

# CAA statutory charges 2016-17

## Consultation on air display and low flying permission charges

### CAA Response Document

CAP 1388

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## Executive summary

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On 1 February 2016, the CAA set out its proposed fees for air display and low flying permissions within the General Aviation Scheme of Charges, due to come into effect from 1 April 2016. As a cost recovery body, not funded by the tax payer, the cost of our activity must be paid by those we regulate.

This document outlines the February proposal, the feedback to the consultation and the CAA's next steps.

The proposal reflected the cost of implementing the important measures the CAA is introducing to enhance the safety of civil air displays, which have come out of our ongoing review of air display safety. They also reflected the historic under-recovery of costs for our regulatory oversight of air displays.

We have been clear that we do not want to see air shows being cancelled as a result of this increase in fees, but we must ensure that we recover the costs of regulating this part of aviation.

The key proposals were:

- The introduction of a new post event charge to cover additional costs during 2016/17 to meet the new enhanced safety measures resulting from our air display review.
- A 100 per cent increase in the current air display charges. To address the fact that the current charges for air displays and low flying permissions do not cover the costs of overseeing those activities.

The consultation ended on 29 February 2016, by which time 534 respondents had replied.

From the start of the process we have welcomed the feedback and have carefully reviewed all of it. As a result we have amended our approach, in line with the purpose of the consultation process.

While needing to ensure that the new charges are in place for the upcoming financial year, to enable us to introduce the important new safety measures, we recognise the restrictions on the ability of air shows to absorb the additional charges in 2016/17.

As a result, to reduce the impact on the air display community, the CAA has decided to phase in the introduction of the air display post event charges. Therefore, the 2016/17 charges will be set to recover £100k of the expected (£200k) additional costs, with the remaining £100k being absorbed within the CAA's other cost base.

This does mean that the CAA will still be under-recovering a further £100k (approximately) on its existing cost base which will also be absorbed within the regulatory cost base.

We want air shows to be a success and will play our part in enabling UK shows to take place. To that end we will review any further requests for assistance from smaller and charitable air show organisers who are concerned about not being able to afford the new fees.

We encourage any air show organisers who remain concerned about these charges to get in touch with us as soon as possible to discuss their concerns.

For the future, at the conclusion of the 2016 display season, and as part of the preparation of the CAA's charging proposals for 2017/18, we will review the implementation of the air display review and revisit the charging approach for displays. This will incorporate a full impact assessment of the revised charging proposals.

## Chapter 1

## Consultation responses

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### 1.1 Number of responses

A total number of 534 responses were received. The respondents can be broken down as follows:

<b>Respondent</b>	<b>No.</b>
Representative Organisations	5
Members of Parliament	6
Organisations, Councils, Associations	87
General Public	436
<b>Total</b>	<b>534</b>

The five representative organisations that responded were:

British Aerobatic Association  
 British Air Display Association  
 British Rotorcraft Association  
 The Honourable Company of Air Pilots  
 Royal Aeronautical Society

### 1.2 The following main points were made by respondents:

- 1) The increased CAA charges will reduce the number of air shows and number of display items. CAA expected income will fall, under-recovery of costs will still exist but the air show and associated industries will greatly suffer with no apparent increase in safety as a result of the implementation of CAP 1371.
- 2) The consultation paper (CAP 1373b) does not include any figures / studies / research to substantiate / justify the reasons for these charge increases, especially in relation to the new post event charge.

- 3) The timing of the consultation precludes any possibility of air show organisers to recoup these charge increases in 2016. This is a knee-jerk reaction by the CAA in the light of the Shoreham tragedy alone rather than tempered by the exemplary UK air show safety record over the previous 63 years. Better to await the AAIB report before amending CAA processes and corresponding charges.
- 4) The CAA charging proposals go against the objectives of the Red Tape Challenge and the GA Challenge Panel by severely restricting the expansion of GA as being crucial to securing the success and future growth of CAT and aerospace in the UK.
- 5) The UK and local economies will suffer from reduced air shows which will far outstrip the CAA's required cost recovery figure.
- 6) The CAA should consider introducing increased charges over several years in accordance with the publication of a five-year plan for the regulation of air displays.
- 7) The post event charge is completely without basis and takes no account of risk of aircraft types (jets vs low-inertia aircraft), display type (aerobatics vs fly past) or location (sea front vs inland over populated areas). Associated £250k costs may not materialise.
- 8) Increased charges are not linked to increased safety. Ticketed air shows will drive more spectators to view from unsafe areas outside of the airfield. Current safety regulations / processes are adequate – no justification for concluding that the 16 actions detailed in CAP 1371 will result in improved safety.
- 9) A Regulatory Impact Assessment should have been conducted and made available to the public concerning these charge increases. Has the CAA considered the effect on CAA jobs as a consequence of reduced number of air shows and display pilots?

- 10) Increasing charges by 100 per cent for display pilot authorisations will reduce the number of display pilots willing to continue. In addition, with reduced number of air shows, the opportunity to keep a display authorisation current with the increased number of display hours required will drive pressure for flying skills to reduce and therefore increasing the risk to pilot error – the precise concerns following the Shoreham accident.



## Chapter 2

## CAA's response to the consultation

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- 2.1 The Civil Aviation Authority is the UK's specialist aviation regulator and safety is always our number one priority. Protecting the public is at the heart of everything we do and we are constantly working with stakeholders to enhance aviation safety standards.
- 2.2 For several years, the charges levied on air shows have not covered the CAA's direct and indirect costs. In accordance with the Civil Aviation Act 1982, it is important to ensure that air display charges cover the costs of overseeing these events and provide a fair charging mechanism to all CAA stakeholders.
- 2.3 Prior to August 2015, when the tragic accident at Shoreham occurred, the CAA had already considered its air display charges and was proposing to increase fees for 2016/17 to partially reduce its under-recovery. The financial information presented within the main 2016/17 CAA Statutory Charges Consultation (CAP 1373) showed current income levels forecast at £108k against a cost base of £324k, leading to an under recovery of £216k for the year ending 31 March 2016. However, it should be noted that the 100 per cent increase proposed has not been set to recover revenues from previous years.
- 2.4 Following the Shoreham accident, the CAA took a number of immediate steps, which related to the aircraft type involved and other ex-military jet aircraft but also included identifying enhanced risk assessment criteria for all future air displays. In addition, the CAA immediately began a thorough review of civil air display safety in the UK, which announced a series of measures to further enhance air display safety in the UK. These enhanced safety measures were detailed in CAP 1371 – 'UK Civil Air Display Review: Actions that impact on UK civil air displays in 2016' and our work to make air shows even safer continues.

- 2.5 The introduction of the post event charge is to cover additional costs to meet the new enhanced safety measures resulting from our air display review. These include enhanced risk assessments, greater auditing and oversight of air displays and an enhanced authorisation system for display pilots and evaluators. To successfully introduce these, and other recommendations from the CAA review and the Air Accident Investigation Branch, we require two new air show specialists, an airworthiness surveyor and a support position.
- 2.6 Air displays that are subsequently cancelled due to, for example, bad weather, would not be subject to the post event charge. Also severely curtailed displays would receive a reduced or zero charge.
- 2.7 While the new charges have to be in place for the upcoming financial year to introduce the important new safety measures, we recognise there is a restriction on the ability of air shows to absorb this additional charge in 2016/17. As a result, the CAA proposes to take a phased approach to introducing the air display post event charges. For 2016/17 these charges will aim to recover £100k of the additional (£200k) costs, with the remaining £100k being absorbed within the regulatory cost base. In addition, the CAA will still be under-recovering a further £100k (approximately) following the proposed 100 per cent increase on its existing cost base, which will also be absorbed within the regulatory cost base.

## Chapter 3

## Changes to the proposed Scheme of Charges

- 3.1 The CAA Board proposes to implement the charges outlined in the consultation document for the period commencing 1 April 2016 subject to the following amendment previously highlighted.
- 3.2 The air display post event charge will be introduced using a phased approach over three years and provide transitional support of £100k for the first year of the regulatory changes.

The impact over the three year period 2016/17 to 2018/19 will be as follows:

Year	Stepped introduction %	CAA Post Event Charges paid by Event Organisers	Under-recovery	Total
2016/17	50	£100k	£100k	£200k
2017/18	75	£150k	£50k	£200k
2018/19	100	£200k	£Nil	£200k
<b>TOTAL</b>			<b>£150k</b>	

The under-recoveries will be absorbed by the regulatory sector.

3.3 The revised 2016/17 post event charges applicable to each display day will be:

<b>Number of Display Items</b>	<b>Post Event Charge</b>
1 – 3	N/A
4 – 6	N/A
7 – 12	£250
13 – 18	£450
19 – 24	£2,000
25 – 30	£5,000
31 or more	£7,500

## Chapter 4

## Conclusion

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The CAA Board has been clear that it does not want to see air shows being cancelled as a result of an increase in fees, but, as a cost recovery body, the CAA must ensure that it recovers the costs of regulating this part of aviation.

The CAA are also clear that safety will always be our first priority. We believe the measures we are introducing from our civil air display safety review will make air displays even safer for this year.

From the start of the process we have welcomed the feedback and have carefully reviewed all of it. As a result we have amended our approach, in line with the purpose of the consultation process.

We believe this approach will provide some financial relief for the air display community.

We want airshows to be a success and will play our part in enabling UK air shows to take place. To that end we will review any further requests for assistance from smaller and charitable air show organisers who are concerned about not being able to afford the new fees.

We encourage any air show organisers who remain concerned about these charges to get in touch with us as soon as possible to discuss their concerns.

At the end of the 2016 display season, and as part of the preparation of the CAA's charging proposals for 2017/18, we will review the implementation of the civil air display review and revisit the charging approach for air displays, which will incorporate a full impact assessment of the revised proposals.

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