

# Memorandum of Understanding

Between

[•]

and

The Civil Aviation Authority

## 1. INTRODUCTION

This Memorandum of Understanding (MoU) is made between [•] and the Civil Aviation Authority (CAA). Its purpose is to ensure effective collaborative working between the organisations for the implementation and management of the future regulation of the aviation and travel industries in the UK.

[•] is a company incorporated in [PROVIDE DETAILS OF COMPANY AND BRIEF OVERVIEW OF BUSINESS] (the Participant).

The CAA is an independent public corporation which reports to the Secretary of State for Transport on the discharge of its functions. It is the UK's specialist aviation safety regulator and has a range of functions in this regard. One of its objectives is to enhance aviation safety which it does through enforcing a range of civil aviation regulations including in respect of aircraft, airspace, airports and airlines.

To accommodate and facilitate innovation in the aviation sector the CAA has developed a working model known as the Regulatory Sandbox (the Sandbox). The Sandbox is being delivered in accordance with the CAA's powers under section 20(1)(a) of the Civil Aviation Act 1982.

The Sandbox provides a virtual environment where users can work with the CAA to develop innovative aviation solutions in a commercial environment, in particular those solutions that do not fit within the existing scope of regulations, permissions, and exemptions. The Sandbox is part of the CAA's newly formed Innovation Hub and sits as an advisory function separate from the regulatory approval function of the CAA.

## 2. ENGAGEMENT AIM

The CAA and the Participant share an aim of promoting innovation and emerging technologies in the UK's aviation and travel markets, while also preserving existing high standards in safety and consumer protection.

The Participants will undertake to specifically address:

[•]

**3. PRINCIPLES OF COLLABORATIVE WORKING**

This MoU outlines the principles of cooperation between the Participant and the CAA and seeks to promote effective collaborative working. It is a statement of intent: nothing in this MoU will create any legally binding or enforceable obligation on the Participant or the CAA.

Both organisations undertake to use their best endeavours to meet the terms and conditions of participation; cooperate effectively and to maintain effective working arrangements for that purpose.

**4. PUBLIC COMMUNICATIONS**

The parties will coordinate (meaning share draft materials in advance, and take reasonable comments from the other party, and seek approval for comments attributable to the other party) public communications regarding the arrangement. This may include coordination with other public bodies (including the Department for Transport, BEIS and other regulators) and other Sandbox participants. This may include publicising the Participant’s involvement on the CAA website and respective web and social media presences and through other media.

**5. TERMINATION**

Either party can terminate this MoU for any reason, without liability, by giving a written notice to the other party of not less than one month prior to termination. Notwithstanding the foregoing, either party may terminate this MoU at any time upon written notice to the other party if the other party: (i) materially breaches this MoU or the terms of participation, and fails to cure such breach within seven days after receiving written notice of such breach from the non-breaching party; (ii) ceases to do business in the normal course; or (iii) becomes or is declared insolvent or bankrupt.

**6. EFFECTIVE DATE, DURATION AND SIGNATURE**

This MoU will come into effect upon the signature of the Participant’s and the CAA’s authorised officials. It shall be operational from [•] to [•]. The Participant and the CAA indicate approval of this MoU by their signatures. This agreement may be renewed at the discretion of both participants.

**SIGNATURES AND DATES**

[INSERT Participant Details]

Civil Aviation Authority

.....

.....

Date

Date

## Terms and Conditions of Participation

These terms explain the terms and conditions of participation in the CAA's Regulatory Sandbox. If the Participant does not agree with these terms, or does not abide by them, the CAA may withdraw its support to the Participant under the Regulatory Sandbox.

### *Communication and Support*

The Participant will provide single-point of contact within its business to be designated for coordination purposes.

The CAA will provide a dedicated case officer (Case Officer) who will work with the Participant to review their objectives and support their engagement with the CAA's regulatory processes.

The case officer will provide a single-point of engagement which will convene resources and coordinate information flows between the participants, and where agreed and appropriate, other UK public bodies and regulators such as the Information Commissioner's Office (ICO).

Throughout the duration of the agreement the primary purpose of the case officer will be continuous support of the Participant in maintaining its focus on safety and consumer protection standards.

There will also be a member of the Innovation Hub leadership team appointed to act as an escalation point for any concerns or issues that the Participant may have.

The level of CAA resource dedicated to each Participant will be determined at the sole discretion of the CAA.

### *Engagement plan*

The Case Officer will undertake an introductory meeting to:

- a) get a detailed understanding of the product or service;
- b) gain an understanding of the criteria for success; and
- c) answer any queries on the Sandbox operating model.

The Case Officer will then work with the organisation to develop a proposed engagement plan usually within a one-month period. This will include an initial assessment of what may be achievable within the existing regulations and where new regulations may be required. Once agreed, this will form the basis of the organisation's participation in the sandbox.

### *Delivery*

The commencement date for the delivery phase of the engagement will differ depending on the nature of the plan agreed.

### *Monitoring*

Monitoring will be specific to the individual sandbox plan, taking account of the delivery demands involved in the project. However, in all cases we would expect there to be a monthly catch-up

### *Time*

## Terms and Conditions of Participation

The parties agree that any delivery date or other timeframe agreed between the parties is not binding and no liability arises for failing to achieve that date. The parties will use their best endeavours to meet relevant deadlines but may not be able to do so in all cases.

### *Close-out*

This engagement would apply for an initial six-month period starting from [•]. It may be terminated by either party providing not less than one month written notice and may be extended by the CAA for a further six months. During this initial six-month period there will be no separate financial charge for this engagement, though regulatory approvals will continue to be subject to regular statutory charges established by the CAA.

Whilst the CAA is benefiting from Pioneer Funding during 2019/20, at present the Regulatory Sandbox is not currently funded beyond this first year and therefore the CAA does not guarantee a continuation of any kind of support beyond the end of March 2020. In advance of the end date, Case Officer will hold a final close out the Participant to evaluate the process, seek feedback and write Sandbox Close out report.

### *Information sharing*

Recognising the shared objectives of the CAA and the Participant and in order to facilitate an appropriate level of support and derive maximum benefit from the engagement, the Participant will provide the CAA with a candid and honest assessment of their level of technological and market readiness. Additionally, we may request that the Participant furnishes the CAA with a thorough understanding of its proposed business model, both in the short and long term.

Any information provided to the CAA by Participant will be treated confidentially and held in accordance with the CAA's statutory duties and any contractual agreement with the Participant, other than where disclosure is covered in the "Freedom of Information" or "Additional activities" clauses below.

### *Freedom of Information inquiries*

As a public authority the CAA is subject to the Freedom of Information Act 2000 (FOIA) and so are legally required to respond to any FOIA requests we receive, which may include requests for information provided to us in relation to Sandbox engagements.

We will treat any FOIA request made to us on a case-by-case basis and organisations should therefore make it clear to us which information they provide to us they consider confidential or commercially sensitive and why. Should we then receive a request for information, we would consider what, if any exemption applies, bearing in mind the exemptions in Section 41 (information provided in confidence) Section 36 (conduct of public affairs) and Section 43 (commercial interests) of the FOIA, as well as any other relevant exemptions.

This approach to confidentiality will not preclude us mutually agreeing with participants public information about their involvement, such that it can be shared with third parties.

### *Acceptance of Guidance*

## Terms and Conditions of Participation

Where the CAA provides guidance on what it considers to be an appropriate regulatory approach and the Participant does not opt to follow this guidance, it will inform the CAA in advance and provide a written explanation for that decision.

Where the CAA advises that the Participant should engage with another UK public body, including other regulators, and the Participant does not opt to follow this guidance, it will inform the CAA in advance and provide a written explanation for that decision.

### *Additional activities*

The CAA may conduct such additional research alongside any trials or test the Participant may undertake, which will support the development of future regulatory frameworks (i.e. local noise testing or public opinion sampling).

The Participant recognises the primacy of public safety and consumer protection in the development of innovation in the aviation sector. The CAA will provide support and guidance to the Participant to ensure that appropriate standards are being maintained but, in addition to its ordinary regulatory and enforcement powers, may withdraw without notice the Participant from the Sandbox program if public safety or consumer protection concerns arise.

The CAA intends to use its knowledge and experience gained from the engagement for the benefit of all innovators, regulators and the public and will therefore publish findings of individual trials and lessons learned. Where relevant, Participants will be given the opportunity to comment on documents prior to publication to ensure any confidential or proprietary information which is shared with the CAA is not disclosed.

### *Regulatory decisions*

Nothing in this document or the engagements between the parties in furtherance of this arrangement will presuppose the issue of any kind of regulatory approval, licence, certificate or finding on the part of the CAA in favour of the Participant. Such regulatory approvals outcomes will remain the sole and absolute discretion of the relevant regulatory team within the CAA and any that are issued may be withdrawn at any time if conditions of issue are not met.

### *Limitation of liability*

None of the parties shall exclude or limit its liability for, death or personal injury caused by its negligence or that of its employees or agents; fraud; or breach of any obligation as to title implied by statute.

Subject always to the above paragraph, neither party shall be liable for any loss whether in contract, tort (including negligence), misrepresentation (other than where made fraudulently), breach of statutory duty or otherwise arising out of or in connection with participation in the Sandbox.

[INSERT Participant Details]

.....

Date