

CIVIL AVIATION AUTHORITY
MINUTES OF THE 553rd BOARD MEETING HELD ON
WEDNESDAY 19 MAY 2021, 11:00, on Microsoft Teams

Present:

Sir Stephen Hillier

Chair

Richard Moriarty

Rob Bishton

Katherine Corich

Marykay Fuller

AVM Ian Gale

David King

Anne Lambert

Paul Smith

Kate Staples

Secretary and General Counsel

Chris Tingle

Graham Ward

Apologies:

None

In Attendance:

Ben Alcott

Jane Cosgrove

Peter Drissell

Tim Johnson

Alex Kaufman

Philip Clarke

Barbara Perata-Smith

Minute-taker

Alison Naylor

for items 6

Susanna White

for items 6

Rob Olney

for item 7

Sophie O'Sullivan

for item 7

Cara Ruzicka

for item 7

Claire Lambert

for item 8

Colin McCleod	for item 8
Will Nathan	for item 8
Helen Zambuni	for item 8

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. The minutes from the previous Board meeting were approved with some amendments which would be provided offline by the relevant parties. Once finalised, the minutes would be published on the CAA website in due course.
4. The matters arising were reviewed and a number of actions highlighted to be closed after this session.

III. CHAIR'S REPORT (DOC 2021-42) BY SIR STEPHEN HILLIER

5. The Chair summarised a number of headline points for discussion.
6. Recovery and safety risks: the Government's milestone for the reduction of the restrictions, which had been set for 17 May, had had a lower than expected impact on travel bookings, reflective of government's cautious approach. This could mean more inflated risks due to the protracted recovery period, but also more time to mitigate and address those risks.
7. Board reporting: the Chair noted that presentation and format of reports had reached a good stage and suggested that the Board was now allowed time to familiarise themselves with the new reporting format before further iterations were made.
8. Colleague experience survey: the data from the most recent survey should encourage a good discussion, under item 5 of the agenda, particularly highlighting what would be required of the Board going forward.
9. Space: the new regulatory function would be effective from July 2021 and the organisation would need to make sure it was clear on its position and responsibilities.
10. The Board noted the update.

IV. CHIEF EXECUTIVE REPORT (DOC 2021-43) BY RICHARD MORIARTY

Approvals

11. The CEO asked the Board to endorse a change to the approval process for the Annual Report & Accounts (AR&A) 2020/21, and, for this year only, for it to be signed electronically. This was due to the low likelihood of a physical meeting in June where the AR&A would be presented for approval.
12. The Board endorsed the request.

Live issues

13. Recovery and risks: the CEO noted that the operating environment had recently been impacted by the “Indian” variant of the Covid virus, which had driven the Government’s considerations and risk tolerance. There was an indication that the list of green countries was not likely to be expanded soon, making the recovery period more protracted, which had been poorly received by industry. The prospect for summer business was now looking worse and the commercial aviation sector was lobbying government for support, as well as trying to second guess consumers’ intentions. For this reason, the team was working with industry as if increased demand was likely to materialise, to be ready, as information from Europe was suggesting they were interested in connecting within the bloc but also with other markets, including the UK and later the US. However, if demand did not materialise, industry would incur substantial costs so there needed to be a balance between this summer’s expectations and bridging into next summer.
14. It was important to focus on risks in a systemic way, rather than solely on entities’ risks, as industry had suggested the areas of concern included such issues as having to hold aircraft and diversions, queues, holding on tarmac etc. In order to explore these issues a taskforce had been set up, headed by Jon Round in AAA, which would work on scenario planning in advance of the system running hot.
15. PLF enforcement: in relation to our role on Covid enforcement, this was seen as a priority by Government who insisted high compliance from airlines was paramount. Performance data indicated compliance was excellent, up to 99.5% and had improved from the early days, thanks to the team’s work with airlines. The relationship with Government was positive and, at a recent meeting, the Aviation Minister, Robert Courts MP, had discussed future options with more digitalisation to speed up checks and improve the effectiveness of the system.
16. The team had visited Heathrow Airport and it had been beneficial and useful to see first-hand how the process worked and what challenges it presented.
17. Refunds were discussed as they had the potential to unravel, as the EC261 regulation did not cover cancellations for the consumer if flights were operational. The team was encouraging industry to be flexible, but the legislation was clear. It

was hoped that a more mature understanding of the process would bring more a effective refund operation than it had originally.

18. Heathrow Airport Limited (HAL) decision: the CEO noted that there had been little reaction to the CAA's response to HAL's request for a Regulatory Asset Base (RAB) adjustment. Recent meetings with HAL had instead focused on preparations for H7.

Internal issues

19. Strategy: feedback from the recent Town Halls with Tim Johnson, which had been organised to socialise the new CAA strategy, had been positive, particularly the one-page summary of the key components of the strategy. The key concern for staff seemed to be the future ways of working and there would be granular questions that needed early answers, but within the overall intention of the organisation, which was to encourage flexibility in line with business needs.
20. CELLMA: the application had gone live in May but was suffering performance issues requiring frequent bug fixes. In addition, there was a backlog of registrations of portal accounts and problems with the self-declaration form for General Aviation pilots, all of which was putting the team under pressure. In an attempt to ease the strain, calls had been redirected to the contact centre and additional resource deployed to address the backlog. It was likely to take time to fix the bugs and resolve the issues.
21. Those experiencing a delay would not be stopped from flying and there were protocols in place whereby airlines would be able to notify CAA of the priority cases which would be accelerated through the process. And there were communications in place to walk the GA pilots through the self-declaration forms.
22. The team was liaising with the supplier and keeping track of the additional resource costs, but it was worth remembering that, despite the disruption caused by the issues, there was still a significant benefit to having the system, which was an improvement from the previous one.
23. Cyber security / security maturity: the small team had been impacted by recent leavers but there was confidence that appropriate expertise could be secured. The Colleague Experience Survey results for ISD indicated pay and reward issues. This kind of specialism was in demand in the job market, so it was a risk to monitor.
24. Universal Safety Oversight Audit Programme (USOAP): this project was related to the preparation for the ICAO audit, due to take place in late 2022. This was an audit of the State and the team had a plan in place, which included answering and providing supporting evidence for 700 questions on various protocols. The item had been a red risk for a few months as a consequence of other business activities

having to be prioritised, but the team would be able to produce an update in May and the Board would be brought up to speed accordingly. The Chair requested a single slide to illustrate the tasks that were starting to ramp up, elevated from the team and project slide.

ACTION: Ben Alcott

25. The Board noted the report.

V. FINANCE REPORT FOR THE TWELVE MONTHS TO 31 MARCH 2021 (DOC 2021-44) BY CHRIS TINGLE

26. The financial results for year-end were provided, including the forecast for 2021/22 and an update on discussions with DfT on the funding.
27. The operating profit for the month was lower than the budgeted profit, reflecting a reduction in the recognition of the S.12 grant, reduced regulatory revenue and increased monthly spend. The operating profit for the year had an unfavourable variance to the Covid budget position, mainly due to the movement in the En-route profit position as revenue was deferred to reflect expected increased costs in subsequent years. The regulatory operating profit was achieved, ahead of budget expectations. The cash position was also favourable thanks to prompt settlement of fixed charges by stakeholders and the risk of bad debt not having materialised. The year-end audit was proceeding well and the CAA's auditors, BDO were content with the letter of comfort that had been issued by the Department for Transport (DfT).
28. The team was working through the forecast figures with DfT colleagues and the update that had been provided to the September data indicated lower passenger figures than last year.
29. The Board noted the report.

VI. COLLEAGUE EXPERIENCE SURVEY (DOC 2021-46) BY JANE COSGROVE

30. The Board welcomed Alison Naylor and Susanna White to the meeting.
31. An overview of the paper was provided, focusing on the key points for discussion, summarised as follows.
- The Colleague Experience Survey had a high response rate and there were some notable strengths identified including one of our key priorities of wellbeing, which was ranked very high compared to the UK norm and UK high performing norm comparators.
 - It provided a rich data set, available for the first time in a while on this topic, which had been shared, at a team level, with all departments.