

**CIVIL AVIATION AUTHORITY
MINUTES OF THE 571st BOARD MEETING HELD ON
WEDNESDAY 22 FEBRUARY 2023, 12:00, SOUTHAMPTON AIRPORT**



Present:

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

Apologies:

In Attendance:

Ben Alcott	International Director
Peter Drissell	Aviation Security Director
Tim Johnson	Policy Director
Dave King	Independent Safety Adviser to the Board
Alison Naylor	People Director
Emma Brown	Business Manager
Graeme Paterson	Secretariat

Chris Page	Item 4	Julie Bryer	Item 5
Nic Stevenson	Item 4	Mukarram Chaudhry	Item 5
Louise Stone	Item 4	Laura Madden	Item 7

I. APOLOGIES & DECLARATIONS OF INTEREST

1. No apologies were received.
2. The Board was reminded that the relevant Non-Executive Directors would need to recuse themselves if matters related to two possible Regulation 6 hearings were discussed.

II. MINUTES AND MATTERS ARISING

3. *Minutes* – The minutes of the January 2023 Board meeting were approved.
4. *Actions – Action 221* – The Board was appraised of the outcome of the Independent Safety Adviser’s meeting with colleagues in SARG to review the effectiveness of the regulatory safety management system (RSMS).
5. The meeting had also discussed the role of the State Safety Board. However, it was noted that accountability for the agenda construction and actions arising from SSB sat with DfT.
6. It was agreed that the process of NED/Independent Safety Adviser review of the RSMS should be regularised, with the practicalities of this being considered by the Safety Leadership Group, ahead of a further update to the Board in six months.

ACTION: The Independent Safety Adviser to provide a further update on the effectiveness of the RSMS in six months.

7. *Action 216* – The Board requested clarification on whether original employment letters for colleagues referred to the need to protect third-party intellectual property rights.

ACTION: Alison Naylor to review employment letters.

III. CHAIR'S REPORT (2023-10) BY SIR STEPHEN HILLIER

8. The Chair welcomed the Board to Southampton Airport, highlighting the importance of the CAA meeting and engaging with the sector it regulates.
9. The Chair noted the potential governance risk that could be created by there being multiple changes at ExCo level. It was noted that recruitment of the new CEO would be launched once Government approval for the remuneration package had been received.
10. There had also been some delays in agreeing extensions for Non-Executive Directors. At present, there was a risk several Non-Executive Director terms could end within a short timeframe.
11. With these changes the CAA would need to ensure that the interim-CEO arrangements were robust, and the Board as a whole, would have a role to play in reassuring internal and external stakeholders of the organisation's stability.
12. The Board noted the paper.

IV. CAA EFFICIENCY STRATEGY (2023-20) AND NEWMAN REVIEW PROGRESS UPDATE (2023-17) BY RICHARD MORIARTY

13. *CAA Efficiency Strategy* – The Board's agreement was sought on the proposed efficiency strategy, and the Customer Experience and Modernisation Programmes which encompassed the CAA's significant plans for digitalisation of processes.
14. The Board was advised that cost savings could be achieved across the core regulatory groups without impacting on the CAA's ability to deliver its key functions and enabling activities. However, in making this saving, it was acknowledged that some other work may need to be paused or stopped altogether.
15. Further forecasting was undertaken on the impact of making increased savings however, the CAA's ability to provide enabling activities would be removed, and there could be an impact on its capacity to deliver core functions.
16. It was emphasised that new activities, or areas where the level of demand was unknown, had been excluded from the cost saving targets. It was also noted that despite savings being made, the size of the CAA would still increase during timeframe of the efficiency strategy. However, the importance of having the right capabilities in place was highlighted.
17. The proposals included Scheme of Charges price increases of CPI(H)-1% for the three years of the efficiency strategy. This would provide certainty to charge payers about the level of costs, noting that CPI(H)-1% would represent real term reduction to charges, but still provide the CAA with money to invest in improving services.
18. Feedback from the Board was sought on whether the overarching strategy was credible and achievable, and whether the forecast savings would be sufficient to deliver the full programme of digitalisation projects.

19. In discussion, the Board was supportive of the efficiency strategy itself, noting the assurance that regulatory capabilities would not be affected. However, there were some concerns on whether the forecast savings would be sufficient to meet the CAA's ambitions.
20. The Board noted that significant multi-year digitalisation projects were complex and would require firm governance and control arrangements to be in place, and for there to be sufficient capacity within the relevant teams to take work forward.
21. In response, the Board was advised that further work would need to be undertaken to determine the criteria that would be used for prioritising digitalisation projects, the governance arrangements that would be put in place and specific business cases for particular pieces of work. The Board acknowledged these points, and noted the importance of getting these foundational elements right.

DECISION: The Board endorsed the heads of terms of the efficiency strategy.
22. The Board was advised that an update on the discussion and decision would be shared with the ALB review team on the 23rd February 2023.
23. *Newman Review Progress Update* – The Board was invited to note the update, with any feedback or queries to be raised outside the meeting.
24. The Board noted the papers.

V. SCHEME OF CHARGES CONSULTATION (2023-16) BY CHRIS TINGLE

25. The Board welcomed Julie Bryer and Mukarram Chaudhry to the meeting.
26. The Board was reminded that the consultation had closed in January. The consultation itself had consisted of two main elements: a general price increase, and charges for new activities.
27. In summary, the general price increase had generated very little comment from charge payers. However, there had been some feedback on the charges for new activities. The CAA had also received a significant number of responses from the model aeroplane and drone operator communities in relation to proposals to round up some charges to the nearest pound.
28. The Board was asked to approve five recommendations, as set out in the accompanying paper. In considering the proposals, the Board was advised that recommendation two (amending the rounding up rule) had been put forward in response to the feedback received from the model aeroplane and drone communities.
29. It was also noted that for some of the additional charges put forward in the initial consultation would not be required.
30. In discussion, the Board considered, and supported the five recommendations.

DECISION: The Board approved the five Scheme of Charges recommendations as set out in the accompanying paper.
31. The next steps would involve the Chair writing to the Secretary of State. In this letter, it would be emphasised that the CAA had acted on consultation feedback when setting the final charges. Depending on the Secretary of State's feedback, it was anticipated the new charges would take effect from 1st April 2023.
32. The Board noted the paper.

VI. EXCO UPDATE: (CEO REPORT (2023-13), FINANCE UPDATE (2023-15) & SARG MONTHLY REPORT (2023-11)) BY RICHARD MORIARTY

33. *CEO Report – Board Priorities* – Following the January Board meeting, feedback was sought on the updated draft Board Priorities.
34. The Board was reminded that the priorities were subordinate to the CAA's Strategy but provided an additional focus on specific areas of work. It was also noted that the Board Priorities worked alongside those put forward by the Secretary of State.
35. In discussion, the Board suggested that priority one (which focused on core regulatory activities) was too generic and represented the CAA just doing its job. In response it was highlighted that a significant proportion of colleagues spent most of their time focused on key regulatory activities, therefore it was important that the CAA, did not lose sight of the need to perform its core regulatory functions. It was also noted that within core activities, there was often a need to innovate and respond to new issues.
36. Based on the discussion, the Board agreed that priority one should be taken forward but made more focused and draw out areas where capability enhancements could be made.
37. The Board was broadly content with the other priorities as presented. However, it was requested that some amendments be made to ensure that issues such as growth, innovation, efficiency and accountability were included.
38. In addition to the amendments, the Board also requested that more specific details of the actions that would sit beneath the priorities be provided when the final versions were discussed in April.

ACTION: Richard Moriarty and Tim Johnson to provide more specific details of the activities that would sit beneath and support each priority.

39. *Governance on Consumer Issues* – Following the PIE discussion on consumer issues, Board endorsement was sought on sharing the conclusions from the meeting with the ALB review team. The Board supported the sharing of the material.
40. *Future Flight* – The Board requested that updates on the themes discussed at the February PIE session on future flight also be provided at future meetings.
41. *Swansea Airport* – The Board was asked to note that Swansea Airport's licence had been provisionally suspended.
42. *Finance Update* – The Board was appraised of the CAA's financial position.
43. *SARG Monthly Report* – The Board was invited to note the content of the report. Any specific queries could be raised outside the meeting.
44. The Board noted the papers.

VII. CORPORATE GOVERNANCE STATEMENT (2023-12) BY JONATHAN SPENCE

45. The Board welcomed Laura Madden to the meeting.
46. Board approval was sought to publish the governance statement. Earlier versions had been reviewed by ExCo and the Audit Committee. It was acknowledged that updates to the document could be necessary over the coming months to reflect changes in ExCo membership, and possibly as a result of the ALB review. However, publication of the statement would help fulfil a commitment made in several CAA annual report and accounts.
47. Subject to some minor amendments, the Board approved the publication of the governance statement.

48. It was also agreed that substantive changes to the document would be subject to Board approval. However, changes to the annexes, or other changes to key personnel could be reviewed and approved by the Audit Committee.

DECISION: Subject to some minor amendments, the Corporate Governance Statement was approved for publication. Substantive changes to the document would be subject to Board approval, with minor changes able to be approved by the Audit Committee.

49. The Board emphasised the need to keep key corporate documents up to date, and to have a formal process in place for ensuring this. It was proposed that this process could be overseen by the Audit Committee.

ACTION: Secretariat to add review of key corporate documents to Audit Committee forward agenda.

50. The Board noted the paper.

VIII. DRAFT APRIL BOARD AND FORWARD AGENDA

51. The Board was advised that an EBM may need to be convened to consider the emerging recommendations from the ALB review. It was possible that this could take place close to the full April meeting.

52. The Board noted the draft agenda for the April meeting. Feedback was also invited from the Board on whether the forthcoming agendas were addressing the right issues.

53. The Board noted the paper.

IX. ANY OTHER BUSINESS

54. *Hybrid-Working* – The Board considered a short paper on hybrid working within the CAA. The Board was advised that the approach had been broadly positive, but there were areas where issues had arisen, and further work was needed to determine how best to resolve these.

55. It was acknowledged that the hybrid model was an attractive proposition to both new and existing staff. However, there were some concerns the development of a one-CAA culture could be impacted by limited interaction between colleagues.

56. Further discussions on the application of the hybrid-working policy would take place at ExCo level, before returning to the Board later in the year.

57. *ExCo Departures* – On behalf of the Board, the Chair thanked Chris Tingle for his first-class contribution to the CAA as Chief Operating Officer and as an ATT Trustee and wished him every success for the future.

58. *Southampton Airport* – The Board expressed its appreciation to the team at Southampton Airport for its support in hosting the meeting and tour of the airport's facilities.

Date and Time of Next Meeting:
Wednesday 5 April, Aviation House