

WHITEHALL & INDUSTRY GROUP 2 DECEMBER 2020

CHECK AGAINST DELIVERY

Good morning everyone. Thank you very much indeed Simon for those kind words of welcome and introduction, and thank you for my first opportunity to speak to the Whitehall and Industry Group.

I took over as Chair of the Civil Aviation Authority on the first of August. My predecessor, Dame Deirdre Hutton, was a firm supporter of this Group and I therefore thank her again in this setting for her 11 years of great leadership at the CAA, and for the strong legacy which I'm fortunate to have been able to inherit.

She last spoke to the Group shortly before our handover, with a talk titled 'reflecting on a decade of leading through crisis'. I hope that my speech today will complement that one: as Dame Deirdre was reflecting back, I have the opportunity to look forward and consider 'what next for the CAA?'

In doing so, I'm not claiming that I will somehow accurately predict the future – much of it is genuinely unknowable at this stage, especially in relation to where technology might take us. But I do believe that some key themes are discernible – partly because some are genuinely timeless, such as having the organisational culture, capacity and flexibility to adapt to inevitable change. And partly because some of the key challenges and opportunities are already plainly in front of us, even if we do not yet know how we

will successfully address them in full: for example decarbonisation of a sector which currently has no viable alternative fuel source.

More of that later. But what I want to do in this first section gets to the heart of WIG's objective of 'championing learning and understanding between sectors', by offering what I learned whilst working in the Ministry of Defence part of Whitehall, and how that shapes my approach to my new CAA role.

First, my experience. After serving just shy of 40 years in the Royal Air Force, it's only natural that that tends to dominate my CV. I will always be proud of having been able to achieve my ambition of becoming a fast-jet pilot in the RAF; of being part of an organisation which provided challenge, development and opportunity in equal measure, and helped me realise my potential; of the way in which it gave me the enormous privilege and responsibility of leading, including, ultimately, the whole organisation.

Now having said all that, and thinking of that WIG objective, can I just gently debunk some of what else a long military career is sometimes judged to have given people like me. The stereotype tends to be of someone who likes organisational hierarchy; prefers rigid adherence to rules and process; resists change; and likes orders-based leadership. I don't say that stereotypes aren't sometimes lived up to, but all I can say is that it wasn't my

experience of the organisation I worked for; and I rather hope it's not me!

Why am I spending time on this point. Well, I was fascinated during what was essentially my confirmation hearing with the Transport Select Committee for this role, that an early question concerned my – quote, 'military leadership style', whatever that is – and whether that would be appropriate for the CAA environment. So it's clearly a headline consideration for some. I will leave it to my colleagues in the CAA to judge how it's now working out in practice!

Leadership considerations are at the heart of shaping my approach to my new role in the CAA, but in many ways of equal importance are the deeper experiences I've absorbed, especially from my time in the Ministry of Defence and Whitehall.

In total, I spent nearly a decade working in the deep Centre of the MOD. The MOD is both a strategic military headquarters and a Department of State: I worked exclusively in the latter, in the areas of policy, capability design, balance of investment and equipment and infrastructure acquisition. I was also the Senior Responsible Owner for some Defence programmes of national significance, and for four years the owner of the MOD's Equipment Programme – being accountable to Parliament for that was, as you can imagine, always entertaining!

In that time in the MOD, I was involved in two full-blown Defence Reviews, three formal Spending Reviews, and a number of other spending control and capability prioritisation exercises; and with all of that, I've worked a lot across Whitehall and with the most senior levels of Government.

I firmly believe that one of the passports to success – be that in leadership or otherwise - is properly understanding the context in which you're operating. So here's my summary of the MOD context: imperfect knowledge of the future, requiring spread-betting; balancing today's problems with preparing for tomorrow's; complexity, ambiguity, competitors, innumerable stakeholders. Constant internal and external scrutiny and reputation management. Incomplete understanding of risks; evidence-based decision-making versus judgements; consensus versus timely action. Financial shortfall management consuming organisational capacity.

Despite what it might seem, that isn't criticism of the MOD or Whitehall. What I think I've more or less described here are the challenges of operating in any strategic decision-making environment, across sectors. I'm actually rather proud of what the MOD achieves in the midst of all this complexity. I didn't bemoan the environment that I operated within, I sought to understand it and how to influence and succeed within it.

For me, that's delivered by having awareness, insight and credibility; by being realistic, resilient, persistent and consistent; by

having the ability to derive simple (not simplistic), affordable and deliverable arguments and solutions from the midst of complexity and ambiguity; and by having the capacity, flexibility and agility to adapt quickly as the strategic environment inevitably changes around you. And by being around for long enough to make sure that decisions stick. I did four years in my final appointment in Whitehall: I was the continuity guy as three Defence Secretaries, two Permanent Secretaries and three Finance Directors passed through; believe me, it helped - a lot!

Why then did I apply to be Chair of the Civil Aviation Authority? Well, I was a pilot in the Royal Air Force for a long time, but my very first flying qualification was the Private Pilot's Licence issued to me by the CAA when I was 17. Receiving that PPL from the CAA was the foundation of my flying career, so when I saw a competition had started for the next Chair, I liked the idea that I could now give something back; and remain at the heart of aerospace.

I'm frequently asked at the moment, 'but if only you'd known about Covid and its impact on aerospace, would you still have been interested?' The answer is 'yes, and perhaps even more so'. Because I believe passionately in aerospace; I believe that the CAA has a vital role in enabling aerospace success; and I, like everyone in the CAA, believe in service for the public good - we want to contribute in whatever way we can, not least to helping lead the sector out of this crisis.

Some final things with which to conclude this first section. Whilst I hope that I can put my long experience in aerospace to good work within the CAA, it's certainly wasn't an essential criterion for the job. I believe that instead I'm being employed for my experience of leadership in the strategic environment and to Chair a Board which creates the right conditions for organisational success. To do that within the framework, new to me, of an independent regulator accountable to Parliament.

Let me now turn to some personal principles, priorities and approach to the CAA. For principles, my starting points are independence, leadership and inclusivity. Independence – the foundation of the trust and confidence placed in us. But independence is not isolation, so we must be constantly engaged and listening.

Leadership: we clearly do not lead every aspect of aerospace, but we should be a leader by exemplifying aviation's culture and values; by creating the conditions to enable others' successes; and by using our strong convening powers. Leadership not based on heavy-handed 'authority', but on motivating others to do the right thing.

And Inclusivity: being a 'CAA for All', whether that be every sector of the enterprise, every organisation that we regulate, or every individual, not least consumers and the public, who are our principal focus.

Turning to my priorities: one, continue to be respected as a world-class regulator, with the safety and interests of consumers at our core, enjoying the trust and confidence of all stakeholders. Two, ensure we have the capability, agility and flexibility to respond and, where appropriate, lead in the many challenges and rapid change that we are experiencing in aerospace. Three, ensure that we continue to have excellent people, with the capabilities, expertise and experience to meet our current and future tasks, supported by the right leadership, organisation and culture.

These three priorities are not in order – they all have to be met for us to succeed. But none of them will happen without us getting the people priority right. The expertise and experience of our people is the only important asset which the CAA owns: without that intellectual capital, we are nothing, and we will constantly work to build the already immensely impressive capability, commitment and dedication of our people.

And finally here, some thoughts on my personal approach to being a regulator. I believe that the primary responsibility for delivering aviation safety does not rest with the CAA. We have a vital, statutory role, but the primary responsibility for safety must lie with those conducting the activity – we enable, others deliver.

Closely related, I firmly believe in delegation: if those conducting the activity are primarily responsible for safety, then it will only feel that way in practice if responsibilities are delegated as much as

practicable to those qualified organisations and people who are closest to the activity.

And whilst the CAA is the authority – it's in the name – as I touched on a short while ago, I'm clear that 'authority' needs to be deployed sparingly and does not set the tone of how we routinely conduct ourselves or our business. Regulation is necessary but that doesn't mean that more regulation will always equal more safety: we should only regulate where necessary and appropriate, and in a proportionate way.

With that, let me now focus on the challenges currently facing the CAA, and what's in our minds as we look to define the CAA of the future. That has to start with Covid, the biggest crisis ever to strike the global aerospace enterprise. The impact now is profound, and there are equally profound consequences that we will be dealing with for many years to come, once the immediate effects of the pandemic have passed.

Recent announcements on vaccines, airport testing and quarantine restrictions are welcome, and should be seen alongside the developing Government-led Aviation Recovery Plan and the great efforts by industry to keep capabilities alive. But at this stage we only have some of the key pieces starting to fall into place which will enable recovery, we're not somehow nearing the end of the crisis.

Recovery will come, but open questions for now are whether what has survived remains sufficiently robust for us to re-build upon; in what form and ways do we wish to re-build; and how do we build adequate future resilience into the enterprise, to safeguard us better potential future strategic shocks?

In that, we must consider first the impact on consumers, for without having their trust and confidence, then we are not building back at all, never mind better. Consumers expect that, pandemic or not, makes no difference to our successful management of safety, security and public health risks – and they're right. We are very much alive to the fact that risks during recovery could be greater than those during the rapid down-sizing: we need to be ahead of this potential trend and mitigate accordingly; calibrating carefully the pace of recovery, as industry accelerates to satisfy the pent-up demand for air travel.

We also need to reassure consumers in relation to public health considerations: not primarily a CAA responsibility, but by whatever means, we need to have a reliable and internationally recognised means of enabling freer movement of passengers. And we need to reassure consumers in relation to their consumer rights. We have proved beyond doubt that the consumer protections in place at the start of the pandemic – particularly relating to refunds - were neither designed nor adequate to deal with the current situation. Change is needed. Also, I'm concerned that some may see the

difficulties in relation to securing timely refunds as an indicator of the CAA's effectiveness across the breadth of our responsibilities.

Beyond COVID and what it tells us about future resilience, our primary consideration is keeping an absolute focus on 'keeping the show on the road' day-to-day – we always prioritise our everyday duties in safety, security and consumer protection. But there are many long-term aerospace issues that we must also get to grips with, so we need to lift our eyes and look towards the horizon, which appropriately enough is the name of our Project.

Here are some of the challenges we're dealing with in Project Horizon. Obviously, preparations for the post-COVID world and the vital role which the CAA must play. Then there's the greatest long-term threat to the resilience and viability of aerospace - de-carbonisation and achieving Net Zero. The CAA won't be at the centre of every one of the innumerable aspects of this challenge, but we need to take a greater, sometimes leading, role in those areas where we are qualified and empowered to do so.

We need to deal with Airspace modernisation - a key component of reducing greenhouse emissions, and in tackling other environmental impacts such as noise. But also recognise airspace as part of our critical national infrastructure, as well as safely freeing up as much airspace as possible for as many users as

possible, not least to allow for the rapid expansion of remotely piloted air systems.

Then, of course, there's withdrawal from the EU and the European Air Safety Agency. I'm not going to say that the work we've been doing on this since 2016 makes our current situation somehow risk-free, but we are extremely active in mitigating those risks; and in being ready to respond quickly to last minute challenges as we near the end of transition.

But we all know that the transition point is far from the end of the story: more risks and issues will inevitably arise, which we will need to deal with. Although we must also look towards the opportunities: we might be out of EASA, but we remain one of the world's leading aerospace nations, with the industry, international relationships and reputation to match. Aerospace is highly internationalised, so we can't and don't want to distance ourselves from Europe, whilst working hard to reinforce other current international relationships, and to build new ones.

We also look to exploit the potentially greater freedoms we have in our decision-making, consistent with safety and our international obligations: by simplifying and rationalising regulation; speeding up processes; being more proportionate; delegating where practicable; encouraging innovation. Within the responsibilities and resources which the CAA has, we want to play our full part in

maintaining and growing the UK's status as a leading aerospace nation.

Through Horizon, we're also working through how the CAA can be more effective in protecting consumer interests. Consumer expectations are constantly rising - I welcome that. I want us constantly to be striving to do better; I want us to be held to account by those that we serve; I want us constantly to be judged as world-leading.

Innovation and new technologies - the CAA already has a significant role here, ensuring that regulation both keeps pace and enables the exploitation of new technologies. But this will be a key area of growth for our business - helping create the best environment in the UK for rapid development and fielding of new air systems, again, especially remotely piloted ones. We are also taking a growing role in promoting skills, STEM and diversity across aerospace. And we are preparing to take on UK Space regulation - subject to Parliamentary approval - helping grow the enormous potential for greater commercial exploitation of Space from the UK.

These areas, and more besides, are what we have captured within Project Horizon, which will bring it all together into a coherent strategy. But defining the CAA of the future is not just about saying

what we do, but also about how we do it. Key therefore to Project Horizon are our new CAA Values, together with our People and Culture and greater Digitisation workstreams.

Importantly, Horizon will also plainly acknowledge the essential 'duality' of the CAA's role: how we will safeguard the integrity of our independent regulator role on the one hand, whilst on the other being a key enabler to the success of the aerospace enterprise that we regulate. I do not see an inherent conflict here: it's important that the roles are not separate, but they are separable within our organisation.

I hope this has given you an insight into the motivations and priorities which are shaping how I'm personally approaching my new role as Chair of the CAA; and some of what we in the CAA have in mind, as we seek to set our organisation for the future.

Thank you again for the opportunity to speak to you this morning, I look forward to your questions.

[2945 – 22.5 minutes]