

# Statutory charges 2020/21: Consultation document

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## Chapter 1

# Introduction

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This consultation document explains our proposals for revisions to the existing CAA Charges Schemes, due to take effect from 1 April 2020.

We believe our proposals represent a balanced approach to charging and we look forward to receiving feedback on these proposals, in particular from those regulated by us.

We welcome comments on all aspects of the proposals, including the charges structure and the level of the charges. Please could you use the CAA Statutory Charge 2020/21 Consultation [online submission form](#). The consultation closes at midnight on 10 February 2020.

## Overview of our proposals

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In setting out these proposals, we aim to achieve two objectives: first, to ensure we have sufficient financial resources to fulfil properly our regulatory functions; and second, in doing so, to take into account the impact of the charges on those we regulate and the context on which they operate.

Over the past 3 years our legal functions / regulatory activities have extended and involved us undertaking new tasks that have been included in our Scheme of Charges. A number of these activities were initially requested by and funded from the DfT before being included in our charges.

However, including these extra functions and charges, over the past 10 years the CAA's charges will have fallen in real terms by over 9%.

We continue to face significant financial pressures, with increases in our cost base, particularly our people costs, as well as the need to make crucial investment in modernising our systems. Project Delivery has and will continue to deliver efficiencies and better customer service. As such we are committed to controlling the costs of making these improvements.

Given these current cost pressures, we propose that there should be an increase of 1.7% across all Charges Schemes in 2020/21, in line with the current rate of inflation.

In addition, we are proposing specific charges to cover our costs in the four areas where we are undertaking expanded activities:

### **1. Cyber Security Oversight:**

The Cyber Regulatory framework is being extended to include Air Traffic Management Under EU Regulation 2017/373 effective from January 2020 and National Aviation Security Programme (NASP) organisations under EC300 Regulations effective from December 2020. Therefore, we propose to increase resources by an additional 1FTE plus external expertise and training costs which equate to £256k. It is proposed to fund the additional cost equally between airline, airport and air traffic sectors in line with the previous cost recovery methodology.

Additionally, from the work undertaken in 2019/20 with the Operators of Essential Services (OES) under the EU's Network and Information Security (NIS) Directive, this has enabled the CAA's core regulatory function to become established and to commence the new oversight regime for cyber security. Previously, these costs (£274k) were equally split amongst the operators. To ensure that the cost associated with this activity is proportionate, it is proposed in 2020/21 to instead apply a fixed charge of £16k payable by the operator of each service which meets the thresholds described in The Network and Information Systems Regulation Schedule 2.

### **2. Innovation Hub:**

In April 2019, the CAA set up its Innovation Hub. The purpose of the Innovation Hub is to facilitate and enable innovation in aviation by focussing on sector wide transformational and disruptive benefits of emerging technologies and business models. This new activity contributes to the discharge of our duties under section 108 of the 2015 Deregulation Act. The industry has welcomed the innovation service we have established to date: more than 70 organisations from small start-ups to large global corporations have already engaged with us, and already we have accepted 7 companies into our sandbox to focus on developments that will have learnings and benefits for the wider aviation sector.

In 2019/20, the Innovation Hub has been funded by the Department for Business Energy and industrial Strategy (BEIS) through the Regulators' Pioneer Fund (RPF). The funding expires at the end of March 2020 and therefore from April 2020, we are proposing to fund the core Innovation Hub capability through an increase in the Scheme of Charges. This cost (£0.6m) would be funded by an increase of 2.1% to each of the variable charge unit rates under the Air Operator Certification, the Aerodrome Licensing and Air

Traffic Services and the Aviation Security Schemes. We judge that these sectors are the main beneficiaries of the services we are providing through the Innovation Hub. Companies that wanted extended regulatory engagement in the sandbox or programmes such as the Government's Future Flight programme will have separate funding arrangements.

### 3. **Brexit:**

Our approach to Brexit will continue to be preparing to regulate, and assist industry in being ready, for the range of different possible Brexit outcomes whenever they happen. For 2020/21, this could include agreeing and implementing the UK's long-term relationship with EASA and other states, and/or advising the Government on the legislative framework that would apply to UK aviation outside the EU. It could also mean preparing for the end of a transition period in December 2020 with no UK/EU agreements on aviation to replace existing air connectivity agreements or mediate the consequences of UK potentially no longer participating in the EASA system. To enable the CAA to undertake this significant level of work, and help industry prepare for this range of outcomes, we propose retaining Brexit funding for 2020/21 at £1.6m, requiring no additional Brexit-related increases to this year's charges.

### 4. **Airspace Charges: Reduction in Charge**

Reference Period 3 of the UK Eurocontrol Enroute rate is due to commence from 1 January 2020. Therefore, the costs relating to the Airspace Change Process and the Airspace Modernisation Strategy Programme have been incorporated into this rate. As a result, the Airspace variable charges and the Airspace charge levied to NATS that were introduced in 2017/18 will be removed from 1 April 2020, with the reduction already being reflected from 1 April 2019 to cover the period from 1 January to 31 March 2020. As a result, from 1 April 2020, this Scheme will revert back to being called the Instrument Flight Procedures Scheme.

### 5. **Future consultations**

The CAA is preparing to consult separately on three additional activities to be included within the Schemes of Charges:

- **Spaceflights:** The charges related to regulatory activity under the Space Industry Act 2018 (currently planned to be effective by the end of January 2021) will be subject to a separate consultation later in 2020.



- **Market Power Determination (MPD):** Under the Civil Aviation Act 2012 (as amended), we can be requested, or we could instigate an assessment ourselves, to undertake an MPD or assess whether a Material Change of Circumstances (an MCC) has occurred at a large UK airport<sup>1</sup>. This will be a separate consultation.
- **Safeguarding Competition in Air Transport:** This activity would only be introduced on the occasion that the UK left the EU and EASA under a no deal Brexit scenario. Regulation (EU) 2019/712 would require the CAA to investigate, in collaboration with HM Government, practices distorting competition between UK air carriers and third-country air carriers which threaten injury to UK air carriers. This will also be part of the separate consultation with MPD.

Unless otherwise indicated all prices shown in this document are exclusive of the proposed 1.7% general price increase.

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<sup>1</sup> A large airport is defined as an airport in which the number of passenger movements exceeded 5 million in the previous calendar year.

## Chapter 2

## Key Updates

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### **Brexit cost recovery**

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Our approach to Brexit will continue to be preparing to regulate and assisting industry in being ready for the range of different possible Brexit outcomes whenever they happen.

#### **Activities undertaken in 2019/20.**

We prepared ourselves to operate for the potential scenario of UK leaving the EU with no Withdrawal Agreement in place during April 2019 and at the end of October 2019.

This work included:

- Extensive policy and legal work to support Government's development of 18 Statutory Instruments required to incorporate the EU aviation acquis into UK law in the event of a no deal;
- Negotiation of new bilateral air safety agreements with the USA, Canada, Brazil and Japan;
- Making ourselves ready to regulate airworthiness design certification;
- Implementation of an IT system to manage inbound mail and cargo to the UK;
- Implementation of an IT system and database to process an expected fivefold increase in third country Flight Carrier Permits once the UK leaves the EU.

Alongside this work, we undertook a wide-ranging and proactive campaign of national and international stakeholder engagement to build confidence in and understanding of the CAA's planned approach to the outcome of Brexit and to support the UK aviation industry in their own Brexit related risk assessment and decision-making.

#### **Brexit-related activities planned for 2020/21**

Once the UK's departure from the EU in early 2020 is finalised, there remains a range of different scenarios for us to plan for. These include agreeing a new long-term aviation relationship with the EU and its implementation, as well as the possibility that the transition period could end in December 2020 with no UK/EU agreements on aviation.

In preparing for these scenarios our role remains providing advice to Government, preparing our own regulatory processes and systems, and advising industry accordingly.

The UK ending a transition period in December 2020 with no agreements in place would mean CAA preparing to operate outside of existing systems. It would also require us to develop additional internal capability including on rule making (estimated at 6 additional Aviation Policy specialists) and for us to complete an extensive programme of reissuing permissions (e.g. EASA aircraft Certificates of Airworthiness and Part FCLs for UK commercial air transport pilots) to reflect the changes underlying their ongoing validity.

In a transition period, activities would also include supporting the Government in negotiating and implementing air connectivity agreements and the longer-term arrangements for aviation safety, and advising Government on the aviation legal framework that should apply to the UK after exit.

All of this work would require significant policy, legal, technical regulatory and communications resources and potential additional change to a range of CAA's processes and systems depending on the nature of those arrangements.

As set out in detail in last year's charges consultation, the CAA undertakes safety oversight work under contract for EASA. The work means that our UK charges are lower than they would otherwise be because it allows corporate costs to be spread over a wider range of activity. During 2019/20, and as a result of Brexit, EASA reduced the level of work it has allocated to CAA and we expect this to continue into 2020/21, creating an additional financial pressure for the CAA to manage. While the Brexit budget we have for 2019/20 and 2020/21 primarily provides for the direct costs associated with preparing for Brexit, they contain some provision for the management of this financial risk.

The fluidity of potential outcomes means that we will keep this situation under review during 2020 and adjust our approach accordingly.

## **Project Delivery**

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Over the past year the Portfolio Delivery department has been continuing to implement those projects which improve the effectiveness and efficiency of the CAA both internally and externally. Examples include the Drones and Model Aircraft Registration and Education Service, the 'Big Data' project, the Accommodation move to Canary Wharf, eLicensing Services, the Information Strategy project and Corporate Service Improvements to introduce new Finance and HR systems.

The Transformation Programme, which delivered projects such as Aviation Statistics (management of data collected from Airports and Airlines), Entity Performance Tool

(EPT) supporting Performance Based Regulation (PBR) and Oversight, and ATOL Licensing (a new online self-service system for travel businesses to apply for, amend or renew their ATOL licence) has completed. The focus is now on prioritising those initiatives (projects, products and services) that support the CAA as a world class regulator in a digital world.

### **Drones and Model Aircraft Registration & Education Service**

The CAA 'Drones and Model Aircraft Registration & Education Service' (DMARES) is delivering the systems, processes and content to meet new measures in force from the end of November 2019. These require operators of drones and model aircraft weighing 250g - 20kg to be registered and pilots flying these drones and model aircraft ('remote pilots') to obtain an acknowledgement of competency from the CAA, having passed requirements set by the CAA such as an online safety test to prove their knowledge of the restrictions, e.g. the height limit of 400ft for all drone and model aircraft flights. The primary outcome of the project was the entry into service of the new scheme on 5 November 2019. The Scheme will be run through 2020/21. Any changes to the charging mechanism will be subject to consultation.

### **eLicensing Services**

E-licensing is an online service which currently enables commercial pilots to apply for licenses and ratings through a personal portal account and was launched in December 2017. Ongoing improvements for commercial pilots have continued since then, however progress has been slower than anticipated and we have so far been unable to move on to other licence holders (for example, private pilots and engineers). Consequently, the end-to-end licensing service is currently under review and we will be working with industry to ensure that we are delivering a service that is customer centric, easy to use and future proof.

### **Information Strategy**

The Information Strategy project will improve how the CAA shares consistent and accurate information through the delivery of the appropriate governance and technology tools. A new Information Governance Framework was established in 2016 followed by the delivery of Microsoft Office 2016, Skype for Business and OneDrive across the organisation which concluded in February 2018. During 2018, remote working connectivity tokens were replaced with improved methods to connect to our network in support of our Smarter Working strategy and the organisation wide roll out of Azure Information Protection was completed, improving the way we classify and handle information. Migrations of Outlook mailboxes to Exchange Online, and Mobile Device Management to Microsoft Intune were also completed by September 2019, significantly increasing the accessibility of information from mobile devices. The focus of the project is now on the continued roll-out of SharePoint Online, which will be the primary corporate content management system which has

been delivered to four business areas alongside the migration of the Livelink Electronic Records Management Solution to SharePoint Online in November 2019.

### **Big Data & Risk Based Regulation**

The Big Data project will achieve efficiency benefits through the implementation of an improved data analysis tool that reduces our data processing time and paves the way for more efficient data extraction processes. This also allows us to spend more time analysing the data to be able better to define our total risk picture and to consider more complex ways of interrogating our data that would not have been practicable with our previous tools. Whilst we have realised some of the benefits of our Big Data project these represent only a small proportion of the expected benefits that will be realised when the current phase of the project completes in summer 2020.

### **Corporate Services Improvement (CSI)**

The aim of the CSI project is to update our ageing finance, procurement and HR systems with a modern and integrated solution. A feasibility study was completed in February 2018 which led to the selection of SAP Business by Design and Success Factors as the solution of choice with procurement concluding in September 2018. Phase 1 of the project, which replaced the core systems, was successfully delivered in April 2019 six months after delivery commenced. Subsequent phases of the project continue through into late 2019.

### **Other Initiatives**

Other key projects outside of those listed above include the Medical System Replacement project, Private Pilot eExams which introduce an online private pilot exams system and upgrading our internal customer relationship management tool from Microsoft CRM 2013 to Microsoft CRM Dynamics

In addition, the change experts within the department have been required to support other significant organisational programmes such as Brexit, Operation Matterhorn and Heathrow DCO.

## Chapter 3

## Main charge proposals

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### **General price increase**

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We have made every effort either to keep charges at the previous year's level or to increase charges at a rate no more than inflation.

Over the past 3 years our legal functions / regulatory activities have reached into new areas which have required separate identifiable costs that have been included in our Scheme of Charges or where new separate charges were to be established. A number of these activities were initially requested by and funded from the DfT.

However, including these extra functions, over the past 10 years the CAA's charges will have fallen in real terms by over 9%. We have achieved this by making efficiency savings as we implement major changes to the way we operate.

We are proposing to make a general price increase of 1.7% for 2020/21. This will ensure that we continue to be able to recruit and retain the people we need to fulfil our statutory functions and can continue our programme of investing in our systems and processes.

Please see the enclosures in chapter four for the changes to individual charges.

### **Cyber Security Oversight Cost Recovery**

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#### ***Why we are taking an increased interest in cyber security***

The proliferation of worldwide cyber-attacks continues to cause concern with the aviation industry now being targeted alongside other industries. This underlines the need to have a robust regulatory framework in place for aviation as soon as possible.

Under EU regulations the CAA has some existing safety oversight obligations for aviation cyber security ensuring that UK operators are complying with the Basic Regulation ((EC) 216/2008), its Implementing Regulations (IR) and Single European Sky (SES) legislation. Additionally, the Network and Information Systems Regulation 2018<sup>2</sup> (NIS) has given the CAA additional responsibilities for the economic security of critical national infrastructure.

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<sup>2</sup> <http://www.legislation.gov.uk/ukxi/2018/506/made>

There is an increased focus on cyber security in various aviation regulations and the CAA's vision remains:

- To have a proportionate and effective approach to cyber security oversight that enables aviation to manage their cyber security risks without compromising aviation safety, security or resilience.
- To stay up to date, current and positively influence cyber within aviation to support the UK's National Cyber Security Strategy.

The core principles of this approach are:

- Wherever possible to have a consistent consolidated approach, to avoid duplication for aviation organisations that are in scope of multiple cyber related regulations (see [CAP1753](#));
- To build cyber security oversight on existing regulatory processes and to align with Performance Based Regulation;
- To establish or adopt relevant standards and good practice for cyber protection and management for all aviation organisations;
- To maintain a robust third-party accreditation framework (ASSURE) for aviation organisations to procure ASSURE Cyber Audits, when required as part of cyber security oversight.

### ***Funding CAA's cyber security oversight capability***

Year 2 of the NIS implementation continues with ongoing dedicated engagement with the designated Operators of Essential Services (OES). The third-party accreditation framework (ASSURE) has launched and ASSURE accredited Cyber Suppliers are available to aviation organisations to procure ASSURE Cyber Audits. The Cyber Security Oversight team are responsible for overseeing the ASSURE accreditation framework and the approval of ASSURE Cyber Suppliers. This model allows for a smaller team of CAA cyber security oversight specialists to then have targeted ongoing oversight conversations with aviation organisations (see CAP1753).

The Cyber Security Oversight team continue to develop cyber security oversight capability and an appropriate and proportionate performance-based oversight regime in respect of cyber for aviation safety. In 2020 this will expand to support the implementation of Implementing Regulation (EU) 2017/373<sup>3</sup> for all ATM/ANS, as well as the introduction of a cyber security requirements in Annex in Implementing Regulation (EU) 2019/1583<sup>4</sup> of the Aviation Security Regulation (EC) No 300/2008. This will require an additional 1FTE and supplementary external expertise and training at an uplift of £256k.

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<sup>3</sup> <https://www.caa.co.uk/Commercial-industry/Airspace/Air-traffic-control/Air-navigation-services/Certification-and-designation/Implementation-of-regulation-2017-373/>

<sup>4</sup> [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L\\_.2019.246.01.0015.01.ENG&toc=OJ:L:2019:246:TOC](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2019.246.01.0015.01.ENG&toc=OJ:L:2019:246:TOC)

Investment is also required for a secure computer system for the management of sensitive information (included in the uplift of £256k).

### ***How the costs should be allocated***

Cyber security oversight is now a core CAA regulatory activity; therefore, costs including estimated additional costs for 2020/21 which will total £256k, are proposed to be equally split across airline, airport and air traffic sectors.

The basis of the charge to the 12 Operators of Essential Services (OES) designated under the NIS Regulation is proposed to change to a charge of £16k for each of the 17 services identified as meeting the thresholds described in The Network and Information Systems Regulation Schedule 2. The previous charge allocated these costs equally over the 12 Operators.

## **Airspace Change Process (ACP) and Airspace Modernisation Strategy (AMS) Cost Recovery**

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Reference Period 3 of the UK Eurocontrol Enroute rate is due to commence from 1 January 2020. Therefore, the costs relating to the Airspace Change Process and the Airspace Modernisation Strategy Programme have been incorporated into this rate. As a result, the £0.7m Airspace variable charges and the £0.7m Airspace charge levied on NATS that were included in the 2019/20 charges will be removed from 1 April 2020, with the reduction already being reflected from 1 April 2019 to cover the period from 1 January to 31 March 2020.

## **Innovation Hub Cost Recovery**

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New technologies and business models continue to emerge: the application of Artificial Intelligence (AI) could transform operations across the whole aviation industry, from improving the efficiency of airport ground operations, through deconflicting flight paths in crowded airspaces, to enabling the autonomous piloting of drones. Unified Traffic Management could transform how all types of aircraft interact in our crowded skies; all air traffic is likely to need to be electronically conspicuous to each other.

The aviation sector has been embracing these novel technologies and business models as they offer opportunities for innovation and disruption. But, advancing innovation to commercial operations comes with regulatory challenges. For instance, the integration of new types of aircrafts into airspace needs to be managed so that they are flown safely and securely alongside existing manned aviation and updated regulatory guidance to validate AI systems must be developed to ensure the safe automation of operations. Public opinion will need to be carefully managed in order to drive acceptance instead of rejection of new technologies and business models.



In April 2019, the CAA set up its Innovation Hub. The purpose of the Innovation Hub is to facilitate and enable innovation in aviation by focussing on sector wide transformational and disruptive benefits of emerging technologies and business models. It also contributes to the CAA's discharge of its duty under section 108 of the 2015 Deregulation Act.

The innovation hub offers three core services to the industry.

- The Gateway makes it easier for innovators to work with the CAA. It acts as the first touchpoint for all innovators with the CAA, and it offers innovators the opportunity to receive clarity on what regulatory services are appropriate/available for their innovation, and to receive advice on the most efficient route through the regulatory process, with timelines and requirements.
- The Regulatory Sandbox provides a unique capability where users can work with the CAA to test and pilot innovative solutions in a commercial environment, in particular those solutions that do not fit within the existing scope of regulations, permissions and exemptions. This has included specific challenge fed applications, for example around Beyond Visual Line of Sight Operations or the building blocks for Unified Traffic Management. The learnings from these tests and pilots are used to inform sector wide changes to policy and regulations and learnings that benefit the wider sector will be made public.
- The Regulatory Lab anticipates and identifies specific legislative and regulatory barriers to innovation. It will utilise collaborative networks and shared information to develop regulatory frameworks and support legislative developments in areas of innovation.

Industry has welcomed our services: more than 70 organisations from small start-ups to large global corporations have already engaged with us. For many of them, basic information on existing regulatory frameworks – provided through the Gateway - can go a long way. We have not been able to satisfy everyone's demand due to resource constraints, but the industry understands why, and is satisfied that the learnings from 1-1 partnerships will be shared with the wider innovation ecosystem. We are refining our understanding of the key regulatory challenges that the market faces such as, for instance, how to operate drones beyond visual line of sight (BVLOS) in unsegregated airspace, and the role that ultimately Unified Traffic Management (UTM) will play in unlocking airspace integration for all airspace users. New frameworks are being developed to enable innovation activities whilst conditioning innovators towards the potential for more stringent regulatory requirements.

### **Funding CAA's Innovation Hub capability**

In 2019/20, the Innovation Hub has been funded by the Department for Business Energy and industrial Strategy (BEIS) through the Regulators' Pioneer Fund (RPF).

The team roles are spread across the three core services, together with one head of function and one business lead support. The RPF funding expires at the end of March 2020. From April 2020, we are proposing to fund the Innovation hub through an increase in the Scheme of Charges of £0.6m. This cost is proposed to be funded by an increase of 2.1% to each of the variable charge unit rates under the Air Operator Certification, the Aerodrome Licensing and Air Traffic Services and the Aviation Security Schemes. We judge that these sectors are the main beneficiaries of the sector wide services we are providing through the Innovation Hub. Companies that want engagement with the CAA beyond these core services focussed on wider system benefit – for example through extended regulatory engagement in the sandbox or where there is no wider system wider learning from sandbox participation, or for programmes such as the Government’s Future Flight programme - will be subject to separate funding arrangements that will be agreed individually with the relevant organisation.

## **Unmanned Aircraft Systems (UAS) Cost Recovery**

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A new package of UAS regulations was published by the European Union (EU) earlier this year and more detailed guidance can be found in CAP1789 ([www.caa.co.uk/cap1789](http://www.caa.co.uk/cap1789)). The main regulation from a UAS operations perspective is Regulation (EU)2019/947, known as the ‘Implementing Regulation’ (IR), which will become applicable on 1 July 2020.

As a result, the UAS charging structure has been revised in order to align with the requirements and naming conventions of the new UAS regulations, although there are many similarities to the current scheme. Additionally, the opportunity has also been taken to:

- a) Refine the charges in some areas in order that they remain suitably proportionate.
- b) Incorporate the charges relating to large model aircraft (mass greater than 20kg), which were previously contained in a separate section, into the UAS charging structure.

We are therefore proposing that this new structure will apply from 1 July 2020 and that the current UAS charging structure (incorporating any general price increase that is applied) remains in place until 30 June 2020.

## **Spaceflights**

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The proposals set out in this consultation document relate to rocket permissions issued under the Air Navigation Order. The charges related to regulatory activity

under the Space Industry Act 2018 (currently planned to be effective by the end of January 2021) will be subject to a separate consultation later in 2020.

You can find our full pricing proposals in chapter four.

## Chapter 4

# Charge proposals by individual schemes

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This section explains the remaining proposed changes. It shows in detail the effect on individual schemes' charges of the additional activities outlined in chapter three.

However, as detailed in the 'Overview of our Proposals' section in chapter one, all charges are due to increase by 1.7%.

## **Safety Regulation Schemes of Charges**

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The structural changes and pricing proposals of the Safety Regulation Schemes are detailed below:

### **Air Operator and Police Air Operator Certification Scheme**

#### **Structural Changes**

There are no proposed structural changes to this Scheme.

#### **Pricing Proposals**

The prices under this Scheme are proposed to increase by 4.5%. This is relating to the 1.7% CPI inflationary general price increase, Cyber Oversight funding of 0.7% and 2.1% funding for the Innovation Hub. In respect of the AOC variable charge the 2020/21 unit rates are proposed as follows:

- 2.69 pence (2019/20: 2.57 pence) per 1,000 available seat-kilometres flown by that aircraft; and
- 13.11 pence (2019/20: 12.55 pence) per 1,000 cargo tonne-kilometres flown by that aircraft.

Unless otherwise indicated all prices shown in this document are exclusive of the proposed 1.7% general price increase

## Airworthiness Scheme

### Structural Changes

#### Design Capability – Brexit

Following a Brexit no deal scenario, the functions currently performed by EASA relating to Part 21 Subpart J initial approvals were included within the 2019/20 Scheme. In addition, the following additional charge type is proposed in relation to DOA annual charges.

#### *Design Organisation Approvals (Part-21 Subpart J) – annual charges*

In line with the transition charges introduced on 1 April 2019, we are now proposing to introduce an annual charge equivalent to the transition charge to cover the cost of the ongoing oversight activity.

This annual charge will only come into effect in a ‘no deal’ BREXIT scenario with the UK no longer being a member of EASA prior to 1 April 2020. The annual charges for the ADOA are already contained within the 2019/20 Airworthiness Scheme.

#### *Part-ML and Licensed Engineers*

Commission Implementing Regulation (EU) 2019/1383 will be effective as from 24 March 2020. With reference to this regulation and under paragraph 3.9.8 of the current Airworthiness Scheme of Charge, we introduced an initial charge of £924 for a Part-66 licensed engineer to be granted the authorisation to carry out airworthiness reviews and to issue airworthiness review certificates relating to ELA1 and/or ELA2 aircraft. Although this authorisation is valid for 5 years, it is proposed to introduce a charge of £924 payable upon renewal. Although we estimate income generation of approximately £50k for the initial grant of these authorisations, no renewal income would be received in 2020/21.

#### *Part-CAMO and Part-CAO*

Commission Implementing Regulation (EU) 2019/1383 will be effective as from 24 March 2020. In anticipation of an earlier implementation, we introduced new charges for Part-CAMO and Part-CAO into the current Airworthiness Scheme. However, with additional knowledge of the work that will be required, the following adjustments to these charges are proposed:

- i) Increase the initial application charge for a Part-CAMO from £7,178 to £8,640;
- ii) Increase in the annual continuation charge for a Part-CAMO from £7,178 to £8,640 excepting the charge under receipt of Declaration of Low Turnover of up to £1.125m which would remain at £3,589;
- iii) To assess the conversion of a Part-M SpG to a Part-CAMO a charge of £836 but where only a certificate issue is required the existing charge of

- £70 would prevail. This mirrors the charging structure for the conversion of a Part-M SpF or SpG to a Part-CAO;
- iv) Increase in the initial application charge for a Part-CAO from £2,003 to £3,589.

The income generated from these proposals is estimated at £40k

## **Pricing Proposals**

The prices under this Scheme are proposed to increase by 1.7%. Unless otherwise indicated all prices shown in this document are exclusive of these proposed price increases.

## **Personnel Licensing Scheme**

### **Structural Changes**

#### **Flight Radio Telephony Operators Licences (FRTOL) Examiners**

The CAA has undertaken a review of the RT Examiner training and oversight process to ensure robustness of the training regime that maintains the integrity of the system. This has resulted in the establishment of a new Senior RT Examiner privilege. The new proposed charges are as follows:

- i) Application for a Senior RT Examiner privilege, £338;
- ii) Revalidation of Senior RT Examiner privilege every three years, £252;
- iii) Administrative charge to re-issue a RT certificate or recertification certificate, £48.

It is planned to publish a new RT Examiners Handbook to replace the current CAA Standards Doc 4 early in 2020.

The impact on income generation is not expected to be material.

#### **Upset Prevention & Recovery Training (UPRT)**

Under the Commission Implementing Regulation (EU) 2018/1974, the requirement for FCL.745.A, Advanced UPRT course for aeroplanes, does not come into effect until 20 December 2019. It is therefore proposed to introduce the following new charges:

- i) Advanced UPRT course - £362 with annual continuation charge of £1,267;
- ii) UPRT Instructor course - £682 and annual continuation charge (Scheme para 6.8.2.1 Table 45 a) i) refers);

Income generated from these proposed charges are not expected to be material.

### **Aircraft Maintenance Licences**

Currently we do not charge licensed engineers for exemption applications. This is not consistent with charging pilot license holders for similar applications and therefore we propose to introduce the charge under paragraph 3.9 Table 7 c) to apply to AMLs. The income generated from this income stream is not expected to be significant.

### **Basic Instrument Rating**

EU Opinion No 01/2019 (A) delivered the results of three rulemaking tasks (RMTs): RMT.0677 'Easier access for general aviation pilots to instrument flight rules flying' and the combined RMT.0654 'Revision of the balloon licensing requirements'/RMT.0701 'Revision of the sailplane licensing requirements'. Part (A) of this Opinion proposed a more proportionate set of requirements for General Aviation pilots and a more flexible approach to gaining an IFR flying qualification with the introduction of the Basic Instrument Rating (BIR).

It is expected that the associated EU Regulation will be published during the Spring of 2020. The associated charge for the BIR course will be contained within paragraph 6.5 Table 34 (current Scheme). It is also expected that the En Route Instrument Rating (EIR) will be phased out and the Competency Based Instrument Rating (CBIR) and the UK IMC Rating may reduce in number as a consequence of the BIR introduction.

As a result, the impact on income generation is not expected to be significant.

### **Airline Pilot Standards Multi Crew Co-operation Course**

With the introduction of this course during 2018 we have been charging £1,330 in line with the other MCC courses under Modular Training courses through the CAA application form SRG2116. This established course is now to be incorporated into the Scheme under paragraph 6.6.2 Table 36 Modular courses of training. The impact on income is not expected to be significant.

### **Pricing Proposals**

The prices under this Scheme are proposed to increase by 1.7%. Unless otherwise indicated all prices shown in this document are exclusive of these proposed price increases.

## Aerodrome Licensing and ATC Services Regulation Scheme

### Structural Changes

There are no structural changes proposed for this Scheme.

### Pricing Proposals.

The variable unit charge rates under this Scheme are proposed to increase by 5.8% for Aerodrome Licensing and by 5.8% for ANSPs. All other prices are proposed to increase by 1.7% CPI inflationary general price increase. The proposed 2020/21 variable charge unit rates are as follows:

*Aerodrome Licensing;*            1.49 pence (2019/20: 1.41 pence) per Work Load Unit.

*ANSP;*                                1.40 pence (2019/20: 1.32 pence) per Work Load Unit.

Unless otherwise indicated all prices shown in this document are exclusive of the proposed 1.7% general price increase.

## General Aviation Scheme

### Structural Changes

#### Unmanned Aircraft Systems (UAS) - Revision of charging structure in preparation for the introduction of new regulations.

A package of new UAS regulations is planned to be introduced on 1 July 2020. With this in mind, we have proposed a two-stage approach to the charging structure for this period.

- a. Until 30 June 2020 (or until the new UAS regulations are introduced).

The current (2019/20) charging scheme will remain in place but charges will be increased in line with the 1.7% general price increase.

- b. From 1 July 2020. (or from a later date when the new UAS regulations are introduced)

From this date, a new set of UAS regulations will become applicable and hence the following (new) UAS related charges are proposed in the table below (prices subject to the general price increase of 1.7%):



<b>Application Type</b>	<b>Initial Charge</b>	<b>Renewal Charge</b> <i>(Note 1)</i>
Column 1	Column 2	Column 3
Specific category - Operational authorisation – with Operating Safety Case/Risk Assessment <i>(Note 2)</i>		
- Case 1 <i>(Note 3)</i>	£1,771	£506
- Case 2 (For certain conditions as specified in CAP722) <i>(Note 4)</i>	£1,012	£506
Specific category - Operational authorisation – pre-defined risk assessment (PDRA) <i>(Note 5)</i>		
- Operations defined as PDRA within CAP 722	£253	£190
Specific category – Operational authorisation - Large model aircraft (25kg or greater) <i>(Note 6)</i>		
- Large model a/c – (3-year authorisation)	£59	N/A
Specific category - ‘Standard scenario’ declaration <i>(Note 7)</i>	£127	N/A
Specific category - Light UAS Certificate <i>(Note 8)</i>	£5,060	£1,771
Specific category - ‘Cross border’ operation within the UK <i>(Note 9)</i>	£380	N/A
Special UAS projects <i>(Note 10)</i>	£1,771	N/A
Issue of a duplicate operational authorisation	£83	N/A
CAA advice and guidance <i>(Note 11)</i>	£253 per hour	N/A
Technical changes/variations to operational authorisations <i>(Note 12)</i>	£633	N/A
Administrative changes (any)	£83	N/A

*(Continued)*

Application Type	Initial Charge	Renewal Charge <i>(Note 1)</i>
Column 1	Column 2	Column 3
Recognised Assessment Entity – Approval <i>(Note 13)</i>	£3,536	£2,652
Recognised Assessment Entity – Variation to approval <i>(Note 14)</i>	£759	N/A

**Notes:**

1. Renewal of an authorisation, certificate or approval assumes that there are no changes involved. Renewals which involve changes in either documentation or operating requirements will be charged as Variations. This principle is unchanged from the 2019/20 scheme.
2. This entry replaces what is currently addressed in the 2019/20 scheme of charges via the following entries:
  - a. 20kg or less ‘non-standard’ permission or exemption
  - b. UAS >20kg to 150kg permission or exemption
  - c. UAS >150kg permission or exemption

From 01 July 2020 the charging rate will split down into two ‘cases’ as it is felt that a single ‘one size fits all’ charge would be disproportionately large for certain types of authorisation.
3. For ‘Case 1’, the charge is proposed to be the same as now (7 hours work plus excess charges of £253 per hour up to a maximum of £29,200 per year or part of a year). This charge would also be used for any model aircraft association authorisation conducted under the scope of ‘Article 16’ of the EU UAS Implementing regulation.
4. ‘Case 2’ applications are intended for certain situations, which will be specifically listed in CAP722, where the time required for the CAA to process and authorise the application would be much reduced. The charge is proposed to be the equivalent of 4 hours work, but if the work exceeded this, the application would then become a ‘Case 1’ and the higher charges would apply. Examples of operations that would fall into this category include:
  - a. Flights above 400ft/120m that are conducted under visual line of sight (VLOS)
  - b. Flights of UAS with a mass of less than 25kg at reduced distances from uninvolved persons down to a minimum of 30m.
  - c. Extended VLOS (EVLOS) flights using a maximum of one observer.
5. These applications are simpler and hence require less processing work from the CAA because any required risk assessment work will have already been conducted. Operations that fall into the ‘pre-defined risk assessment’ (PDRA) category will be defined within CAP722. These cover the types of operation that are covered by the ‘Standard’ permission (VLOS operations within congested areas) within the 2019/20 scheme of charges. The

proposed charges for these activities therefore reflect the 'status quo' and are unchanged from the 2019/20 scheme.

6. Other than a change of the aircraft's mass from 'over 20kg' to '25kg and over' to correspond with the Open category, the charges for large model aircraft related authorisations are unchanged.
7. This new charge will apply to operations that can be covered by a Standard Scenario (STS), where the UAS operator is simply required to 'declare' his/her intent to conform with a particular STS, and the CAA is required to acknowledge receipt of the declaration. Standard Scenarios will be published at a later date, either within Regulation (as an amendment to the IR) or within a specific section in CAP 722 and will be individually numbered (E.g. STS-01). The processing time for a declaration is presently estimated at requiring no more than 30 minutes (receive, check, acknowledge, file).
8. The Light UAS Certificate (LUC) is a new certificate that is intended to offer additional privileges to a UAS operator, but the corresponding compliance requirements will be much more extensive. The charge for the LUC is proposed to be the equivalent of 20 hours, but with the ability to charge excess hours at £253 per hour up to a maximum of £29,200 per year or part of a year.
9. Cross border operations (UAS operators from other EU Member States wishing to operate in the UK) requires an examination of the operational authorisation the operator already holds (for operations within its 'parent State'), examination of the mitigations provided to cover UK airspace requirements, and the issue of a confirmation letter to the UAS operator and 'parent CAA'. This charge is based on the equivalent of 90 minutes work. The requirement for this charge is, to some extent, dependent on the final Brexit scenario and any subsequent agreements with the EU but it is included within this consultation for completeness.
10. A Special UAS project is one which involves additional operational support activity from the CAA that is not covered by any other charges. Time in excess of 7 hours would be charged at £253 per hour up to a maximum of £146,000 per year or part of a year in which the CAA investigations take place. This principle is unchanged from the 2019/20 scheme.
11. The CAA provides an initial 90 minutes of regulatory advice free of charge. Thereafter, any additional regulatory advice is charged at £253 for each additional hour or part of an hour incurred up to a maximum of £146,000 per year or part of a year. Any chargeable time will be invoiced in arrears by the CAA to the potential applicant and payable on demand. This principle is unchanged from the 2019/20 scheme.
12. Technical changes have been combined into a single fee which covers the equivalent of 2.5 hours work plus any excess hours, if required, which are charged at £253 per hour up to a maximum of £14,600. This is an amalgamation of the current charges, which vary depending on the mass of the UAS and the type of permission/exemption being changed. 'Technical Change' refers to any changes that (in the CAA's opinion) materially affect or change the nature of the operation. Examples include, changes to operational procedures and/or processes, significant organisational changes or amendments to Operating Safety Cases/Risk Assessments.
13. Recognised Assessment Entity (RAE) is the name given to organisations that are approved by the CAA to submit reports and/or issue certificates on the CAA's behalf in relation to remote pilot competency. RAEs perform a task that is comparable to that currently provided by National Qualified Entities (NQEs) and the charging profile is based on that currently set

out for a 'Full category' NQE in the 2019/20 scheme. For the initial charge, any additional hours incurred above 14 hours will be invoiced in arrears up to a maximum of £14,600. Full details of the RAE scheme are planned to be published in a revised edition of CAP722B at the end of November 2019.

14. This charge is intended to cover any changes to the administrative set up of the RAE, and/or any changes to the RAE approval such as an expansion of scope to cover new or upgraded remote pilot competency requirements. Time in excess of 3 hours would be charged at £253 per hour up to a maximum of £2,652 per year or part of a year.

On the basis of estimated volume growth the income generation impact is expected to result in a reduction of £0.1m during 2020/21.

### **Air Display Art 86 and SERA.5005(f)(2) Permission Charge Alignment**

As the level of CAA resource allocation to progress applications received either for a public air display (Art 86 ANO) or a private air display (SERA.5005(f)(2)) permission, it is proposed that the SERA permission is aligned with the cost recovery mechanism applied to Art 86 ANO applications. The effect upon income generated is not expected to be significant.

### **Display Authorisations**

Currently there are charges to cover the grant, variation and exemption of display authorisations. However, display authorisations are renewable and sometimes have to be replaced. It is proposed to introduce a renewal charge of £35 and a replacement charge of £25. The annual income generated is estimated at approximately £11k.

### **Safety Standards Acknowledgement & Consent (SSAC) Operations**

The CAA has determined that on average the number of hours incurred in granting an initial SSAC has been greater than the existing associated charge. Therefore, it is proposed to increase the initial charge from £3,583 to £4,102 (equivalent to an increase of 3 hours). The additional income generated is estimated at £6k per annum.

### **CAP632 Approvals (Ex-Military Aircraft)**

CAP632 was introduced in 2016 but the CAA has not been charging for the CAP632 Approvals to operate ex-military aircraft. Therefore, it is proposed to charge £1,032 (6 hours) for an initial approval and £688 (4 hours) for the annual renewal. The annual income generation is estimated to be approximately £60k.

## **ANO Rocket Launch Permissions**

The current Scheme relates to the commercial operation of small rocket launch permissions under Art 96 of the ANO. The charge of £120 does not recover the cost involved in investigating and raising the permission. The CAA is being approached by a few organisations / individuals who now wish to launch larger rockets.

The CAA proposes to increase the charge for a “small” rocket launch permission to £250 and for all other larger rocket weights of which the total impulse of the motor or combination of motors is more than 10,240 Newton-seconds, an initial application charge of £1,000 up to a maximum liability of £100,000 per annum. This figure could be offset by any funding provided by Government to meet the costs of regulation.

The estimated annual income generation is dependent upon the complexity of the rocket launch but a conservative figure of £40k would be prudent based on less than five applications being received in the year.

### **Pricing Proposals**

The prices under this Scheme are proposed to increase by 1.7%. Unless otherwise indicated all prices shown in this document are exclusive of these proposed general price increase.

## **Airspace Scheme**

### **Structural Changes**

#### **Aerodrome variable charge unit rate and NERL charge**

As from 1 January 2020, the funding for ACP/AMS will transfer to the Eurocontrol En Route UK unit rate. The aerodrome variable charge and the charge on NERL will be deleted. The Scheme will revert back to being titled ‘Instrument Flight Procedures’. A reduction in income and associated costs of approximately £1.4m is anticipated.

### **Pricing Proposals**

The prices under this Scheme are proposed to increase by 1.7%.

## Consumers and Markets Schemes of Charges and Economic Regulation of NATS

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### Air Transport Licensing Scheme

#### Structural Changes

#### Passenger Advice and Complaints Team (PACT) Charges

The CAA has a statutory duty to receive complaints relating to Regulation EC261/2004 (relating to assistance and compensation for delays and cancellations), Regulation EC1107/2006 (relating to accessibility) and Montreal Convention (relating to baggage). These complaints are received and assessed by the Passenger Advice and Complaints Team (PACT)

As with all CAA functions, PACT has a statutory duty to recover its costs, which we are committed to doing fairly. To achieve this, we levy a PACT complaint handling charge on airlines.

Where passengers make complaints claiming **compensation** under Regulation EC261/2004, assessing the first claim relating to an individual flight and deciding whether or not the circumstances of the flight make it eligible for compensation incurs a cost for PACT. Once a determination about a flight has been made, there is a reduced workload and therefore reduced cost associated with processing subsequent claims for compensation about the same flight.

Recognising this, the PACT complaint handling charge has been amended so that it will not be payable for complaints that are claims for EC261/2004 (compensation only) relating to a flight where PACT have already made an assessment of eligibility for compensation for passengers on or due on that flight.

However, for complaints for compensation where additional **reimbursements** (for example, covering additional receipted items that the passenger has purchased) are also being claimed, PACT will need to engage further with the airline to complete its assessment of the complaint. In these cases, the complaint charge will be levied.

The CAA also recognises that there may be cases where a passenger has raised a complaint with PACT but in the period between the complaint submission and PACT engaging with the airline or airport, the business has already settled with the passenger. In such cases, if the airline or airport can demonstrate within ten days that the complaint has been settled to the consumer's satisfaction, then the PACT complaint handling charge will not be applied.

The CAA will keep the PACT complaint handling charge under review and may revisit the fixed amount of the charge or the method of charging to ensure that we continue to fairly recover our costs.

## Pricing Proposals

The prices under this Scheme are proposed to increase by 1.7%. The 2020/21 ATL variable charge unit rates are proposed as follows:

- 0.60 pence (2019/20: 0.59 pence) per 1,000 passenger-kilometres flown by that aircraft; and
- 3.03 pence (2019/20: 2.98 pence) per 1,000 cargo tonne-kilometres flown by that aircraft.

Unless otherwise indicated all prices shown in this document are exclusive of the proposed 1.7% general price increase.

## Regulation of Airports Scheme

### Structural Changes

#### Development Consent Order (DCO)

In 2019/20 we introduced a new charging mechanism for the recovery of associated costs relating to work engaged with Development Consent Orders. Whilst we are not proposing to amend the initial charge we are proposing to increase the maximum charge liability in any one year from the current £350k to £500k effective as from 1 April 2020.

Whilst we are not expecting significant income generation, we are ensuring that we are able to ensure that full cost recovery of these significant costs is achieved under the Scheme.

#### Heathrow West Ltd – Regulatory framework under the Civil Aviation Act 2012 (“CAA12”)

Heathrow West Ltd is developing proposals to submit a DCO application which, if successful, would permit it to build an independent terminal and associated infrastructure at Heathrow airport, as part of capacity expansion.

Heathrow West (HW) Ltd has indicated to the CAA that such an approach would be subject to economic regulation under CAA12. Should it become necessary to do so, the CAA will need to consider the HW scheme in the context of its duties under Part 1 CAA12 in the event that the Heathrow West proposals proceed. This work would include the possible conduct of market power and operator determinations under CAA12 and considering the grant of a licence in respect of Heathrow West in due course.

The CAA may, alongside the work it needs to carry out in order to discharge its role as a statutory consultee under the Planning Act 2008, be undertaking preparatory work during 2020/21 to understand the implications of Heathrow West’s proposals.

As a result, the CAA intends to create a new charge to enable it to recover the costs of undertaking this work.

The CAA work in preparing to develop a potential regulatory framework for Heathrow West Ltd is proposed to be charged on the basis of actual costs incurred during 2020/21. The costs are proposed to be recovered quarterly in arrears for internal resources up to a maximum of £200k and for the recovery of professional fees incurred up to a maximum of £900k.

### **Pricing Proposals**

The variable charge unit rate charges under this Scheme are proposed to increase by 1.7%. The 2020/21 ATL variable charge unit rates are proposed as follows:

- 5.43 pence (2019/20: 5.34 pence) per arriving passenger concerning Chapter 1 of the Civil Aviation Act 2012 licences; and
- 1.61 pence (2019/20: 1.58 pence) per arriving passenger for all other airports under paragraph 2.1 b) of the Scheme.

All the other prices under this Scheme are proposed to increase by 1.7% excepting those charges under chapter three – other CAA costs, which are proposed to change as follows.

### **London Heathrow – Price Control Conditions and Additional Runway Capacity**

During 2019/20, the CAA has been managing the work associated with both the additional Runway Capacity (R3) and Developing Price Control Condition (H7 Review) for Heathrow Airport.

The cost of the internal resources is proposed at £803k and will be invoiced by the CAA on a quarterly basis. The professional fees associated with these activities will be invoiced quarterly in arrears up to a value of £4,736k.

### **Gatwick Airport Ltd (G7 Review)**

In seeking advice from external advisers on the future regulation of Gatwick Airport from 1 April 2021 (referred to as the 'G7' Review), the following charges are proposed to be applied to Gatwick Airport Ltd. For the year 2020/21, the CAA will invoice quarterly in arrears up to a maximum of £240k for professional fees plus additional internal costs of £108k.

### **Economic Regulation of NATS**

It is noted that although not a CAA Scheme of Charges, the proposal for the CAA Licence Fee payable by NERL for the economic regulation of NATS will be directly consulted on with NERL and therefore will be outside of this Charges Consultation, as the Licence Fee is required to commence as from 1 April 2020.



## Air Travel Organiser's Licensing (ATOL) Scheme

### Structural Changes

No structural proposals are required.

### Pricing Proposals

#### Maximum Charge Liability

Within the current ATOL Scheme (UK Official Series 5 No. 356 published on 15 March 2019), under paragraphs 2.13 to 2.18, maximum charge liability figures of £85,300 are provided. On occasion costs have exceeded this figure and, therefore, it is proposed to increase the maximum liability to £100,000 as from 1 April 2020.

Subject to the above, the existing prices under this Scheme are proposed to increase by 1.7%.

## Aviation Security Scheme

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### Structural Changes

#### Cyber Cost Recovery

The Cyber Regulatory framework is being extended to include Air Traffic Management Under EU Regulation 2017/373 effective from January 2020 and National Aviation Security Programme (NASP) organisations under EC300 Regulations effective from December 2020. The cost will remain unchanged for 2020/21 but the charge mechanism is proposed to change from equal charges per NIS Organisation to a charge of £16k for each of the 17 services provided by the 12 NIS Organisations.

#### Initial Threat Assessment Training (iTAT)

In May 2018 the Department for Transport launched an e-learning product, part of a wider threat assessment platform and app, facilitating the training of threat assessors in aviation.

Whilst the training of threat assessors is not mandated through the National Aviation Security Programme, it remains highly recommended to industry stakeholders to have suitably trained threat assessors within their entities. This training was previously provided through a self-guided booklet and the e-learning product was developed, in conjunction with industry to modernise the training and enable easier updating of the content. CAA Aviation Security (AvSec) provided guidance and advice during development of the e-learning content.

The Department for Transport provided funding for the initial development and first two years of operating the e-learning platform, and as part of the launch letter to

industry stakeholders confirmed a future intention to recover costs from users in industry to fund on-going maintenance of the platform once it had become established as a useful and valued tool.

The Department has now asked the CAA to take over the administration of the e-learning platform, as well as the funding of the system through cost recovery from user as from 1 April 2020.

This will align the e-learning product with other AvSec training activities, whose administration and regulation are already conducted by CAA AvSec. There is no additional requirement for resourcing in the AvSec training team as the administration of the platform will be absorbed as part of the business as usual training activities.

The annual cost of maintaining the system, including associated software licences and some further development, is currently estimated at £84k (£70k plus VAT) and cost recovery is proposed to be through the aerodrome variable charge unit rate. This route of cost recovery is regarded as preferable to the levying of upfront charges for users when accessing the e-learning and should help to encourage the further take up and on-going use of the e-learning product.

### **Annual Validation of Known Consignors**

The CAA undertook to in-source the Known Consignor Validation programme as from 1 July 2019 which is now being carried out by the AvSec Compliance Auditors. The change is cost neutral and the charges remain as per the Scheme with the addition of the audit charge which previously was paid to the audit contractor directly by the Known Consignor. This audit fee of £450 is now proposed to be included within the Scheme.

### **Pricing Proposals**

The variable charge unit rate is proposed to increase by 4.7%. This is relating to the 1.7% CPI inflationary general price increase, plus 2.1% for funding of the Innovation Hub and 0.9% in respect of the iTAT. In respect of the Aviation Security variable charge the 2020/21 unit rate is proposed as follows:

- 6.2 pence (2019/20: 5.9 pence) per departing passenger

All the other prices under this Scheme are proposed to increase by 1.7%.

Unless otherwise indicated all prices shown in this document are exclusive of the proposed 1.7% general price increase.

## Appendix A

## Regulatory sector income statement

The table below incorporates the proposals set out in this document and highlights the financial impact of the two Brexit scenarios:

- Base Case: the first is that the UK remains a member of the EASA system of safety regulation for the whole of 2020/21;
- No Deal: the second is that the UK departs the EASA system of safety regulation, and for the duration of 2020/21, the arrangements set out in the Technical Notices published by the UK Government on 24 September 2018 prevail.

It should be noted that the following appendices are based on the 'Base Case' scenario.

	2019/20 Budget £000	2020/21 Target Budget £000	2020/21 Variance £000
Safety Regulation	65,587	66,116	529
Economic & Consumer Regulation	20,479	22,535	2,057
Aviation Security Regulation	11,341	12,190	849
Other Regulation	285	309	23
<b>TOTAL STATUTORY REVENUE</b>	<b>97,692</b>	<b>101,150</b>	<b>3,458</b>
Other Non-Statutory	4,381	3,746	(635)
<b>TOTAL NON-STATUTORY REVENUE</b>	<b>4,381</b>	<b>3,746</b>	<b>(635)</b>
<b>TOTAL REVENUE</b>	<b>102,073</b>	<b>104,896</b>	<b>2,823</b>
Employment Costs	52,592	52,585	7
Professional Fees	8,452	9,670	(1,218)
Other	12,210	12,305	(95)
Corporate Overheads	29,017	29,636	(619)
<b>TOTAL COSTS</b>	<b>102,271</b>	<b>104,196</b>	<b>(1,925)</b>
<b>TOTAL OPERATING COSTS</b>	<b>102,271</b>	<b>104,196</b>	<b>(1,925)</b>
<b>CAAi Profit</b>	<b>1,949</b>	<b>1,051</b>	<b>(898)</b>
<b>OPERATING PROFIT/LOSS</b>	<b>1,751</b>	<b>1,751</b>	<b>0</b>

## Appendix B

## Summary of Safety & Airspace Regulation Group Operating Results by Charges Scheme

	12 months to 31 March 2020			12 months to 31 March 2021		
	Budget			Target Budget		
	Income	Costs	Profit / (Loss)	Income	Costs	Profit / (Loss)
	£000	£000	£000	£000	£000	£000
<b>Safety Regulation Activities</b>						
Air Operator Certification	24,780	24,120	660	25,496	25,093	403
Airworthiness	12,097	11,991	106	12,188	12,198	(11)
Personnel Licensing	9,834	11,835	(2,001)	10,368	12,221	(1,852)
Aerodrome Licensing	10,863	9,099	1,764	11,409	9,536	1,873
En Route ATS Regulation	4,137	4,007	131	4,249	4,134	115
General Aviation & AAC	1,833	1,638	195	1,804	1,669	136
Aircraft Registration	586	484	101	602	500	102
Airspace Regulation Income	1,456	1,421	35	-	-	-
<b>Total Safety Regulation</b>	<b>65,587</b>	<b>64,595</b>	<b>992</b>	<b>66,116</b>	<b>65,350</b>	<b>766</b>
<b>Other Activities</b>						
Other	726	727	(0)	712	712	-
<b>Total Other Activities</b>	<b>726</b>	<b>727</b>	<b>(0)</b>	<b>712</b>	<b>712</b>	<b>-</b>
<b>Total</b>	<b>66,313</b>	<b>65,322</b>	<b>992</b>	<b>66,829</b>	<b>66,063</b>	<b>766</b>

## Appendix C

## Detailed Summary of Operating Results for the following Schemes

	12 months to 31 March 2020			12 months to 31 March 2021		
	Budget			Target Budget		
	Income	Costs	Profit / (Loss)	Income	Costs	Profit / (Loss)
	£000	£000	£000	£000	£000	£000
<b>Airworthiness Scheme</b>						
Series / Exports, Modifications & Prototype	4,258	3,723	535	4,260	3,784	476
Renewals - C of A's	1,725	1,619	106	1,647	1,647	(0)
Permits to Fly	251	1,019	(768)	281	1,037	(756)
Total Certification	6,234	6,361	(127)	6,188	6,468	(280)
Total Approval	5,864	5,630	233	6,000	5,730	270
<b>Total Airworthiness Scheme</b>	<b>12,097</b>	<b>11,991</b>	<b>106</b>	<b>12,188</b>	<b>12,198</b>	<b>(11)</b>
<b>Personnel Licensing Scheme</b>						
Professional	6,626	7,868	(1,242)	7,045	8,126	(1,082)
Private	795	855	(60)	1,041	883	159
Air Traffic Controller	603	769	(166)	672	794	(122)
Simulator Approvals	244	484	(240)	244	500	(256)
Engineer Licensing	1,567	1,859	(292)	1,366	1,918	(551)
<b>Total Personnel Licensing Scheme</b>	<b>9,834</b>	<b>11,835</b>	<b>(2,001)</b>	<b>10,368</b>	<b>12,221</b>	<b>(1,852)</b>
<b>General Aviation &amp; Aerial Applications</b>						
Aerial Applications	3	19	(16)	1	19	(18)
Flying Displays	153	570	(417)	203	586	(383)
Parachuting Regulation	31	31	(1)	31	32	(1)
UAS	1,511	806	705	1,397	806	591
Other Permissions & Exemptions	135	213	(77)	171	226	(55)
<b>Total General Aviation Scheme</b>	<b>1,833</b>	<b>1,638</b>	<b>195</b>	<b>1,804</b>	<b>1,669</b>	<b>136</b>

## Appendix D

# Summary of the Consumers & Markets Group Operating Results by Charges Scheme

	12 months to 31 March 2020			12 months to 31 March 2021		
	Budget			Target Budget		
	Income	Costs	Profit / (Loss)	Income	Costs	Profit / (Loss)
	£000	£000	£000	£000	£000	£000
<b>Regulatory Policy Activities</b>						
Air Transport Licensing	3,002	2,676	326	2,991	2,725	266
Passenger Complaints	285	285	-	309	309	-
Regulation of Airports	4,704	4,538	166	4,843	4,620	224
Heathrow Review	5,049	5,049	-	5,529	5,529	-
Heathrow West Review	-	-	-	1,100	1,100	-
Gatwick Review	419	419	-	348	348	-
<b>Total Regulatory Policy</b>	<b>13,458</b>	<b>12,966</b>	<b>492</b>	<b>15,120</b>	<b>14,630</b>	<b>490</b>
<b>Consumer Protection Activities</b>						
Air Travel Organisers' Licensing	5,654	5,708	(54)	5,940	5,811	129
Air Travel Trust and ATOL Miscellaneous	602	602	-	605	605	-
<b>Total Consumer Protection</b>	<b>6,255</b>	<b>6,310</b>	<b>(54)</b>	<b>6,545</b>	<b>6,415</b>	<b>129</b>
<b>Other Activities</b>						
Economic Regulation of NATS	1,060	1,060	-	1,089	1,089	-
NATS Consultancy	592	592	-	602	602	-
Other	1,730	1,730	-	1,309	1,309	-
<b>Total Other Activities</b>	<b>3,382</b>	<b>3,382</b>	<b>-</b>	<b>3,000</b>	<b>3,000</b>	<b>-</b>
<b>Total</b>	<b>23,096</b>	<b>22,658</b>	<b>438</b>	<b>24,665</b>	<b>24,046</b>	<b>619</b>

## Appendix E

# Summary of Aviation Security Operating Results by Sector

	12 months to 31 March 2020			12 months to 31 March 2021		
	Budget			Target Budget		
	Income	Costs	Profit / (Loss)	Income	Costs	Profit / (Loss)
	£000	£000	£000	£000	£000	£000
<b>Aviation Security Sectors</b>						
Airports Charges	8,693	8,500	193	9,167	8,912	256
Cargo Operator Charges	1,448	1,447	2	1,487	1,469	18
In-Flight Service Providers Charges	212	213	(1)	214	216	(3)
Cyber	774	800	(26)	1,030	1,056	(26)
Vetting Services & Other Activities	1,537	1,384	153	1,504	1,384	120
<b>Total Aviation Security</b>	<b>12,664</b>	<b>12,344</b>	<b>321</b>	<b>13,402</b>	<b>13,037</b>	<b>365</b>