

**CIVIL AVIATION AUTHORITY
MINUTES OF THE 562nd BOARD MEETING HELD ON
WEDNESDAY 16 MARCH 2022, 11:00, WESTFERRY HOUSE, TEAMS**

Present:

Sir Stephen Hillier	Chair
Richard Moriarty	
Rob Bishton	
Katherine Corich	
AVM Simon Edwards	
Marykay Fuller	
Anne Lambert	
Manny Lewis	
Paul Smith	
Jonathan Spence	Secretary & General Counsel
Chris Tingle	

Apologies:

Garry Copeland
Peter Drissell
Jane Hanson

In Attendance:

Ben Alcott
Jane Cosgrove
Tim Johnson
Alex Kaufman

Philip Clarke
Graeme Paterson Secretariat

Charlie Geffen	Flint Global for item 4
Ed Richards	Flint Global for item 4
Neil Seaford	Flint Global for item 4
Alex Hutchinson	for item 7
Abigail Grenfell	for item 8
Barbara Perata-Smith	for item 8
Nic Stevenson	for item 8
Dr Michael Trudgill	for item 9
Maria Rueda	for item 10

I APOLOGIES AND INTRODUCTIONS

1. Apologies were received from Garry Copeland, Peter Drissell and Jane Hanson.

II CONFLICTS OF INTEREST, PREVIOUS MINUTES AND MATTERS ARISING

2. No conflicts of interest were declared.
3. The minutes of the February 2022 Board meeting were approved.

III CHAIR'S REPORT (DOC 2022-15) BY SIR STEPHEN HILLIER

4. On behalf of the Board, the Chair condemned the aggression shown by Russia in its invasion of Ukraine. The Board also praised the courage and resilience shown by the Ukrainian people.
5. The Chair emphasised that the CAA had and would continue to play its part in supporting the Government's and wider international response to the invasion.
6. It was recognised that in the longer term also, the invasion would likely have a significant impact on global aviation, in areas such ranging from the cost of fuel to global supply chains.
7. The Board noted the report.

IV BOARD EFFECTIVENESS REVIEW & NEXT STEPS (DOC 2022-16) BY FLINT GLOBAL

8. The Board welcomed Charlie Geffen, Ed Richards, and Neil Seaford to the meeting.
9. The Board was reminded that the review had engaged with a wide range of staff, as well as ExCo and Board members.
10. The Review concluded that the Board was well constituted and capable of performing its role.
11. The interviews and questionnaires had identified some potential gaps in the level of specific regulatory skills, or knowledge of emerging regulatory thinking at Board level to support future flight regulations. Consumer rights and sustainability were areas that had been identified as important in Board development.
12. In discussion, it was noted that additional regulatory expertise did not necessarily have to be achieved by appointing a new NED. Instead, development sessions for existing NEDs and further engagement with other regulators, and Government could help to address this potential knowledge gap.
13. In respect of consumer issues, it was believed that although 'consumer' was not a specific agenda item, it was regularly discussed within multiple Board topics such as H7, airport league tables and ATOL protection discussions. There was also a constant focus across the organisation on protecting consumers. It was also noted that the Consumer Panel Chair attended the Board to present the Panel's annual report and engaged regularly with individual Board members.
14. The establishment of the Sustainability Panel, aligned with the Sustainability Strategy would help to give greater prominence to sustainability matters.
15. The Chair had requested feedback from the Board on two recommendations in the review: the content of the SARG report, and on the frequency of Board meetings.
16. In discussion it was explained that the SARG report had evolved over time. The current format was intended to give the Board insight into key risks and topical issues.
17. The Board took note of the work Flint Global had done to understand how safety was reported and assured at Board level in other UK regulated safety regimes such as the Office of Rail and Road and the Office of Nuclear Regulation. Although some commonalities and principles had been identified, it was also noted that the different legal bases of these organisations may lead at times to different approaches in practice.
18. The Board was strongly in favour of continuing to receive safety information each month, noting that safety was the CAA's primary responsibility. It was also noted that the process by which risks were identified for inclusion in the SARG report

- formed part of assurance to the Board that these were being managed appropriately.
19. Noting that the SARG report would be retained, it was agreed that there should be an ongoing discussion to ensure that the content met the required assurance standards and Board members' needs.
ACTION: Rob Bishton to continue seeking Board members' views on the content and structure of SARG report.
 20. The Chair sought views on reducing the number of Board meetings from the current eleven per year. It was acknowledged that a significant amount of time was spent on preparing papers for each meeting. It was also emphasised that any reduction in meetings would take time to implement and would need to be done in such a way that aligned with particular activities, such as approving the annual report and accounts.
 21. In discussion, the Board agreed that moving to eight meetings a year would be appropriate. However, it was emphasised that a reduction in formal meetings did not mean a reduction in time being spent on Board activities in the round, with more opportunities being created for matters such as development sessions and visits to stakeholders.
 22. It was also suggested that Board meetings could periodically take place in other parts of the UK, to reinforce that the CAA operated UK-wide. It was noted that consideration was already being given to holding the next Board awayday in Wales and the West Country.
 23. It was understood that a reduction in scheduled meetings could give rise to an increase in extraordinary Board meetings if significant issues arose.
DECISION: The Board supported the proposal to reduce the number of formal Board meetings from eleven to eight.
ACTION: The Chair, CEO and Philip Clarke to consider the logistical issues that would need to be addressed in reducing the number of Board meetings.
 24. The Board thanked the Flint Global team for their work on the review.
 25. The Board noted the report.

V CHIEF EXECUTIVE'S REPORT (DOC 2022-17) BY RICHARD MORIARTY

26. Although a further discussion would take place in April, the Board was asked to approve the five draft Board Priorities.
DECISION: The Board approved the Board Priorities.
27. As advised at previous meetings, discussions had taken place with another regulator regarding use of the Westferry office. An agreement had now been reached with the other regulator to sub-lease desks from the CAA, and delegation was sought from the Board to allow the CEO and COO to sign the sub-lease.
DECISION: The Board delegated authority to the CEO and COO to sign the sub-lease allowing for use of desks at Westferry.
28. *Ukraine* – The Board was advised that work was taking place across the organisation in response to the Russian invasion of Ukraine. Steps were also being taken to identify and deal with any remaining touchpoints between the CAA's operations and Russian entities.
29. Depending on the duration of the situation in Ukraine and the resulting pressures on the CAA, it was recognised that some other planned CAA activities for the year might need to be de-prioritised.
30. *Independent Review Panel* – It was anticipated that the new Panel Chair would be announced soon, and the Panel stood up in early May. The Board noted the report in the Library on the CAA's preparations for the new Panel, a process led by Ben Alcott.
31. In establishing the processes for the new Panel, the CAA had also continued to make significant steps in improving its complaint-handling processes.

32. *Cyber Security* – With the situation in Ukraine especially in mind, the Board was advised that cyber security was an important focus for the organisation. Colleagues were being reminded of the importance of being aware of cyber risks and updated guidance on the use of social media was also due to be communicated.
33. *Reward Strategy* - The Board was advised that implementation of the strategy could be a challenging process. However, it was noted that good initial benchmarking activities had now been done. It was also emphasised that in communicating with colleagues, ExCo members would need to be clear and consistent.
34. The Board noted the report.

VI MONTHLY FINANCE REPORT FOR THE TEN MONTHS TO 31 JANUARY 2022 (DOC 2022-18) BY CHRIS TINGLE

35. The Board was updated on the CAA's financial position. It was noted that the FTE headcount was still below budget.
36. Discussions were continuing with DfT on funding arrangements for the new financial year. In addition to this, budget planning was taking place internally.
37. This work had suggested that a significant number of additional FTEs may be required. Teams were being challenged on these assumptions and the Board would see the conclusions as part of agreeing the FY22/23 budget at the April meeting.
38. In undertaking the budget planning work, it was recognised that the CAA would face challenges in the new financial year, arising from below inflation increases to the Scheme of Charges, increased pay expectations and wider challenges in recruiting.
39. The Board noted the report.

VII SCHEME OF CHARGES CONSULTATION RESPONSE (DOC 2022-18) BY CHRIS TINGLE

40. The Board welcomed Alex Hutchinson to the meeting.
41. It was advised that the CAA was still awaiting the signed letter from the Secretary of State which approved the new charges. However, it had been confirmed in writing from DfT that the Secretary of State was content with the proposals.
42. The Board confirmed that it was content with the consultation response and approved its publication.
DECISION: The Board approved the publication of the Scheme of Charges Consultation Response.
43. The Board noted the report.

VIII ENVIRONMENTAL SUSTAINABILITY STRATEGY (DOC 2022-19) BY TIM JOHNSON

44. The Board welcomed Abigail Grenfell, Barbara Perata-Smith and Nic Stevenson to the meeting
45. The Board was reminded that climate change and sustainability presented significant challenges to the aviation sector that needed to be addressed.
46. The Environmental Sustainability Strategy had been developed over the past few months and represented the start of the CAA's journey in helping to address these challenges. It was recognised that the CAA's role would not always be as a leader, as there would be situations where other organisations had more expertise, but that the organisation's convening authority would remain significant.

47. In discussion, the Board welcomed the strategy and noted that despite other current pressures and priorities, climate change and sustainability presented an existential threat to aviation.
48. It was suggested that greater clarity be given to situations where the CAA had a leading role to play and those where collaboration with others would be required. It would also be useful to highlight situations where currently there were gaps in responsibilities.
49. The Board noted the prioritisation of tackling carbon emissions over noise pollution. This was on the basis that, at present, the Government had specific policies in place for carbon reduction, which it did not currently have for noise. That said, the Board recognised that noise was a significant concern for communities close to airports, and that prioritisation of targets would evolve over the lifetime of the strategy, specifically in relation to any future changes to Government policy. Given the importance of the issue, it was recommended therefore that further commentary on the basis for this prioritisation be included.
50. The Board were advised that General Aviation would be referenced in the strategy, but it was explained that further engagement would be required with DfT and the GA community to determine what sustainability measures would apply to these activities. The Board agreed with this approach.
51. Subject to the incorporation of the Board's feedback, the strategy was approved. Once finalised, the Chair asked that the document and handling strategy be shared with the Board for information.
DECISION: Subject to the incorporation of feedback, the Board approved the Environmental Sustainability Strategy.
52. The Board noted the report.

IX SARG MONTHLY REPORT & MEDICAL DEPARTMENT REPORT (DOC 2022-20) BY ROB BISHTON

53. The Board welcomed Dr Michael Trudgill to the meeting.
54. *Medical Department Report* - The Board was provided with an overview of the work of the CAA's Medical Department. It was noted that this work had touchpoints across the industry, had the ability to affect livelihoods, and was a key component of the safety system. It was also noted that progress with CELLMA would not be covered in this particular Board update.
55. The training of consultants in Aviation and Space Medicine continued to progress well and the CAA was increasingly reliant on this pathway as the pool of ex-military or airline industry consultants had diminished. Trainees are increasing diversity and in time will provide the resilience and succession options the CAA required.
56. The Medical Department had a strong tradition of leading regulatory change and had done so with diabetes, HIV, mental health and colour vision. The UK's withdrawal from EASA, staff shortages and prioritisation of covid related issues had meant that much of this work has stalled. Planning was now in place to recover activity and links had been made with academic institutions which included partnering bids for work on diabetes and an update of HIV related advice.
57. The Board was advised that although there could be complexities in assessing applications, the CAA strove to provide clear communications to those affected and took steps to avoid unnecessarily jeopardising an individual's employment opportunities.
58. *SARG Report* – Following feedback subsequent to the previous Board meeting, the top ten risks were presented without the underlying scoring. In discussion the Board indicated that having additional contextual information around the risks and mitigations would be helpful. The Board therefore requested that scoring and the basis for scoring be returned to future reports.

59. Although the report highlighted the top ten risks, it was queried whether there would be merit in seeing whether there was any significant movement among the other risks within the safety management system.
60. Noting the ongoing situation in Ukraine, the Board queried why this had not featured as a top risk. It was explained that since 2014, steps had been taken to reduce the risk to UK civil aviation assets in and around Ukrainian airspace. Therefore, the risk had been largely mitigated prior to the Russian invasion.
61. The Board was also advised that discussions had taken place with a number of organisations regarding concerns of resilience. These concerns had arisen during the recent storms.
62. The Board was also advised that the development and use of sustainable aviation fuels had been discussed during a recent CAA appearance at the Transport Select Committee. The Committee had emphasised that the aviation sector is accelerating its development and introduction of sustainable technologies.
63. The discussion had also highlighted that there were some differences between the UK and Scottish Government's sustainability targets. The Chair noted this and highlighted that it was of great importance that the CAA be engaged with all of the devolved administrations, given the organisation's UK-wide remit.
64. The Board noted the report.

X DOCUMENTING THE RELATIONSHIP BETWEEN CAA AND CAAi, & THE CREATION OF A CAAi BOARD OF DIRECTORS (DOC 2022-21) BY BEN ALCOTT

65. The Board welcomed Maria Rueda to the meeting.
66. It was advised that work to update the governance of CAAi had been impacted by the pandemic. One of the catalysts for the work was the future flight challenge, which had required the preparation of a separate contract between the CAA and CAAi.
67. The existing Management Advisory Board (MAB) had achieved some positive outcomes, but it had limitations because it was not a decision-making body.
68. In proposing new governance arrangements, it was intended that there would be more strategic finance input from the CAA, development opportunities for CAA staff, and an increase in the amount of reporting on CAAi activities to the CAA Board. Although the new arrangements would increase the gap between operation of both entities, the CEO would retain oversight and the power to appoint and remove Directors, as they would continue to be CAA employees.
69. It was confirmed that further discussions needed to take place regarding the treatment of profit and loss before the final arrangements were agreed. A discussion on a way forward was scheduled to take place at a forthcoming MAB meeting.
70. The new CAAi Board was intended to have four Directors registered with Companies House, with another four who would not be listed.
71. The Board queried what steps were in place to prevent regulatory capture and conflicts of interest. Clarification was also sought on what processes would be used to ensure that the CAA and CAAi were not competing for the same resources.
72. It was confirmed that there were already well-defined processes in place to mitigate against regulatory capture and conflict of interest. These were requirements of ISO9001 accreditation. There were also agreed processes between CAAi and SARG regarding use of technical expertise. It was also emphasised that CAAi was subject to Internal Audit reporting.
73. The Board was reminded that an update on Internal Audit reviews of the paid-for advisory services was scheduled for September. As part of this, information would also be shared on the avoidance of regulatory capture and the conflict of interest procedures.

74. The Board supported the proposals to document the CAA/CAAI relationship and establish a CAAI Board. This was subject to further discussions on the treatment of profit and loss. Further approval from the Board would be sought once these discussions had concluded.

DECISION: The Board approved further work to document the CAA/CAAI relationship and the establishment of a CAAI Board.

75. The Board noted the report.

XI SUMMARY REPORT FROM THE CAA AUDIT COMMITTEE (DOC 2022-22) BY JANE HANSON

76. In Jane Hanson's absence, the report was presented by Chris Tingle.

77. The Board was advised that preparatory work on the annual report and accounts was well underway.

78. It was also highlighted that there was a continued focus on enhancing the organisation's cyber security capabilities.

79. The Board noted the report.

XII PEOPLE COMMITTEE UPDATE (DOC 2022-23) BY MANNY LEWIS

80. As it was nearly the end of the financial year, the People Committee had been reviewing the performance assessment process. The objectives from Group Directors for FY22/23 had also been discussed.

81. The People Committee had also noted the progress made in succession planning for ExCo members and other key members of staff.

82. The Board noted the report.

XIII DRAFT AGENDA FOR APRIL BOARD AND FORWARD AGENDA

83. Following on from the discussion regarding the Sustainability Strategy, the Board was asked to note that the CAA's Corporate Sustainability Strategy would be presented in April. There would also be items on the budget and priorities for the new financial year.

XIV AOB

84. No other business was raised.

Date and Time of Next Meetings:

Wednesday 20 April 2022, 11:00 hours, Aviation House, Teams