BSD.
64. ECCAIRS 2: the team provided a brief overview of the CAA's data strategy in relation to ECCAIRS, the UK reporting and analysis system for occurrences. The project had been flagged red because of the short timeline for delivery, the fact the platform was not stable and the lack of a separate partition for our data, bringing issues of confidentiality. EASA would need to be clearer on the timeline and set out the plan of delivery on a roadmap. Further information on the broader data strategy would be discussed at a later meeting.
65. The Board noted the report.

X. PERFORMANCE OF THE CAA'S SAFETY RISKS FRAMEWORK (DOC 2021-65) BY ROB BISHTON

66. The Board welcomed Ray Forster to the meeting who said the report was an opportunity for the Board to note the performance of the Safety Risk Management System as a whole, including how this had developed during the year and further planned improvements. This report was not focused on the individual top Safety

Risks, as these were now reported to the Board each month. The Risk Management Framework had been reviewed at the previous meeting and deemed to be fit for purpose, although the team continued to seek innovative ways through which to report risks, for example by identifying key risk areas, as per ICAO and EASA's existing approach.

67. The risk areas, although similar to previous themes reflected in the Significant 7 programme, reflect an evolution in CAA's approach; latent and inherent risks within the system which present a potential safety harm to the consumer and the public will continue to be identified and mitigated and where these fall outside of CAA's direct regulatory remit they will generally be mitigated through promoting and influencing safe behaviours and approaches (e.g. non-regulated Ground Handling). Each area was assessed on a monthly basis and mapped into a holistic report, highlighting prevalent threats and providing a holistic picture of where there was risk across the aviation system, including CAA and industry's actions.
68. The Board had several comments, including the following.
69. Support was given to having stepped back to provide assurance of the organisation's risk management approach, considering that a monthly report of top risks was now provided as part of each meeting pack. More information would be useful in understanding how decrease in risk could be quantified, for example by re-assessing it. The team explained the process for risk deactivation by re-assessment and noted that this happened when a risk, having been recorded with little evidence, is subject to the team's scrutiny, where it could become apparent that the risk characteristics are not as severe as first thought. This approach could both deactivate and reactivate risks, as new information became available.
70. A question was raised in relation to Pentana and the Entity Performance Tool (EPT) being separate systems which did not allow for consolidation of data. The team assured the Board that work to integrate the two systems had restarted and should be completed in early 2022. The outcome would be a total system risk framework, tracking impact and dependencies across the risk picture.
71. A comment was made about the increase in risk in certain areas when Covid had caused air traffic to diminish substantially. The team noted that the respective risk owners had decided to maintain the characteristics of the risks intact, due to the short period of time involved, and a result of risks not changing in certain areas because of reduced activities.
72. The Board noted the report.

XI. FORWARD AGENDA INCLUDING DRAFT SEPTEMBER BOARD AGENDA

73. The Board was briefed on the content of upcoming meetings. On the Forward Agenda, it was noted that the September Board meeting would include a number of substantive items and that there would be no ExCo PIE in September.

XII. AOB

74. The Chair noted that this was the last Board meeting for Graham Ward and Dave King and thanked both of them on behalf of the Board and the organisation for their years of service and their excellent contribution.
75. The Chair added that two new Non-Executive Directors had recently been recruited and had started the induction process.

Date and Time of Next Meetings:

Wednesday 15 September 2021, 11:00 hours, at Aviation House