

**CIVIL AVIATION AUTHORITY  
MINUTES OF THE 567<sup>th</sup> BOARD MEETING HELD ON  
WEDNESDAY 21 SEPTEMBER 2022, WESTFERRY HOUSE/TEAMS**



**Present:**

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

**Apologies:**

**In Attendance:**

Ben Alcott  
Jane Cosgrove  
Peter Drissell  
Tim Johnson  
Alex Kaufman  
Dave King                      Independent Safety Adviser to the Board  
Philip Clarke  
Graeme Paterson                      Secretariat

**CAA Review Team:**

Mark Fox                      except items 9 & 10  
Lisa Moses                      except items 9 & 10  
Jeremy Newman                      except items 9 & 10

Liam Betts	for item 6	Stewart Carter	for item 9
Zara Dempsey-Branch	for item 6	Andrew Walker	for item 9
Callum Holland	for item 6	Alex Hutchinson	for item 10
Rick Newson	for item 6	Chris Page	for item 10
Clare Bates	for item 7	Nic Stevenson	for item 10
Lou Braham	for item 7	Louise Stone	for item 10
Alex Bobocica	for item 9	Patricia Holgate	for item 11

**I APOLOGIES & CONFLICTS OF INTEREST**

1. No apologies had been received.

2. The Chair welcomed members of the Public Body Review Team who were currently reviewing the CAA.
3. The review was a part of the Cabinet Office's wider programme of assessing significant arm's-length bodies. A key focus of the review would be governance of the organisation along with accountability, effectiveness and efficiency.
4. *Conflicts of Interest* - The following declarations were made:
  - a. Jane Hanson had joined the Board of His Majesty's Treasury.
  - b. Katherine Corich had joined the Leadership Board of the Royal New Zealand Air Force. It was noted that another member of the Leadership Board was employed by an organisation featured in the SARG Report.
  - c. Tim Johnson highlighted a previously declared interest regarding item 9.
  - d. Ben Alcott highlighted a previously declared interest regarding item 5.
  - e. Philip Clarke declared interests in the matters being discussed under items 5 and 9.
5. For the benefit of the Review Team, the Chair advised that it was not unusual for declarations of interest to be made.
6. The Chair asked Board members to review the list of interests provided, and advise Philip Clarke if any updates were required.
 

**ACTION:** Board members and attendees to review the list of interests and advise on any necessary updates.

## II PREVIOUS MINUTES AND MATTERS ARISING

7. *Minutes* - The minutes of the July Board meeting were approved. Publication would take place subject to the redaction of certain material.
8. The minutes of the EBM on the Board's assurance of the Space licensing process were also approved. This was subject to the inclusion of a post-meeting note that was being prepared to address points made by the Head of Space Regulation.
9. As had been agreed at the EBM, the Board would be appraised once outstanding information had been provided by the applicants and final checks completed by the CAA.
10. *Actions* – The Board was advised that the Airspace Modernisation Strategy was scheduled to be submitted to DfT in mid-November, with publication expected by mid-December.
11. Following the Space EBM, the outstanding Space actions would now be closed.

## III CHAIR'S REPORT (DOC 57-2022) BY SIR STEPHEN HILLIER

12. The Chair again expressed the Board's sadness at the passing of HM Queen Elizabeth.
13. The Chair also highlighted the change in Prime Minister and Secretary of State for Transport. With the Government's and CAA's focus having been on Operation London Bridge, there had been limited opportunities to engage with new ministers on wider issues and new priorities. However, the CAA was still working to deliver its current set of priorities.
14. The Board noted the report.

## IV CEO'S REPORT (DOC 58-2022) BY RICHARD MORIARTY

15. *For Information* – *Operation London Bridge* – The CAA had played a significant part in supporting the funeral arrangements for HM Queen Elizabeth.
16. This had involved contributions from several parts of the organisation, including SARG and AvSec.
17. It was noted that a message of thanks had been received from the Royal Household following the funeral.
18. The CEO noted that two key learnings had arisen from working on the operation: when called upon to support sensitive or high-profile activities, there was an

- increasing expectation that the CAA would take on a more operational role. It was also emphasised that when dealing with sensitive issues, there was a great importance in getting buy-in from senior leaders in other organisations.
19. *Improved resilience of the aviation system for the benefit of passengers* – The Board was advised that service levels had improved over the course of the summer period, but many of the issues affecting resilience had still not been fully addressed.
  20. Discussions were taking place with DfT colleagues and industry to identify how pinch points could be avoided during upcoming peak travel periods to mitigate the impact of disruption on passengers.
  21. Addressing a point in the CEO report regarding Security, it was confirmed that this issue had been worked through and no further action was required by the CAA.
  22. *EU Exit* – There were still a large number of tasks to be performed by the end of the recognition period in December 2022. The CAA, and applicants, still had much work to do and some risks remain, though the plan was broadly on track.
  23. The successful processing of returner flight crew licences was reliant on other NAAs providing the necessary documentation. Some of these authorities were largely paper based which had presented some challenges.
  24. There had been an extensive communications campaign to encourage applicants, highlighting the implications of not having a licence or approval by the end of December.
  25. A more in-depth discussion on the status of all the CAA's EU Exit licensing activities was scheduled for discussion at the Board's October meeting.
  26. It was noted that although the UK had left the EU in 2020, there were still other areas that needed to be addressed, particularly in regard to the relationship with EASA.
  27. *ISD Resources & Services* – It was noted that the issue of resources within ISD had been raised at the Audit Committee. It was also confirmed that steps were being taken to identify which services could be further digitalised, recognising that many of CAA's regulatory decision required human judgement. The roll out of new services was being affected by some gaps in specialist skills in ISD. It was recognised that a lack of resources was not a problem unique to the CAA.
  28. With the move to hybrid working, there was an opportunity to recruit colleagues from outside the south-east.
  29. As other regulators were experiencing similar issues, it was suggested that the matter could be raised within UKRN.
  30. *Ofwat* – The Water Regulator had now sublet a section of the Westferry House floorspace. The move in August had gone well, and it was advised that a similar approach could be considered in other parts of the CAA's estate in time, with associated efficiency benefits.
  31. *Shoreham Inquest* – The Board was advised of the CAA's preparations for the Coroner's Inquest into the accident at the Shoreham Air Show in 2015.
  32. The Board noted the report.

## **V FINANCE REPORT FOR THE FOUR MONTHS TO 31 JULY 2022, INCLUDING CAAPS PENSION VALUATION UPDATE (DOC 59-2022) BY CHRIS TINGLE**

33. The Board was updated on the CAA's financial position.
34. It was queried how the increase in energy costs would affect the organisation. It was confirmed that the CAA bought energy via a Crown Commercial Service contract.
35. The Board asked whether there had been any queries from staff about support for rising energy costs. It was advised that there had not been any queries yet, but an extensive suite of information regarding financial wellbeing had been prepared during the pandemic, and was still available for colleagues.

36. An update was provided on the valuation of the CAAPS pension scheme. A deficit recovery plan had been agreed by the scheme's Trustees. The Board signalled that it was content with the valuation proposal.
37. The Board noted the report.

## **VI SARG MONTHLY REPORT (DOC 60-2022) BY ROB BISHTON**

38. The Board welcomed Liam Betts, Zara Dempsey-Branch, Callum Holland, and Rick Newson to the meeting.
39. *Part 1 -Safety & Risk Update Report* - The Board was provided with an overview of the top safety risks. As the information was reported monthly, there would not be significant changes in the risk scores.
40. The Board noted that although they had plateaued, there was a backlog of MORs, and queried what steps were being taken to address this. It was confirmed that there was a triage process in place to escalate high importance MORs to SARG. Additional SSC staff had also been recruited to support the processing of these. It was noted that MORs from GA tended to increase over the spring and summer due to there being more activity.
41. Consideration was being given as to whether there could be increased automation in the review of MORs within the SSC. However, any decision on investment would be delayed until the updated version of the ECCAIRS system had been introduced.
42. It was noted that some of the MORs also related to Covid and crews working longer hours. The Chair requested that updates on Covid and fatigue related MORs be included within broader updates on industry resilience in the wake of the pandemic. **[Post-meeting note:** It was agreed that updates on progress with resolving MORs would be provided as part of the CEO Report at the next Board meeting.]
43. *Part 2: Special Safety Report –Innovation Demand* – The Board was provided with an update on the near-term regulatory challenges being dealt with by SARG in relation to RPAS and Advanced Air Mobility. This included updates on product applications that were in the pipeline.
44. An overview was also provided on the interplay between SARG, CAAi and CSP when engaging with new technology applicants.
45. It was noted that many of the organisations developing new technology lacked experience in dealing with an aviation regulator. Much of the CAA's current regulatory approach assumed a certain level of maturity when developing new aircraft. However, given the lower level of expertise of new market entrants, consideration was being given as to how the CAA could evolve its approach to effectively support applicants.
46. The arrival of new market entrants and technologies brought with it additional challenges and new levels of risks that needed to be addressed. The November PIE meeting would include a discussion on some of these challenges and risks.
47. Noting the emergence of new technologies, there was an increased need to consider how new users could be safely incorporated into the existing well established airspace system with many existing users. There was also a longer-term challenge for the CAA to ensure that it was suitably structured to support and continue its functions both for traditional aviation, which would remain the significant proportion of its work, as well as prepare for the introduction of new technologies and operators in the sector.
48. The Board noted the report.

## **VII CAA REWARD MODEL (DOC 61-2022) BY JANE COSGROVE**

49. The Board welcomed Clare Bates and Lou Braham to the meeting.
50. The aim of the new Reward Model was to address issues around progression, by ensuring colleague contributions and capabilities were recognised. The new Model would also provide greater transparency to colleagues about the size of pay ranges.

51. The Board was reminded that the delivery of the Reward Model was an ExCo project not just a HR one. It had also brought in a range of external expertise to support the work.
52. The new pay structures and ranges had now been devised and formed part of the consultation put to colleagues. It was recognised that there was still work to be done to refine the model before full implementation. Further work would be required to look at the full employee value proposition.
53. At the time of the meeting, ten percent of colleagues had responded to the consultation, and the list of frequently asked questions was being updated regularly. There had been and continued to be engagement with trade unions and the Employee Forum.
54. It was confirmed that an equal pay audit would be undertaken once the new model was fully implemented. There would also be an equality impact assessment prior to implementation to determine where roles filled by colleagues with protected characteristics had been placed in the new structure.
55. The Board recognised that there had been a lot of concerns from staff regarding pay, so it was crucial that the new model helped address these. The success of the model would also need to be measured against delivery of the organisation's strategic objectives and how it supported the ambitions set in the D&I Strategy.
56. It was confirmed that the issue of reward was among the top-two priorities for ExCo to address. It was also a Board Priority for the year.
57. Noting that pay was a concern for many staff, it was queried whether attempts had been made to persuade staff to stay who might have otherwise left for roles in other organisations. It was confirmed that some of these discussions had occurred. It was also highlighted that for business-critical roles, there was a mechanism for ExCo to consider increasing pay.
58. It was recognised that the Reward Model consultation would not necessarily be popular in all cases.
59. The broad outcomes of the consultation would be known by mid-November, and an update, including some potential measures of success would be provided at the 7<sup>th</sup> December Board meeting.
60. The Board recognised that a significant amount of work had gone into developing the Reward Model.
61. The Board noted the report.

## **VIII AUDIT COMMITTEE REPORT (DOC 62-2022) BY JANE HANSON CBE**

62. The Board noted the update on Audit Committee's meeting of 9<sup>th</sup> June.
63. The Committee had also met on 20<sup>th</sup> September, during which time it had considered papers on the follow:
  - a. ARA lessons learnt.
  - b. Pension scheme update.
  - c. Finance function maturity.
  - d. People risks.
  - e. Internal review of the external auditors
64. With regard to the People risks paper, it was noted that a deep-dive discussion would be taking place on this at PPB, before coming back to the Board later in the year.
65. Although there were areas of the business that were struggling to recruit, there were many others where there were very few challenges in finding suitable candidates.
66. The Board noted the report.
67. The members of the Review Team left the meeting.

## **IX THE ECONOMIC REGULATION OF NERL – INITIAL PROPOSALS (DOC 63-2022) BY PAUL SMITH**

68. The Board welcomed Alex Bobocica, Stewart Carter and Andrew Walker to the meeting.
69. The Board was advised that the accompanying paper had built on previous discussions regarding the price control.
70. The Board would be asked to approve the publication of the Initial Proposals and delegate authority to Paul Smith, Stewart Carter and Andrew Walker to finalise the documentation.
71. The price control for en-route services would be made up of the core price control, which was forward looking, and the treatment of the historic Traffic Risk Sharing (TRS) mechanism.
72. *The Board considered the material that had been presented in relation to the CAA's statutory responsibilities, the level of engagement and consultation with stakeholders and the interests of consumers.*
73. **Decision** - The Board confirmed that it was content for the Initial Proposals to be published. The Board also confirmed that delegation to finalise the documentation would be given to Paul Smith, Stewart Carter and Andrew Walker.
74. The Chair thanked the team for their work on a complex subject.
75. The Board noted the report.

## **X CAA PERFORMANCE AND EFFICIENCIES (DOC 64-2022) BY CHRIS TINGLE & TIM JOHNSON**

76. The Board welcomed Alex Hutchinson, Chris Page, Nic Stevenson and Louise Stone to the meeting.
77. The Board had challenged the CAA's approach to efficiency as part of planning and budgeting process earlier in 2022.
78. In discussion, it was emphasised that the CAA's focus had to be both on the effectiveness of delivering quality services, preparing the sector for the significant challenges it was facing as well as achieving sensible efficiencies. Where savings could be achieved, these could be reinvested in improving services where this delivered material benefits to stakeholders.
79. Further work would also need to take place regarding the identification of a wider programme on effectiveness and efficiency improvements, and the approach to scheme of charges changes, which were due to be discussed at the Board's October meeting.
 

**ACTION:** Tim Johnson and Chris Tingle to present outline potential reductions to Review Team, and lead on work to identify possible efficiencies within the organisation.
80. The Board noted the report.

## **XI BOARD MATRIX AND DEVELOPMENT BY MANNY LEWIS**

81. The members of the Review Team re-joined the meeting.
82. The Board welcomed Patricia Holgate to the meeting.
83. An overview was provided of the Board Skills Matrix. This had been developed to capture the skills of existing Board members, and would support the recruitment of new NEDs and support appraisals.
84. As part of the development of the matrix, NEDs had been required to undertake self-evaluations to identify their skills in certain areas. Further surveys were also planned to further identify strengths and weaknesses, and establish how Board members can work together effectively.
85. In support of NED development, a comprehensive suite of learning resources had also been made available. This covered a broad range of subjects relevant to the CAA's work, as well as broader Board skills and development materials. Board members were encouraged to share any relevant resources they had identified themselves.

86. Reviewing or completion of the learning resources was not mandatory, but it was recommended that NEDs undertake at least 6 hours per annum. The breadth of resources was aimed at upskilling NEDs so that they could contribute to discussions on the full range of CAA activities.
87. The annual appraisals for NEDs would in future include discussions on personal development over the course of a year.
88. The Board was invited to spend time reviewing material and feedback any thoughts on how it could be best used, or further developed.
89. The Board noted the report.

## **XII DRAFT OCTOBER BOARD AGENDA AND FORWARD AGENDA**

90. Following the paper on Performance and Efficiencies, the Chair requested that the draft agenda for October be reviewed so that a further discussion could be accommodated.  
**ACTION:** Tim Johnson and Secretariat to review October Board agenda.
91. The Chair thanked Board members for their forbearance regarding the move of November's meeting to early December.
92. The Board was advised that initial planning was underway for a Board and an awayday in Scotland in spring 2023.

## **XIII ANY OTHER BUSINESS**

93. *CAAi International* - It was noted that as part of the agreed changes to governance arrangements for CAAi, internal and external interview processes had concluded and 3 new NEDs had been selected and would be formally appointed in the immediate future.
94. No other business was raised.

### **Date and Time of Next Meetings:**

**Wednesday 19 October, 11:00 hours, Aviation House**