

CIVIL AVIATION AUTHORITY
MINUTES OF THE 523rd BOARD MEETING HELD ON
WEDNESDAY 17 OCTOBER 2018, AVIATION HOUSE

Present:

Dame Deirdre Hutton

Chair

Mr Richard Moriarty

Mr David King

AVM Gerry Mayhew

Mr Michael Medlicott

Mr Graham Ward

Mr Paul Smith

Mr Mark Swan

Mr Chris Tingle

Ms Kate Staples

Secretary & General Counsel

Apologies:

Mr David Gray

In Attendance:

Mr Peter Drissell

Mr Tim Johnson

Mr Richard Stephenson

Ms Angela Lynch

minute taker

Mr Ed Weston

Mr Ben Alcott

for items VII and VIII

Mr Peter Kirk

for item IX

Mr John McColl

for item X

Mr David Oastler

for item VI

Mr Andrew Walker

for item V

I. APOLOGIES AND INTRODUCTIONS

1. There were apologies from Mr Gray due to illness. Mr Gray had sent comments on item V in advance which the Chair introduced into the discussion.

II. CONFLICTS OF INTEREST, PREVIOUS MINUTES, AND MATTERS ARISING

2. No new conflicts of interest were declared.

3. The minutes of the last meeting were agreed subject to the addition of an action point.
4. Under matters arising, Mr Swan confirmed the draft report of the Helios review on the governance of air displays (referred to at last month's meeting) had been shared with the team. A paper encompassing the response to it would be presented to the Board in November under the monthly safety report.

Action: Mr Swan

5. The Board discussed the redaction process for Board minutes, which is based on the principle of transparency except where commercial or personal details are concerned. Ms Staples said that she would circulate exact details on the process to the Board.

Action: Ms Staples

III. CHAIR'S UPDATE

6. The Chair gave an update on recent meetings and events, including recent UK Regulators Network (UKRN) engagement. She highlighted that the CEO-level group was currently discussing the appointment of a new Chair and that the UKRN had been approached by Government to consider work that could support its review of UK regulatory bodies.
7. The Chair gave a summary of the recent meeting she and Mr Moriarty had had with the Consumer Council (Northern Ireland). The meeting was productive with relevant consumer issues discussed, including complaint handling and Belfast International Airport.
8. The Chair gave an update on the Non-Executive Director (NED) recruitment process. She confirmed that a strong shortlist of candidates had been drawn up and that the process was on track to deliver two new Board members by the end of the year. The Chair also informed members that she had accepted the Secretary of State's request to extend her term until August 2020. Board members welcomed this decision, agreeing it would help to provide stability during a potentially challenging time.
9. The Chair highlighted the CAA/DfT win at the recent National Transport Awards under the category 'Transport Team/Partnership of the Year', for their work together on the Monarch repatriation programme.

IV. CHIEF EXECUTIVE REPORT (DOC 2018-80) BY RICHARD MORIARTY

10. Mr Moriarty updated the Board on key meetings and live issues.
11. The Board approved the request to open a foreign currency bank account in connection with a specific CAA International (CAAi) contract agreement and as an exception to the CAA's policy of transacting business in sterling.
12. The Board approved the addition of Dan Cattermole as a new Senior Business Partner to the CAA's bank mandate (as an "A" signatory).
13. The Board consented to the removal of incorrect text from the 'ASSI Memorandum & Articles of Association' as detailed by Ms Staples in the report.
14. The Board supported the replacement of departing ASSI Board member Eirik Pitkethly with DfT-nominated member Catherine Adams.
15. The Board discussed the topic of Flight Time Limitations, recognised as an important safety issue. Mr King highlighted the risk that pilot shortages could cause more frequent recourse to discretionary use, which in turn could lead to more breaches.
16. Mr Moriarty noted his recent meeting with Surinder Arora in relation to the Heathrow expansion.
17. Mr Moriarty highlighted the welcome focus on long-term airspace reform from the DfT. The Board noted some key issues on airspace would be covered during November's Board meeting.
18. Mr Moriarty gave an overview of his key observations from the recent ICAO Air Navigation Conference, where he had the opportunity to engage in productive discussions with global partners on a range of topics. He observed the growing interest from safety regulators to respond to new technologies and several stakeholders had expressed particular interest in the CAA's Innovation Programme (being established through the Government's Regulators' Pioneer Fund). The Chair noted this point and asked that international opportunities be considered as part of the Programme's development.

Action: Mr Johnson

19. Mr Smith asked the Board to note two current CMA cases: Investigation of the Atlantic Joint Business Agreement; and Aer Lingus Limited / Cityjet Designated Activity Company merger inquiry. The CAA had been informed of these cases as part of ongoing CMA-CAA cooperation and it was confirmed that there was no statutory involvement in them from the CAA.
20. Following last month's update, Ms Staples confirmed that a note on the Edinburgh Airspace Change proposal had been circulated to members for information. The Board considered the airspace change process more broadly and reflected on the

internal lessons learnt in transitioning from the old approach to the new one. Ms Staples also provided an update on the latest developments and their potential consequences.

21. Mr Moriarty reported that the ATOL e-licensing system had gone live last month and although it would take time to become fully embedded, initial reports were positive.
22. The Board noted the continuing challenge the Shared Services Centre had in processing increased volumes of flight crew licenses and Mr Tingle updated the Board on the measures being implemented to address this. It was noted that current demand is 40% above the level seen last year.
23. Mr Moriarty informed the Board of the recent consumer roundtable co-hosted by the CAA's Consumer Panel and the Minister for Aviation. The event was well-attended by consumer groups and there was agreement from the DfT on several areas for incremental improvement. Mr Moriarty praised Consumer Panel Chair, Jenny Willott, for her significant role in the session. Mr Johnson added that the DfT's willingness to support consumer policy changes was also reflected in its decision to include the topic under its forthcoming Aviation Strategy.
24. The Board noted the report.

V. UPDATE: ECONOMIC REGULATION PROGRAMME FOR CAPACITY EXPANSION AT HEATHROW AIRPORT (DOC 2018-081) BY PAUL SMITH

25. The Board welcomed Mr Walker to the meeting. Mr Smith gave an overview of the paper and provided context around the latest engagement and planning discussions for the Heathrow expansion.
26. Mr Smith confirmed that Heathrow Airport (HAL) was still working to a timeline of submitting its final DCO application in 2020, for final agreement in 2021. He highlighted that this was a challenge and the team would closely monitor HAL's progress. Delay beyond this would likely require the team to reopen its assumptions on the price control and cost of capital, to ensure adequate consumer protection.
27. Following discussion of the different options and potential risks, the Board agreed to retain the current approach for the interim price control measures, based on a two-year arrangement (2020 and 2021), with the flexibility to add a third year (2022). The Chair asked that the articulation of the advantages of this approach explicitly state that consumer interest was central to it.

Action: Mr Walker