



CIVIL AVIATION AUTHORITY

FOR PUBLICATION

**CIVIL AVIATION AUTHORITY
MINUTES OF 430th BOARD MEETING HELD ON
WEDNESDAY 21 APRIL 2010 AT 10.00 AM**

Present:

Dame Deirdre Hutton	Chair
Mr A Haines Chief Executive	(for Item V)
Dr C Bell	
Ms G Burrett	(for items I to VIII and XV)
Dr H Bush	
Mr D Gray	
Mr R T R Jackson	
Miss C Jesnick	
Mr M Medicott	
Mr R P Mountford	
AVM B North	
Mr M Swan	(for items I to VIII and XV)
Capt R O Whitefield	
Mr R J Britton	Secretary & Legal Adviser

In Attendance:

Mr M Smethers	
Director European & International Strategy	
Mrs N Hastings	
Head of Human Resources	
Mr T Williams	
Head of Health, Safety & Environmental	(for item III)
Wg Cdr D Lindsey	
London 2012 Olympic Planning Focal Point	(for item IV)
Mr A Knill	
Head of Surveillance and Spectrum Management	(for item VIII)
Mrs A-M Hopcroft	
Minute Taker	

I. Minutes of the Board Meeting held on 17 March 2010.

1. The minutes of the previous meeting were approved and signed.

II. Chair's Opening Remarks

2. The Chair highlighted the excellent work that had been undertaken by CAA staff in response to the volcanic ash event. The Chair, speaking on behalf of the Non Executive Directors, thanked the Executive Director team for their efforts and made particular reference to the strong leadership shown by the Chief Executive. Specific note was also made of Mr Padhraic Kelleher's (Head of Airworthiness, Safety Regulation Group) efforts with regard to aircraft and engine manufacturers. It was also noted that EASA had indicated its support of the initiative but it was not clear whether it supported the measures proposed.

3. Board Members were thanked for making themselves available for the Extraordinary Board meeting on 20 April and Non Executive Directors provided thanks for the briefing that they had received, which it was agreed had been at an appropriate level.

4. It was agreed that the CAA should undertake a 'lessons learned' exercise in respect to the volcanic ash event and establish a summary of the actions taken. The benefits of establishing the action summary as soon as possible were highlighted.

Action: Mr Swan and Ms Burrett

5. Ms Burrett provided an update on the incidents that had been reported by airlines and also the plans for continuing test flights and for establishing a scientific basis for the conditions being experienced. It was agreed that the Board should be kept informed of progress and that the industry should be informed of any developments as soon as possible through the appropriate reporting process. It was suggested that a daily press release could provide a suitable mechanism for updating the industry and the public on developments. It was confirmed that Board Members should redirect any industry or press enquiries to Corporate Communications Department.

III Health & Safety Quarterly Report – Doc 2010-51 by Mr Swan

6. The paper provided the Board with a summary of CAA annual incident statistics, monthly incident statistics, fleet vehicle road traffic incidents, Health & Safety (H&S) Policy Advisory Committee recommendations from its meeting on 11 March, progress on the H&S Audit Programme, significant H&S risks and H&S Key Performance Indicators.

7. Mr Swan reported that a member of staff had been in Chile during the recent earthquake and whilst both support of, and communications with, the individual had been good the event would be reviewed to ensure any lessons learned were fed back into the process.

8. The control of contractors was discussed and it was noted that steps had been put in place to enhance contractor oversight and improvements could be expected in time for the next quarterly

report.

9. The Board was reminded that the CAA Pension Scheme holds a portfolio of investment properties and, within the last two years, a fatality had occurred on one site. The Trustees employed CBRE as property managers and, following this accident, the Trustees had made appropriate enquiries of CBRE. It was noted that Mr Williams would be welcome to review CBRE's procedures.

10. In response to a question on assessing levels of stress in the organisation, it was reported that a proportionate approach was being applied, which would be followed up by further targeted risk assessment as appropriate. It was also questioned whether exit interviews made any enquiries about stress as a factor in decisions to resign and agreed that this would be reviewed.

Action: Mrs Hastings

11. It was highlighted that Board Members would be receiving H&S training and that this would be aligned to take place on the same day as a future Board meeting.

Action: Mr Swan

12. The Board noted the contents of the paper and agreed that it was content with the level of information being presented in the H&S report but requested that future reports be accompanied by a summary of the key issues and how these were being, or should be, addressed.

Action: Mr Swan

IV. Pre-Risk Workshop Paper – Doc 2010-52 by Miss Jesnick

13. The paper provided a summary of progress on the CAA Risk Register Internal Audit Recommendations and further risk management developments, including a CAA risk management governance document, risk benchmarking meetings with other regulators, a review of the H&S Risk Register and information regarding the Board Risk Workshop (which would follow the Board meeting in May).

14. During discussion, a number of suggestions were put forward with regard to risk categories and risk treatment strategies contained in the paper, particularly with respect to the need for clear responsibility boundaries. Furthermore, it was agreed that the Board Risk Workshop should consider crisis management and the impact of unforeseen circumstances, particularly with respect to the CAA's response to such events. This should also include the impact of resourcing on the CAA's ability to respond to unforeseen events. In addition, consideration should also be given to the impact of public scrutiny on CAA activities.

Action: Miss Jesnick

15. It was agreed that the Met Office Review should also consider the resources that it has available.

Action: Mr Swan

16. During discussion of this paper, the Board took the opportunity to reflect on the volcanic ash situation and the lessons learned review that should be undertaken by the CAA. It was noted that the ash event had highlighted the need for the CAA to retain airworthiness expertise despite EASA having taken over competence in this area. It was questioned whether EASA would also undertake a lessons learned review and Mr Smethers reported that this would be on the agenda for the next EASA Management Board meeting. It was agreed that any national security issues identified as a result of the lessons learned review should be fed into the Cabinet Office. It was also felt that the CAA's experience of the volcanic ash event could be put to very practical use at the Board Risk Workshop.

17. The Board also took the opportunity to discuss initial arrangements for a future Board meeting, which would be hosted by AVM North.

18. The Chair requested a list of those CAA staff particularly involved in the response to the volcanic ash situation so that she could send a letter of thanks.

Action: Messrs Swan and Jackson and Ms Burrett

19. The Board concluded the discussion on this item by noting the contents of the paper as an outline of what should be achieved at the Board Risk Workshop, subject to the incorporation of the amendments proposed at the meeting. Board Members were invited to send any further comments direct to Mr Swan or Miss Jesnick.

V Proposed Changes to CAA Board Related Working Practices – Doc 2010-53 by Dame Deirdre Hutton

20. The Chief Executive attended the meeting solely for this item and the Board took the opportunity to thank him for his exceptional leadership throughout the volcanic ash situation. The Chief Executive responded by praising the great team effort that had been made by CAA colleagues and highlighted the professionalism of staff involved. It was emphasised, however, that the situation continued to be difficult and that further efforts would be required over the coming weeks.

21. The paper outlined a number of proposals for new and amended working practices for the Board. These related to arrangements for Board meetings, Board member attendance at Committees below Board level, and additional staff and industry engagement opportunities for Board Members.

22. The Board discussed whether the proposals provided a sufficient balance between keeping Non Executive Directors sufficiently briefed to carry out their roles but yet not too involved in the detailed work of the CAA. It was, however, acknowledged that Air Vice Marshal North would need to become more involved where there were issues relating to national security.

23. It was noted that the paper did not refer to the timing of the distribution of meeting paperwork. It was agreed that this should continue to be with Board members by close of business on the Thursday before the meeting.

24. It was felt that the proposals outlined could contribute to the aim of confining all Non Executive Directors' commitment to one day per week. The arrangements with respect to the Audit and Remuneration Committees were discussed and it was agreed that these would be discussed further with the Chair & Chief Executive's Office.

Action: Mr Mountford and Dr Bell

25. It was clarified that policy related Board papers would be presented to the new CAA Executive Committee (ExCo) first but it was agreed that the key discussions at the ExCo would be incorporated into the respective papers prior to their presentation to the Board. This would allow Non Executive Directors to gain an insight on the issues discussed. It was also agreed that a schedule of decisions that are reserved to the Board should be produced.

Action: Mr Haines

26. The concept of Stakeholder Engagement Forums was further discussed and it was agreed that these form a useful mechanism to gain input from stakeholders and provide clarity on difficult issues although it was agreed that these would need a clear remit. It was agreed that other regulators should be approached to understand their experiences with such forums.

Action: Mr Haines

27. It was noted that there are not currently any CAA cross-industry engagement groups and it was agreed that the whole subject of stakeholder engagement should be reviewed. It was also suggested that providing an independent chairman or using a Non Executive Director to chair the forums may be beneficial as would requiring them to produce an annual report. Inviting representatives from the relevant government department might also be useful with regard to coherence of approach between government and regulators.

28. It was noted that the paper did not cover Price Control Panels and, in particular, Non Executive Director involvement in these. It was agreed that this would be discussed at a future Board meeting.

Action: Dr Bush

29. The Board agreed that there should also be a change in culture whereby the Executive Directors made better use of the expertise of the Non Executive Directors on an informal one-to-one basis and it was felt that there was a very real appetite for this change.

30. It was noted that Board Member Health & Safety training could form one of the informal sessions proposed in the paper.

VI Olympic Games Airspace Update – Doc 2010-54 by Mr Swan

31. Mr Swan noted his thanks to AVM North for allowing the CAA to retain Wing Commander Lindsey for the next two years in order to act as the CAA's London 2012 Olympic Planning focal point.

32. Wing Commander Lindsey presented the paper, which outlined the CAA's main issues regarding the London 2012 Olympic and Paralympic Games. These primarily related to the safety of aircraft operations (inside and outside of Controlled Airspace), airspace capacity and security requirements, airport and helicopter operations and spectrum and surveillance issues. The paper also highlighted external and internal stakeholder engagement activity and the work that has taken place as part of the NATS CP3 review. In addition, an initial identification of the Olympic-related Business Risks and Costs to the CAA were outlined.

33. During discussion it was noted that the work being undertaken in this area would allow significant issues to be identified at an early stage so that these could be flagged up with the relevant Government department. It was recognised that a level of ambiguity would remain given the complex level of interactions involved to ensure a safe and secure environment for aviation activity to take place. However, it was felt that a balance of being able to ensure that sufficient plans were in place whilst retaining an element of flexibility should be sought. It was noted that the recent volcanic ash event had provided a very clear indication of the impact on commercial air transport of airspace constraints. It was requested that an appropriate ministerial briefing be produced post-election.

Action: Mr Swan

34. In response to a question about spectrum capacity, it was noted that this was being reviewed but there was not any additional capacity available.

35. The safety risks associated with different types of operation wanting to operate within the same airspace were discussed and it was noted that the situation would be monitored with quick interventions made, if necessary.

36. It was noted that the airspace planning team would draw on any lessons learned from previous constrained airspace situations and Board Members were invited to provide any inputs as appropriate. It was agreed that a strong relationship with COBRA would be appropriate.

37. The Board noted the contents of the paper and requested formal updates on a six monthly basis with intervening updates provided through the monthly Director's report. It was felt that the frequency of formal reporting would have to be reviewed as the Olympics drew closer.

VII Chief Executive's Report – Doc 2010-55 by Mr Haines

38. The Board did not consider the report in the Chief Executive's absence.

VIII Directors' Reports

ERG – Doc 2010-56 by Dr Bush

39. Dr Bush drew the Board's attention to issues surrounding the Single European Sky II Performance Framework and a number of airport reviews / projects. In addition, it was noted that further information relating to the Department for Transport (DfT) review of the framework of economic regulation would be brought to the Board in May as well as a presentation on the NATS Price Control Review.

40. During discussion on the DfT review of the framework of economic regulation item, the relationship between the regulator and the passenger representative body was discussed in the event of the latter being given information powers. Concerns were raised with respect to whether the same disclosure of information restrictions applied to the passenger representative bodies as applied to the CAA. It was questioned how this situation differed to other regulators / consumer bodies and agreed that this would be reviewed.

Action: Dr Bush / Mr Gray

41. During discussion on the NATS Price Control Review item, it was confirmed that there was a single body of Trustees responsible for both the CAA and NATS sections of the CAA Pension Scheme.

42. The Board noted the contents of the paper

CPG – Doc 2010-57 by Mr Jackson

43. Mr Jackson made reference to coordination issues surrounding the Airline Issues Working Group, the removal of seats by TUI from ATOL and the work undertaken to ensure that increases in the individual limits are applied to provide cover in respect of larger ATOL holders in the insurance arranged by the Air Travel Trust.

44. Mr Jackson also highlighted industry concerns as a result of the volcanic ash event and it was noted that these primarily related to the impact of Denied Boarding Compensation / Package Travel Regulation. Should there be any steps by the Government to underwrite the compensation owed to passengers, the CAA would be keen to ensure that airlines and the tour industry were treated the same. It was noted that the travel insurance industry would be monitoring this situation and highlighted that this was being discussed between the appropriate government department and regulators.

45. In response to a question regarding the impact on the CAA should a decision be taken that

results in further widespread closures of airspace, it was agreed that this would be reviewed and the outcome shared with the Board.

Action: Mr Britton / Mr Jackson / Ms Burrett / Mr Swan

46. The Board noted the contents of the paper

SRG – Doc 2010-58 by Ms Burrett

47. Ms Burrett drew the Board's attention to the work underway with regard to Safety Performance Indicators (SPIs) and promised to report progress to the Board at a future date.

48. In addition, Ms Burrett highlighted issues surrounding EASA's access to safety data. It was noted that SPIs currently utilise open reporting and therefore rely on a strong reporting culture. This culture could be impacted by the publication of SPIs (see paper at agenda item XIV). It is important to achieve an appropriate balance with regard to having a safety target, measuring safety trends and making these more visible to both industry and the public. Ms Burrett highlighted the work in progress with industry to investigate the use of operational data to create leading indicators. It was noted that one such indicator had already been established by the Airspace Infringement Working Group and that work would focus to extend these to the top seven safety risks that had been identified by the CAA.

49. The importance of a 'just culture' with regard to reporting was discussed by the Board and it was noted that there was a great deal of international work underway with respect to legal and social frameworks, building capacity and culture in organisations and recognition of the value of reporting and the need to feedback the actions taken as a response to reports. It was also noted that the CAA encourages organisations to measure their own safety levels.

50. During discussion, it was highlighted that there would be greater provision of safety information, and in particular the analysis of safety risks, to the Board in future.

51. The Military Aviation Authority (MAA) item in the report was also briefly discussed and it was noted that Ms Burrett would be meeting the MAA's Director General, Air Marshal Tim Anderson (formerly a CAA Non Executive Director) in late April and it was also noted that the MAA's Director of Operations would be joining the CAA's Future Airspace Challenge Team.

52. The Board noted the contents of the paper

DAP – Doc 2010-59 by Mr Swan

53. Discussion on this item focused on the draft response to the Administrative Incentive Pricing (AIP) consultation. It was highlighted that the CAA was not against the general principle of AIP but did not consider that there had been a case made for its application to the aviation industry. It was noted that the CAA message with regard to AIP has remained consistent.

54. During discussion on the AIP consultation response, it was felt that this was an issue in which

behaviours in the aviation sector were unlikely to be influenced through the proposed pricing mechanism. It was acknowledged that whilst this issue had a financial impact on industry, it would not be permitted to impact on safety considerations. It was accepted that whilst this was an emotive subject, the response was appropriately balanced and evidence based.

55. The Board noted the contents of the paper and agreed the draft response subject to the consideration of the Chief Executive. Should there be any significant issues identified by the Chief Executive then an amended response would be further reviewed by the Board.

Post meeting note: the AIP consultation response was not subject to any significant amendment

European and International Strategy – Doc 2010-60 by Mr Smethers

56. Mr Smethers presented the report and highlighted that he and the Chief Executive would be meeting the Commission's Head of Air Transport, Mr Calleja on 23 April and invited Board Members to provide details of issues that should be raised at this meeting.

57. During discussion, it was questioned how the dynamics of aviation environmental policy formation had changed in the Commission between DGMove, DGEEnvironment, and the newly created DGClimate . It was agreed that this would be discussed with Mr Calleja and that a note would be provided to Board Members.

Action: Mr Smethers

58. Mr Smethers also provided greater clarity with regard to the 'fast-track' procedure being sought with respect to Air Traffic Management rulemaking and highlighted that some Member States were kept on full consultation.

59. The Board also discussed European coordination issues as a result of the volcanic ash event and noted that the Commission had deemed this a matter for States to act notwithstanding that airworthiness issues were involved, which comes under EASA's remit.

60. The Board noted the contents of the paper

IX Legal Report – Doc 2010-61 by the Secretary

61. This paper provided information on recent prosecutions, civil litigation and a Direction given to the CAA by the Secretary of State requiring the CAA to permit the Metropolitan Police Service to operate outside of the requirements of the Police Air Operations Manual. The 2009/10 prosecution results were also appended to the report.

62. The Secretary drew the Board's attention to the unsuccessful prosecution by the Crown Prosecution Service following the fatal gyroplane incident at Long Marston and the high case load over the coming months. The Concorde trial was also further discussed and it was noted that as much support as necessary was being provided to the retired member of CAA staff who will be appearing to give evidence for the defence at the trial.

63. The Board discussed the unusual nature of a Direction, which led to a number of questions which would be raised.

Action: Mr Britton

64. The Board noted the contents of the paper.

X Finance Report – 12 Months Ended 31 March 2010 – Doc 2010-62 by Miss Jesnick

65. Miss Jesnick presented very draft financial results to the Board and highlighted that these were subject to the annual external audit, which commences on 26 April 2010. CAA International (CAAi) Limited had provided better than expected results and that a number of cost saving measures had provided a positive impact on operating costs. It was also noted that both CAA and CAAi income would be affected by the volcanic ash event.

66. The Board noted the contents of the paper.

XI HR Report – Doc 2010-64 by Miss Jesnick

67. Miss Jesnick presented the paper, which provided information relating to the HR / People Strategy, current HR strategic priorities and key employment statistics.

68. Miss Jesnick reported that the Senior Management Conference scheduled for 26/27 April 2010 had been postponed, which would have the subsequent impact of delaying the Engagement Survey. The concept of a quarterly 'pulse survey' was welcomed by the Board and it was highlighted that this would be tracked and presented to the Board in future Key Performance Indicator quarterly reports.

69. The Pay settlement was discussed and it was noted that the HR Department had received some very positive comments from staff.

XII Draft Corporate Plan – Doc 2010-63 by Miss Jesnick

70. Miss Jesnick presented the draft one-year CAA Corporate Plan for 2010/11, which had been compiled as an interim holding document based on the objectives from the 2009/10 Corporate Plan and featuring key actions and deliverables from this year's Group Business Plans. It is intended that the Plan will be replaced, in the autumn, with a Strategic Plan, which will set out the CAA's direction and ambition (including key aims, strategic objectives and outcomes) over a five year period.

71. Miss Jesnick reported that the draft foreword would be rewritten to reflect the volcanic ash event.

72. In response to a question seeking clarity on the rate of return on the current cost of capital employed on the CAA's regulatory activities, it was agreed that a briefing note would be circulated to Non Executive Directors.

Action: Miss Jesnick

73. The Board discussed a number of drafting amendments and it was agreed that these would be incorporated, together with any comments from the Chief Executive, and an amended version of the Plan being circulated by email for final approval for publication.

Action: Miss Jesnick

XIII Quarterly Key Performance Indicator Report – Doc 2010-65 by Mr Haines

74. It was agreed to defer this paper until the May Board meeting although Board Members were invited to forward any comments on the paper to the Chief Executive.

Post meeting note: it was subsequently decided to defer the paper until the July Board meeting (and thereby capture the data from Quarter 1 2010/11)

XIV Publication of Safety Performance Indicators – Doc 2010-66 by Ms Burrett

75. Following presentation of the proposal to publish SPIs to the Board in October 2009, a consultation had been carried out between 16 November 2009 and 15 February 2010. Respondents to the consultation, although supportive of the initiative to publish SPIs, expressed significant concern regarding the publication of a serious events list.

76. The Board discussed this paper in Ms Burrett's absence and was supportive of the approach taken.

77. The Board endorsed the recommendation to publish the SPIs in August 2010, without a serious events list and to redevelop the Safety Information section of the CAA website.

XV Any Other Business