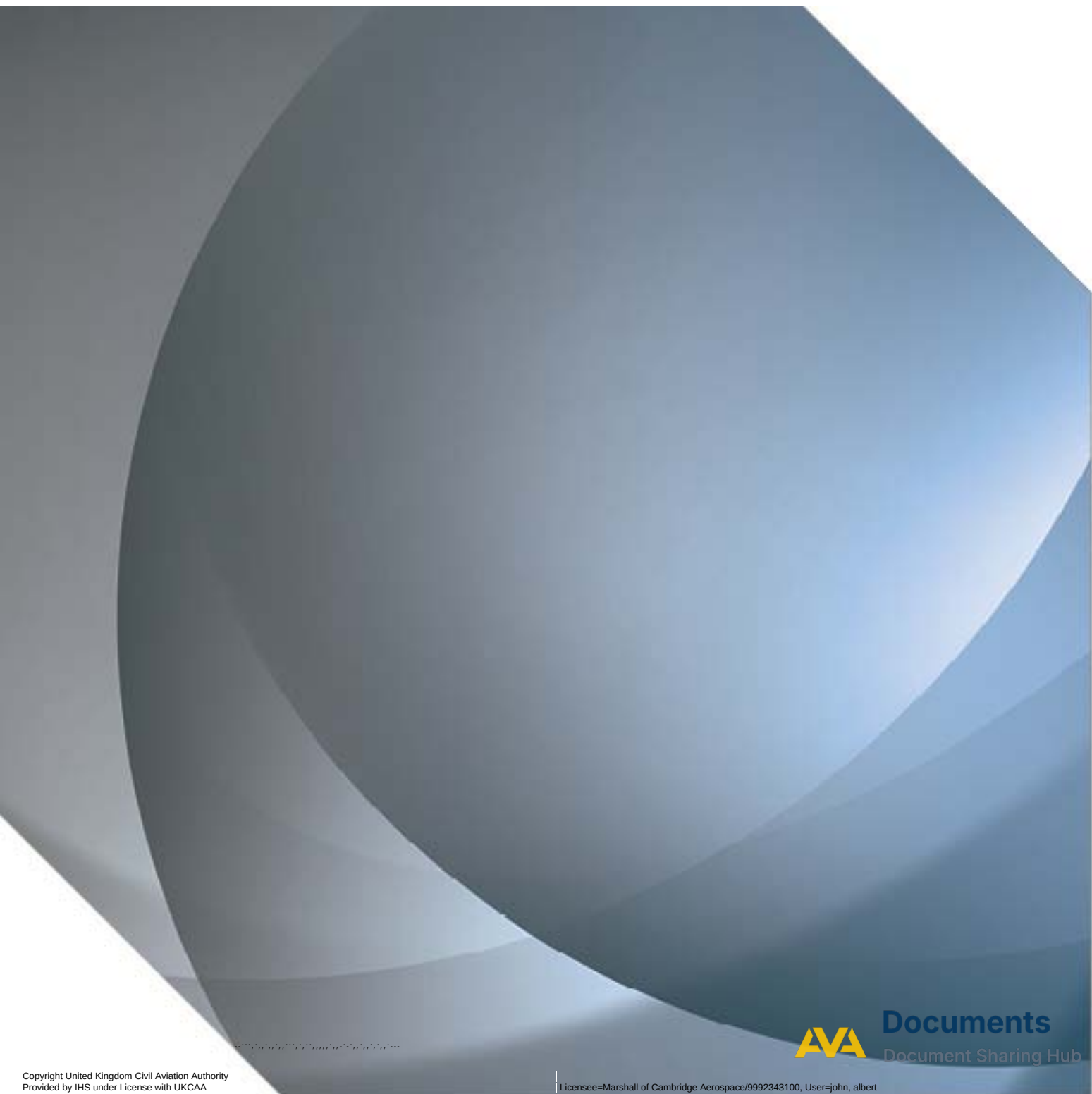


PBR conference report: October 2015

CAP 1365



Introduction

The UK Civil Aviation Authority (CAA) and c.100 senior delegates from the aviation industry met on October 31st 2015 at the Royal Aeronautical Society to discuss the implementation of Performance Based Regulation (PBR). This report describes the outcomes of the conference drawn from the conversations on the day and feedback provided by the delegates in the post conference survey.

Mark Swan, CAA's Director of Safety and Airspace Regulation set out the objectives of the conference, to:

1. Update industry on the implementation of PBR.
2. Gather industry feedback on the PBR approach.
3. Review the activities of the PBR Industry Group, working with the CAA to tackle some of the key PBR implementation challenges.
4. Capture the industry's perspectives on the top safety risks facing the sectors they operate in.
5. Consider an international perspective on the adoption of PBR in other regions.

A wide range of industry sectors were represented at the conference, including aerodromes, commercial air transport, air navigation service providers (ANSPs), ground handlers, the CAA, MoD, DfT and international regulators. The conference demonstrated that the progress made during 2014 and 2015 to implement PBR is improving the way the CAA collects, analyses and uses safety risk information. There is a strong consensus across the industry that the efforts to further refine and embed the PBR approach must be maintained in order to realise the full benefit of the changes.

PBR implementation is fully backed by the CAA Board because it enables good regulation.

Dame Deirdre Hutton, Chair of the CAA Board, opened the conference with a key note speech that set out the characteristics of a good regulator and how they are supported by the implementation of PBR. Dame Deirdre explained that the starting point for a good regulator is to focus only on the risks that are real and cannot be managed by a competitive market. It follows that a good regulator must maintain a strong understanding of the key risks that impact on the industry and consumers that it is tasked to protect.

PBR can help industry stakeholders to self-regulate by collating safety risk information that indicates where improvements are needed. It offers the potential to nudge industry towards making improvements, encouraged by the prospect of fewer inspections for higher performers. PBR also plays an important role in ensuring that the regulator's processes and decision making are focused, proportionate and consistent. Inconsistencies make it difficult for the well intentioned to act well and it allows the ill-intentioned to capitalise on loopholes in order to circumvent unfavourable aspects of the regulatory regime.

The conference delegates agreed that to regulate effectively the CAA must have real expert knowledge of the sector and understand how their organisations operate. Dame Deirdre highlighted that the CAA must strike a delicate balance between being an understanding partner of the industry and an independent, objective regulator. It is especially important that the introduction of PBR is not seen to take any safety responsibilities away from the industry. The accountability for managing risks and delivering safety is owned by the industry. The regulator's role is to understand the risks (particularly at the sector-wide and total system levels) and ensure that they are being managed effectively. The use of a tick box audit method to achieve this is limited, therefore the introduction of the risk and performance based approach has the full backing of the CAA Board.

Dame Deirdre concluded with a reflection on the importance of trust to successfully embed the PBR approach: Both trust from consumers that their safety is properly protected; and trust from the industry that the regulator is capable and understands enough about the sector's risks to carry out its role. The delegates agreed that forums such as the PBR conference play an important role in building trust, demonstrating expertise and ensuring transparency regarding the changes being implemented through PBR.

The Performance Based Oversight Process is improving the focus, value and efficiency of oversight activities.

The director of the CAA's PBR Programme, Ben Alcott¹, briefed the conference on the changes that have been implemented since the last PBR conference in May 2014. Ben explained how the CAA has adopted an entity approach. Each entity is comprised of multiple privileges (licences, approvals and certificates) that are managed as part of a single coordinated oversight plan.

The entity approach underpins the Performance Based Oversight (PBO) process that is now applied to over 200 operators, aerodromes, ANSPs and air worthiness organisations. Each organisation is subject to a complexity assessment at the start of the process. The assessment examines the size, variety and other complexities of the organisation's operations. The CAA's capability teams use the complexity outputs to decide the baseline level of oversight that is suitable for each organisation and record it. The conference delegates recognised the potential for complexity assessments to drive the re-allocation of resources towards areas with more potential risk. Ben emphasised that those organisations assessed as more complex are not necessarily more risky, but that the assessments create a sensible baseline from which to prioritise activities.

The PBO process aims to improve coordination across the capability teams and strengthen the quality of the safety risk conversations with each organisation's Accountable Manager. All regulators with an insight into an organisation contribute to an

¹ Ben Alcott moved to a new role as the CAA's International Director from Nov-1st 2015. Jon Round has succeeded Ben as the PBR Programme Director