

CIVIL AVIATION AUTHORITY
MINUTES OF THE 542nd BOARD MEETING HELD ON
WEDNESDAY 17 JUNE 2020, 11:00, BY SKYPE

Present:

Dame Deirdre Hutton

Richard Moriarty

Rob Bishton

Katherine Corich

Marykay Fuller

Sir Stephen Hillier

AVM Ian Gale

David King

Anne Lambert

Paul Smith

Kate Staples

Chris Tingle

Graham Ward

Chair

Secretary and General Counsel

Apologies:

None

In Attendance:

Peter Drissell

Tim Johnson

Richard Stephenson

Ben Alcott

Jane Cosgrove

Philip Clarke

Barbara Perata-Smith

Minute-taker

Nic Stevenson

for item 5

Jenny Willott

for item 6

Harriet Gamper

for item 6

Ella Payne

for item 9

Jon Round

for item 10 and 11

Stu Wain

for item 10

Colin Chesterton

for item 10

Stephanie Shaw

for item 11

David Malins	for item 11
Glenn Bradley	for item 11
Michael Cox	for item 11

I. APOLOGIES AND INTRODUCTIONS

1. No apologies were received.
2. The Chair welcomed Sir Stephen Hillier, who had been appointed as a Non-Executive Director until he takes up his role as CAA Chair on 1 August 2020.
3. The Chair noted that Ben Alcott and Jane Cosgrove would join the entire meeting today.

II. CONFLICTS OF INTEREST, PREVIOUS MINUTES AND MATTERS ARISING

4. No new conflicts of interest were declared.
5. The minutes for the April 2020 meeting were approved subject to some minor amendments and would be published in due course.
6. The matters arising from previous meetings were noted but there were no comments.

III. CHAIR'S UPDATE

7. The Chair commented that she had had no face-to-face meetings recently, due to the lockdown restrictions, but had had many online meetings. She had dialled into the CAA Gold Command meetings once a week to keep abreast of developments.
8. Other virtual meetings included a session with Mark McAlistair, the Chair of the Office of Nuclear Regulation (ONR), which had been useful as the ONR had a similar safety objective to CAA. The Chair mentioned that Peter Wyman, Chair of the Care Quality Commission, had now taken over chairing the Chairs of Safety Regulators group and that the ONR was a big supporter of the group.
9. The Chair also mentioned that she had received a joint letter from the Secretary of State and Aviation Minister praising the CAA for its excellent performance so far in supporting the aviation industry and the Government with the Covid-19 crisis. The letter was a very welcome recognition for CAA colleagues for all their efforts. The letter had been published on iComms for all colleagues to read.
10. The Board noted the update.

IV. CHIEF EXECUTIVE REPORT (DOC 2020-47) BY RICHARD MORIARTY

11. Richard Moriarty provided an update on a number of live issues.

External issues

12. Brexit: CAA was prepared for the potential range of negotiated outcomes. The CAA was making good progress on licensing and security arrangements, and was in the process of identifying suitable candidates, internally and externally, to create a State of Design capability. The team's size had been based on current resource allocated by EASA to UK based design approval holders and, although there remained some uncertainty as to the volume of work, we would match the team to the pipeline of work.
13. With regard to changes to EU regulations that would be incorporated into UK law, we were currently in talks with the DfT to understand the CAA's future role and the changes that would require the Government's support through legislative change. The risks were that industry would expect a high level of change in existing regulations. This topic was scheduled to be discussed at the Board, for a deep dive, in the Autumn.
14. Tim Johnson observed that the CAA would look to establish and then evolve an appropriate relationship with EASA within the framework and parameters of the overarching UK/EU trade agreement.
15. Mr Moriarty said that we were looking to form relationships with other entities, including the US Federal Aviation Authority (FAA), whom we had met at a recent joint FAA/DfT roundtable. The session had been aimed at discussing aviation's recovery in our respective countries and we had agreed to engage, in the future, on technology and innovation as the FAA were interested in the CAA's Innovation Hub and we were keen to learn more about their R&D function. A working group would be formed to ensure this work was taken forward in a structured manner.
16. Furthermore, the FAA had agreed, at Mr Moriarty's request, to carry out a peer review of our Electronic Conspicuity Strategy and would offer guidance and advice. The FAA also regulated space activity, closely with NASA, and would offer an opportunity for CAA to learn more on this area, particularly the engineering capability.
17. The Chair praised the excellent collaboration and useful peer-to-peer conversations that were being set up.
18. Space Regulation: Mr Johnson commented that the single regulator function had now been signed off by Ministers and confirmation would be subject to a Statutory Instrument in Parliament. Commencement was likely to be the Summer of 2021 which would provide time to resource and organise the team and grow it as necessary. A detailed paper was scheduled to be presented to the Board in the Autumn 2020.

19. Ian Gale enquired whether the arrangements with the UK Space Agency (UKSA) were in place to support a smooth transfer of people and functions. Mr Moriarty confirmed that was the case and explained that their recently appointed Deputy CEO was monitoring this as part of his project delivery role.
20. Dave King enquired about the relocation arrangements for UKSA staff. Mr Moriarty explained that the initial agreement had been for UKSA colleagues to stay in their offices in Swindon and Hartwell for two years after the initial transfer of functions, and that we were in the process of thinking about the ability to integrate with our staff in the current circumstances once the phase-in period was over. The current remote working arrangements forced by the Covid-19 crisis had actually helped as it had made colleagues able to work and collaborate with each other virtually which would have been the same for the UKSA staff.
21. Graham Ward asked whether we had taken into consideration the lessons learnt from the integration of AvSec into CAA and Peter Drissell confirmed that was the case and that these had been built into the plan.
22. Heathrow Airport Limited (HAL) and NATS economic regulation: Mr Moriarty provided an update on HAL and NATS.

Internal issues

23. Staff pay: Mr Moriarty requested Board support to extend the pay reduction arrangements for colleagues for a further three months from the start of July. He explained that this approach had the support of the CAA's unions but that, although phase one had had 100% uptake from all eligible staff, phase two might not and we should clarify that the extension would not be prolonged further beyond that.
24. Dr King added that, in the pre-Board discussion, it had been confirmed that provisions for hardship were being made via the Benevolent Fund and the Employee Assistance Programme and that financial wellbeing information was available on the intranet.
25. The Board agreed the request and Mr Moriarty thanked the members for their personal support of this issue in the past few months.
26. Diversity: Mr Moriarty thanked the Board for their support on the statement he had made on racism, in light of the Black Lives Matter movement. He added that since publication, he had received many messages from colleagues, showing that it was a conversation that many wanted to have and that the organisation should listen, reflect and bring the topic into the CAA's Diversity & Inclusion work.
27. Marykay Fuller commented that the organisation might want to explore the possibility of splitting CAA's BAME data into its constituent elements. She added

that in the future , the recruitment freeze brought about by Covid-19 might provide an opportunity to select and develop staff and should be brought into the Project Horizon conversation.

28. Mr Moriarty agreed on the second point and said that the reporting was not yet sufficient to be able to report comprehensively on diversity figures, which might make splitting BAME data complex. Jane Cosgrove commented that ethnicity disclosure rates were still under 60% which made it difficult to understand the spectrum of diversity in the organisation. As for BAME data, the organisation was quite small meaning that, if we split the data, it could become granular enough to identify people within teams, causing GDPR issues. Ms Cosgrove agreed to take away and reflect and added that the focus for now was on raising disclosure rates and said the listening sessions might help open the conversation.

ACTION: Jane Cosgrove

29. Ian Gale suggested the organisation should reflect first on the difference between a tolerant organisation and an anti-racist one; and second, on what steps we could put in place to address this issue, such as removing names from CVs. The Chair agreed it was an important subject and a dedicated Board debate would be arranged.
30. Mr Ward commented that the table on page 19 of the CEO report illustrated the criteria for airspace classification should start with safety rather than CAA resource. Mr Johnson thanked Mr Ward and confirmed it would be corrected.

ACTION: Tim Johnson

31. The Board noted the report.

V. PROJECT HORIZON (DOC 2020-50) BY TIM JOHNSON

32. The Board welcomed Nic Stevenson to the meeting.
33. Mr Johnson provided an overview of the context and purpose of the project. Mr Johnson recognised that, although the Covid-19 crisis had caused uncertainty and disruption, it had also provided an opportunity to review how we approach a number of issues, some of which could become more prominent, such as decarbonisation and new and more disruptive technologies, requiring that we work in a more agile and flexible way. Our financial position was strained, however, and over the short and medium term our financial resilience had to be considered.
34. Project Horizon, therefore, was aimed at designing the regulator we wanted and needed to be in the future and what changes would be needed to get there. Delivering our core functions would always remain fundamental. However, we should review our approach to how we undertook other activities, considering

outcomes and efficiencies. The five themes identified by the project illustrated some of the options we had to realise these objectives.

35. Mr Johnson said that he and the team would not require decisions from the Board today, but they would take any feedback from today's meeting to inform the Board Away Day in July and to ensure that the project was following the appropriate direction of travel. The team would return to the Board in July to discuss issues and priorities. Mr Ward commented that we should offer proper consideration to the balance between being an independent regulator and supporting a growth duty.
36. Mr Stevenson explained that the Horizon project group, working with colleagues across CAA, with ExCo members and their leadership teams, had identified five themes. Each theme summarised and represented potential areas of investment to drive change and position us for current and future challenges, whether that investment was through time, money or reallocated focus. The first iteration of the themes were: continually challenging our regulatory approach; accelerating digital adoption; capabilities fit for the future; restoring our financial resilience; and delivering unique values.
37. The Chair asked the Board for feedback and summarised the comments as follows. The general message indicated that the Board broadly supported the themes identified, but that some of the elements within those could be more ambitious; the timeline of two years was quite short, as CAA already had a current strategy, and should be taken further in the future. Financial resilience was important and required an overhaul of the scheme of charges model, however, we should be wary not to restrict our ambition because of our focus on reviewing the financial model; a part of designing the future CAA was to complement its core regulatory functions with enabling and facilitating the development of the sector. We should scrutinise the activities that had been accelerated and decelerated by the virus crisis and aim to support an innovative, enterprising and competitive market that delivered consumers' safety, security and economic interests.
38. Kate Staples recommended that at the appropriate time we should engage with partners outside of the organisation to ensure diverse thinking. Mr Moriarty agreed, and both acknowledged the benefits of conducting this work in-house and the need to stress-test it with the outside world appropriately.
39. The Board noted the report.

VI. CONSUMER PANEL REPORT (DOC 2020-49) BY PAUL SMITH