

CIVIL AVIATION AUTHORITY
MINUTES OF THE 551st BOARD MEETING HELD ON
WEDNESDAY 17 MARCH 2021, 11:00, on Microsoft Teams

Present:

Sir Stephen Hillier
Richard Moriarty
Rob Bishton
Katherine Corich
Marykay Fuller
AVM Ian Gale
David King
Anne Lambert
Paul Smith
Kate Staples
Chris Tingle
Graham Ward

Chair

Apologies:

None

In Attendance:

Ben Alcott
Jane Cosgrove
Peter Drissell
Tim Johnson
Jonathan Nicholson

as Interim Communications Director

Philip Clarke

Barbara Perata-Smith

Minute-taker

Nic Stevenson	for item 6
Joel Grundy, Q5	for item 6
Chris Parson, Q5	for item 6
Glenn Bradley	for item 7
David Malins	for item 7
Rick Newson	for item 7
Rob Olney	for item 7
Sophie O'Sullivan	for item 7 and 8

Jon Round	for item 7
Neil Winbolt	for item 8
Stewart Carter	for item 10
Jon Clyne	for item 10
Mantas Aleksa	for item 10
Matt Taylor	for item 11
Ed Kent-Bending	for item 11
Leo Capernaros	for item 12

I. APOLOGIES AND INTRODUCTIONS

1. No apologies were received.

II. CONFLICTS OF INTEREST, PREVIOUS MINUTES AND MATTERS ARISING

2. No new conflicts of interest were declared.
3. Graham Ward would recuse himself from item 10.
4. The minutes of the 10 February 2021 meeting were approved with some minor amendments and would be published online in due course.
5. The matters arising from previous meetings were noted.
6. Regarding action 106, the Chair commented that we intended to pull together the various discrete activities that were taking place in relation to the environment and sustainability. This would ensure a comprehensive and objective understanding that would support the design of the new strategy towards the end of the year.

III. CHAIR'S REPORT (DOC 2021-11) BY SIR STEPHEN HILLIER

7. The Chair summarised a number of headline points for discussion.
 - Reopening of UK travel: government had provided some indicative dates in April and May for the re-opening of sectors affected by Covid, including travel within, from and to the UK. Those dates should guide our work in order to meet the industry and the public's expectations.
 - Covid-19 recovery: the CAA's approach to the recovery phase was part of the SARG report – which would be discussed later in the meeting – but also an element of the Horizon project and of the ISD proposals. The recovery was a theme present in all of our work and understanding what this meant in practice would help us to deliver it more effectively.
 - Funding: over the past 6-9 months the CAA's financial position had stabilised, thanks to the Government's grant, and thus it had not been a prominent

feature of Board discussions. However, a combination of potentially diminishing support from DfT, increasing ambition and external factors might bring about a decrease in income and pressures to increase expenditure. In such circumstances there would likely be sharper focus on our finances, particularly on the need to balance ambition and financial stability.

8. The Board noted the update.

IV. CHIEF EXECUTIVE REPORT (DOC 2021-22) BY RICHARD MORIARTY

Approvals

9. Philip Clarke recused himself from the discussion concerning the first approval.
10. CAAPS: The CEO asked the Board to approve the following: first, for Bob Jones to be re-appointed as a Member Nominated Director for the three-year period commencing on 1 April 2021 and ending on 31 March 2024; and second, noting that David Armstrong would be stepping down as a CAAPS Employer Nominated Trustee, that Philip Clarke, Business Manager to the Chair and Chief Executive, be nominated to fill that vacancy, subject to the CAAPS Trustee Board approval.
11. The Board endorsed the request.
12. Philip Clarke returned to the meeting.
13. CAA overdraft: the CEO asked the Board to approve the renewal of the agreement with NatWest for the reduced £5m unsecured overdraft facility. The overdraft had been reduced in light of the funding arrangements in place with DfT, but the facility had been kept in place to ensure a prudent approach that balanced the facility's costs with the flexibility it provided.
14. The Board endorsed the request.

Live issues

15. Recovery: the Board was assured that teams were engaged in the work of the Global Travel Task Force at both strategic and operational level, on, for example, travel certification. There was a disconnect between the expectations of industry and public and the UK government's ability to commit to meet them, in light of the pervading uncertainty. This required our teams to be able to provide the correct advice and information on the rights of consumers when booking flights and holidays, working with consumer organisations. The work on this and other Covid-related issues was currently being carried out by a cross-CAA team of 10-15 colleagues.
16. The Board agreed that this was an area of concern that should be flagged to government in advance of travel being reopened and as part of our advisory role.

17. Jet Zero Council: the CEO confirmed that he was now part of the group, which brought together Whitehall and industry with the ambition to develop an emission-free transatlantic flight within this generation. The Council had political support and it was important that CAA played its part in the innovation and regulation debates. Some innovators were keen to scale up quickly in areas where certification was not yet available, so it was paramount that we configured our position to maximise success without compromising the boundaries of our role and considering our approach to sustainability.
18. Updates to the Board would follow as required.
19. Non-scheduled carriers and UK/EU level playing field: the CEO briefed the Board on this issue and explained that there was a difference in the criteria used by CAA and by other European authorities in relation to issuing foreign permits, with the latter more strict than the former and therefore having greater impacts on UK airlines. We had indicated to government this was a matter for discussion as it would require a clear and transparent policy framework to rationalise any amendments to the criteria in favour of UK airlines.
20. Project Palamon: CAA published its final decision in February, as previously notified to the Board.
21. Ryanair litigation: a brief update was provided, confirming that the litigation had now been settled.

Internal issues

22. The colleague engagement survey had had a good response and was completed by 78% of staff. Town Hall sessions were also well attended, indicating positive engagement across the organisation. The new wellbeing strategy would help to address some of the more difficult issues, such as individual struggles, and would ensure momentum was maintained. The communication on pay and annual leave seemed to have landed well.
23. Approximately 125 colleagues had joined the CAA since the first lockdown in March 2020 and some had never even seen the offices, so some thought was required on how to ensure they felt connected to their teams and to the organisation. A conversation might also be necessary to reflect on the optics of recruitment at a time when other industries were under financial pressure.
24. In relation to para 44 of the minutes, the Chair asked for 'much later' to be removed as phase 2 of the programme would be launched at the appropriate point.
25. In relation to para 55-60 on the Flybe decision, it was noted that the report would be corrected so as to provide an accurate description of the recent proceedings and regulatory decision.

26. The Board noted the report.

**V. FINANCE REPORT FOR THE TEN MONTHS TO 31 JANUARY 2021 (DOC 2021-23)
BY CHRIS TINGLE**

27. The COO provided an overview of the financial results for the month of January and noted the profit was adverse to the budget due to the s.12 grant, although there was still confidence that we would be on track to deliver the outcomes forecasted. The team was actively managing the P&L to meet the expected profit range for the year, accounting for cost savings made from having temporarily closed the Westferry office. The cash position was positive due to DfT's advance payment on the s.16 fees, low capex expenses and good working capital and cash flow. Overall, the year end results were likely to be better than the previous year, which was a positive outcome for the organisation, but would need clear explanation with industry.

28. The COO added that DfT had provided the letter that would enable the Board to be satisfied that the CAA remained a 'going concern' and had confirmed funding for security maturity and digitalisation. The Board congratulated Chris Tingle and Tim Johnson for maintaining a positive relationship with DfT and ensuring all critical issues were considered in the conversations.

29. The Board noted the report.

VI. HORIZON: TOM, VISION AND PRIORITY ENHANCEMENTS (DOC 2021-24) BY TIM JOHNSON

30. The Board welcomed Nic Stevenson as well as Joel Grundy and Chris Parson from Q5 to the meeting. The Chair noted that the discussion required the Board to confirm it agreed with the overall direction of travel, the interventions and the risks outlined.

31. The CEO set the scene for the topic, highlighting that interventions were likely to be well received by colleagues as several had been involved in their design, although it was still change and should be handled accordingly. It was important to ensure that agility, speed and flexibility of delivery were characteristics included in the strategy, and that the associated organisational structure was set up to reinforce the behaviours and culture we wanted to adopt, particularly in relation to the horizontal teams that would be required to progress work such as sustainability and innovation.

32. Today's discussion would require the Board's support on the broad vision of the characteristics of the organisation going forward, and on the first set of