Statutory Charges FY2025/26

Consultation Response Document

CAP3089

Published by the Civil Aviation Authority, 2025

Civil Aviation Authority

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First published 2025

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The latest version of this document is available in electronic format at: www.caa.co.uk/CAP3089

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Executive Summary

We would like to express our gratitude to all respondents for their feedback on the FY2025/26 charging proposals. Engaging with our stakeholders is crucial for us to understand the impact of our charges on our customers and to identify areas for potential improvement. Your continued engagement throughout this process is highly appreciated.

In setting our charges, we are seeking to balance a number of factors: the views of our regulatory customers, our need to have the right capacity and capability to deliver our responsibilities particularly in relation to our people, our ever expanding regulatory remit as new parts of the sector emerge with associated new functions, the need to invest in future service standards, delivering an efficient operation and meeting the cost recovery requirements of Managing Public Money.

This year, we have also considered economic factors such as changes in employment taxation arrangements and reductions in taxpayer support for certain enduring activities. To manage these challenges, we have made concerted efforts to find efficiencies and avoid passing on additional costs to our users.

Our final charges for FY2025/26 have been carefully reviewed and approved by the CAA Board and HM Treasury, and we have consulted the Secretary of State for Transport. These charges are designed to support delivery of our strategic objectives while ensuring that we continue to provide value-for-money services to our customers. Following a review of all feedback received, further analysis conducted and engagement with both industry and government bodies, we have determined that in the main our proposals remain valid and necessary to deliver against our key strategic objectives. In response to customer feedback and further analytical work performed, we have, however, made a small number of targeted adjustments which reduce the overall increase in our funding envelope from 8.9% to 8.5%:

- **RPAS Charges:** We have made amendments to our proposals for Remotely Piloted Aircraft Systems (RPAS) charges, including not applying the planned 5.9% price increase to specifically consulted changes, reducing the initial charge for SORA applications in the SAIL II category and above by 12.5% and reducing the alternative means of compliance charge from £4,992 to £2,185, subject to an excess hourly rate.

- **Smaller Operators:** We have reduced the proposed price rise on annual charges for smaller airlines, airports and air traffic service providers, recognising that these operators are unlikely to be direct beneficiaries of certain regulatory activities for which we have sought additional funding from charge payers.

We also recognise feedback from customers seeking greater transparency in the way our charges are set. We aim to ensure that customer expectations are met through increasing our direct engagement across all customer groups, by providing regular updates to stakeholders on how we are seeking to enhance the value of our services and demonstrating more detailed evidence to measure productivity.

We thank our customers for their continued engagement and understanding of the financial pressures we face. We remain committed to delivering value-for-money services and supporting the growth and innovation of the UK aerospace sector. The final charges for FY2025/26 have been published alongside this document and are due to come into effect from 1 April 2025.

Consultation Background and Summary of Responses

Context for the proposals in our consultation

Aviation is a vital driver of economic growth and a key enabler of other sectors. The UK's aerospace sector is economically important to the UK, directly contributing £11bn to the UK economy, and acting as a key enabler of economic performance across other sectors, with some sources suggesting every 10% increase in connectivity leads to a 0.5% increase in GDP.

Since we initially consulted on our proposed charges for FY2025/26 in November 2024, the importance of regulators supporting economic growth and innovation, enhancing customer service, and ensuring regulatory barriers are minimised has only increased, underlining why it is key that our charging proposals are proportionate, transparent and support our strategic objectives.

Creating a stable, reliable, transparent and user-focussed regulatory environment, with clear strategic direction aligned to our statutory functions to protect consumers and the public and support government to deliver their priorities is a vital underpinning to growth, investment and confidence.

In FY2025/26 we enter the final year of a three-year efficiency drive which has enabled us to both lower our costs to our customers (3.3% reduction in like-for-like charges, leaving CAA annual revenue £4.6m lower than if we had increased by inflation, amounting to a cumulative saving for customers of £7.1m over this period) while at the same time making much-needed investment in improving our systems (£15m of ringfenced efficiency savings have funded the implementation of SORA and DSCO and have provided initial funding to our Customer Experience and Modernisation programme without a need to seek significant capital contributions from charge payers, or to obtain other sources of finance with high servicing costs). Over the same period, our regulatory roles have grown as we have increased our work overseeing new technology in aviation aerospace, developed our space regulation function, and increased our oversight of sustainability.

Despite the increase in our remit, the real-terms cost of providing regulatory oversight to the aerospace sector remains relatively small. Over the past decade the CAA's statutory charges have equated to:

- £0.44 per UK passenger (£0.39 when Covid-19 impacted years are removed), less than 0.1% of the average UK air fare[1].

[1] Average UK air fare in 2022 £523 Quarterly and Annual Average Air Fare Prices - Office for National Statistics

- On average, 0.4% of UK civil aerospace industry turnover[2].

The proposals we consulted on for FY2025/26 were underpinned by three broad themes which will jointly lead to increases to our costs to charge payers, to deliver better outcomes for consumers, our users and the UK more generally. These were:

Consumer focus

Investing properly in our consumer protection work is an important underpinning to the passenger confidence which is key to supporting the growth of the sector and associated economic growth. This will focus on three core deliverables:

- Ensure appropriate economic regulation of entities with significant market influence to support consumers and users and encourage economic growth.
- Improve **industry compliance** with passenger rights during delays and cancellations and ensure they effectively communicate with consumers.
- Deliver CAA-focused recommendations from the **independent review into the NATS technical IT failure** to improve safety and consumer protection and drive industry engagement with full set.

Together we expect that funding these priorities will support the commercial sector to provide appropriate levels of customer service, at a reasonable cost, while managing resilience and capacity constraints and planning for future growth. The recent announcement of government support for expansion at Heathrow airport is likely to necessitate further funding in future periods to ensure consumers are appropriately protected and further information will be presented on this in due course.

Customer service

Improving the ease and speed of regulatory decision-making processes, including through digitisation, will help aviation and aerospace improve performance and expand. Given the scale and complexity of the CAA's regulatory business, achieving this is both a multi-year programme focussed annually on new priority services, and a constant culture of continuous improvement of our regulatory work. We have managed to fund much of this work in recent years through driving efficiencies in our core business, but achieving the step change our users consistently seek will require sustained investment. In FY2025/26 this will entail committing to deliver a new digital service for air traffic controller licensing, concluding the initial phases of a digital transformation of professional pilot licensing services and commencing a review of end-to-end regulatory oversight services.

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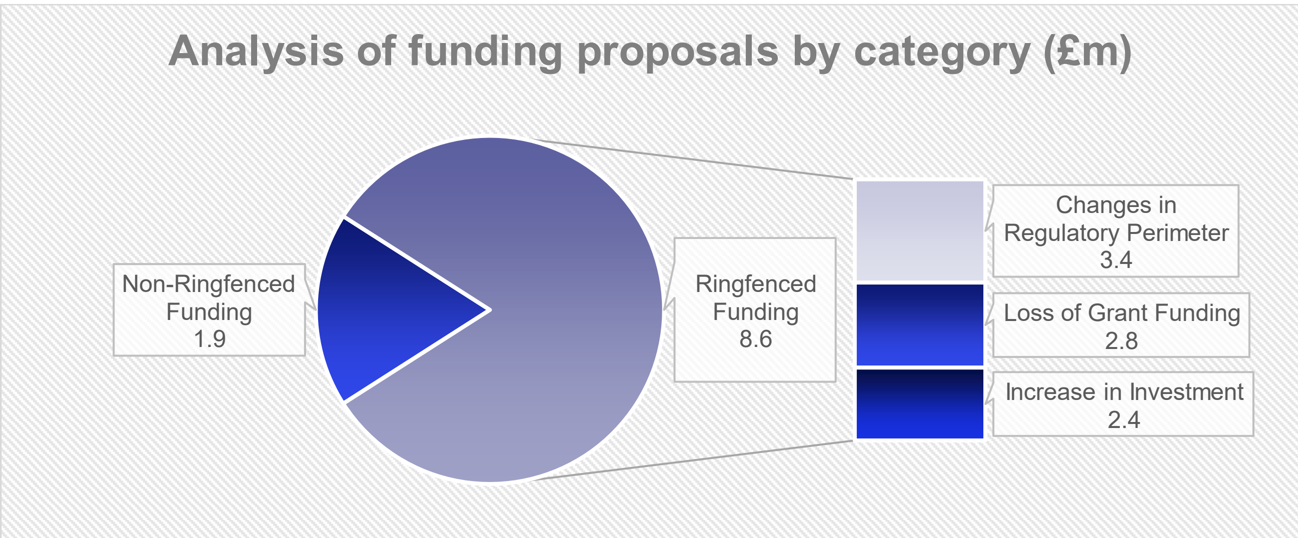
[2] Civil aerospace industry turnover estimated at £19.5bn ADS Aerospace Sector UK Outlook 2024 - ADS Group

Government funding

Government funding for the CAA has traditionally supported regulatory functions where charges on the sector are either not possible or desirable, usually funding CAA staff. In recent years this has begun to change as the CAA has evolved into a key strategic delivery partner to government for long-term programmes like Future of Flight. Government funding for FY2025/26 is expected to support our delivery across key initiatives which align with our shared strategic direction – the future of flight, aviation decarbonisation, increasing safety for UK citizens globally, supporting the development of the UK space industry, and developing the STEM capabilities the UK will need for the future.

At the same time, as government support these vital initiatives, we are moving some costs previously met by government on to our users, reflecting especially those areas where it is right that the user or polluter pays for our work. Our consultation proposals were developed on the assumption that £4m in grant funding would cease in FY2025/26, of this we have avoided passing on £1m through a combination of reviewing activities and making efficiencies where possible.

Lastly, like all businesses, we are operating in the context of challenging economic headwinds and are managing the forthcoming increase in employer's National Insurance Contributions. This increase was announced after our consultation was launched and has added to budgetary pressure. In a normal year we would anticipate inflationary impacts on our like-for-like cost base between £5m-£6m, to fund proportionate pay settlements for our highly skilled workforce and to offset supplier price increases. The impact of the planned National Insurance increase, along with the loss of grant funding not passed onto our customers has added £3m-£4m of additional inflationary pressures in FY2025/26. Of our proposals, only £2m relates to inflationary increases, with the remaining £9m being ringfenced for specific activities (see below).



Due to taking this approach to lower the cost burden on our customers, we have been presented with a funding gap of around £7m. We have been determined to manage this pressure through finding efficiencies beyond those previously identified, and without passing any further costs on to our users. A similar exercise was performed ahead of FY2024/25, necessitating an additional £7.5m of financial savings managed through prioritisation.

To mitigate this funding gap, we have taken steps to review the way in which our activities are being delivered ahead of FY2025/26. This has presented options to reduce our reliance on third-party contractors to deliver change in favour of internal resources. We have also taken the opportunity to review current and known future vacancies to bring down our expected employment costs, much of which sits within our corporate enabling functions, with core regulatory activity being protected wherever possible. Finally, through a review of all non-employment expenditure we have identified some non-essential items which have been removed. These measures together, whilst challenging to implement, do allow the CAA to deliver a balanced budget for FY2025/26, maintaining both our 3.5% financial rate of return target (C. £1.5m) and the ringfenced efficiency savings for investment in CX&M (£5m).

These concurrent budgetary deficits demonstrate that the rate of inflation on the CAA's cost base is not necessarily directly linked to the broader UK inflation measure and is instead more likely impacted by the performance of the wider aerospace industry. We have had to make difficult choices to close these funding gaps and keep to our commitments of below-inflation price increases on like-for-like expenditure, meaning that whilst we are prioritising front-line service delivery, we will be slowing the pace of change in some areas. We expect that a move to a more targeted basis to determining prices will be necessary in the future as the current inflation-led approach is proving to be unsustainable. Industry will be consulted on any change in approach at the earliest possible opportunity and will be supported by evidence to demonstrate how the CAA will provide improved value for the price of services provided to the aerospace industry.

We take our responsibilities to provide value for money seriously. Whilst decreasing cost is one measure of improved value, we also need to ensure we are effective and efficient in the performance of our regulatory remit. We also have a critical role to play in supporting new and existing aerospace sectors with the introduction of new technologies, the transition to sustainable aviation and the modernisation of UK airspace.

What we were consulting on

To maintain a sustainable cost base, and to continue to deliver and improve value-for-money services for existing and new customers, we made a series of key proposals. These proposals amounted to an average increase in revenue of 8.9%, 1.6% relating to existing activity and 7.3% for new activities and to offset a loss of taxpayer funding. These proposals were designed in keeping with the CAA's core funding principles, being:

1. The cost of regulatory activity should be funded by the regulated entity, in line with Managing Public Money principles.

2. The CAA should ensure it generates sufficient revenue to avoid the requirement of taxpayer funding to subsidise the cost of its core services.

3. Where possible, the CAA should avoid proposals which would generate cross-subsidisation between customer groups.

4. Where regulatory activities are performed on behalf of multiple user groups the cost should be recovered from those relevant groups.

Our proposals can be summarised as follows:

1. A below-inflation increase to all charges of 1.6%

As set out above, on like-for-like costs, a below-inflation increase to all charges of 1.6%. We will deliver a value-focused balanced budget that enables us to attract and retain scarce technical resources whilst protecting ringfenced efficiency savings to improve our most customer focussed services.

2. Changes to our regulatory perimeter, as we take on new regulatory activities.

We will deliver greater assurance for consumers, enable industry to do more, and support innovation and economic growth, through strengthening our oversight of new and existing aviation sectors, bolstering our work to deliver new resilience and consumer protection activities, and take a greater role for managing legislative change in-house. This consists of:

a. Digitising Specific Category Operations (DSCO) and Specific Operations Risk Assessment (SORA) (£1.8m)

The CAA is introducing the UK SORA framework on a digital platform – the work to date has been known as the DSCO project. We have proposed a new charging structure alongside the implementation of SORA and DSCO. This funding supports the launch and further development of the digital platform and the Specific Operations Risk Assessment (SORA) methodology, which will enhance the safety assurance and efficiency of applying for Operational Authorisations in the Specific Category of Remotely Piloted Aircraft Systems (RPAS) operations.

b. Enhancing consumer protection (£0.8m)

We are committed to improving outcomes for consumers by putting passengers at the heart of every decision we make, alongside ensuring the sector meets the highest safety and security standards. Additional funding is required to facilitate a refresh of our approach to the work that we do to enforce consumer rights in aviation.

c. Enhancing safety oversight (£0.5m)

In FY25/26 we are presented with new challenges in increasing our oversight activity relating to the safe transport of dangerous goods and ground handling. Our Dangerous Goods team is seeking to increase resources to meet the demand of oversight work required to provide the appropriate level of assurance into the future. The CAA's Ground Safety team is also seeking to increase resources to deliver enhanced oversight of sub-contracted activities relating to ground handling.

d. Increasing our legislative capacity and capability (£0.3m)

Following the UK's departure from the EU, the UK took on full responsibility for legislative and regulatory rulemaking. Some of this work requires the Government to prepare changes for legislative change, with support from the CAA. Other changes are within the CAA's remit. In both cases, the amount for work required is increasing. To effectively manage this increased responsibility, we need additional resources with specialist skillset to deliver.

e. Improving our oversight of industry resilience (£0.3m)

Following the NATS technical failure in summer 2023, the CAA is enhancing our oversight of both NATS' resilience planning and management and wider industry, improving safety and ensuring disruption to consumers is minimised and managed appropriately if it occurs.

f. eVTOL and Vertiport Operators

Over the next 12 months the CAA expects to receive our first eVTOL operator application. Whilst there remains uncertainty over how this market will evolve, we have been working to prepare ourselves for this moment and have trained personnel ready to provide the necessary oversight and support for nascent operators. This charge will cover initial application, variation and annual oversight charges.

3. Changes to reflect a reduction in taxpayer funding of some existing activities that need to continue

It is right that where possible, the sector pays for the oversight and improvements to standards our regulation delivers for the benefits of its consumers. In recent years, we have gradually transitioned funding from government to industry where it relates to core regulatory activity. Our overall government grant funded envelope has increased in this time as we have taken on new responsibilities and supported the delivery of specific shared strategic priority programmes (such as space flight regulation, the future of flight, and enabling zero emission flight).

As government removes funding from core regulatory workstreams, we will continue to deliver vital services to promote the highest safety standards, maintaining high levels of consumer confidence, and progress our shared strategic priorities to enable industry to grow, innovate, and adapt to meet sustainability targets. However, we will always do this in a way that seeks efficiencies and looks to minimise the charge increase on our users.

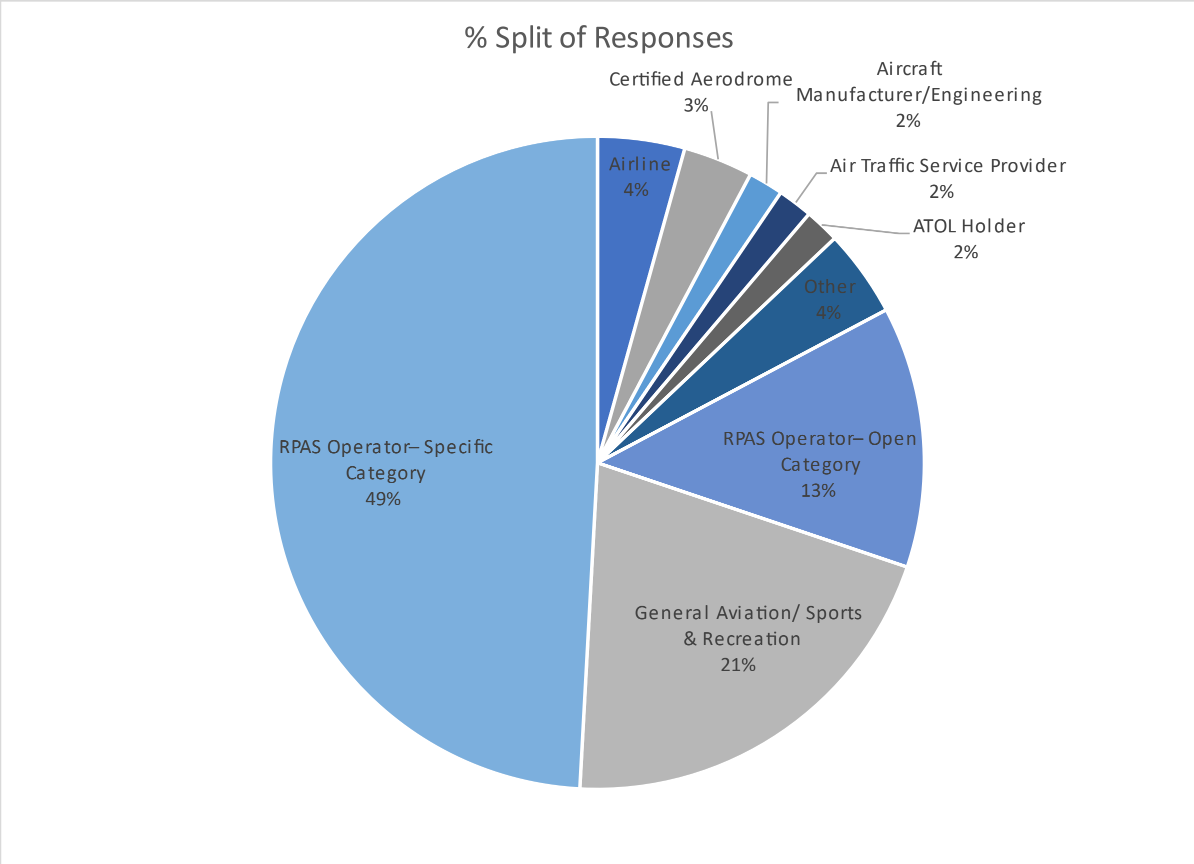
4. Increasing our investment in the CAA

Our ambition to increase investment in our digital transformation to deliver greater customer value and modernising our estates portfolio: We will deliver improved customer experience in our licensing and oversight services sooner, relocate from Aviation House to a more appropriate leased premises to avoid substantial refurbishment costs and provide significant financial efficiencies through implementing an artificial intelligence-led solution to process Mandatory Occurrence Reporting.

What we have heard

We have received 116 responses to our consultation from stakeholders across all sectors, over half of which have come from the specific category RPAS sector (we have received responses from roughly 2% of this customer base). These responses specifically focus on the changes to charges to support the introduction of the SORA risk methodology and DSCO platform. We would like to thank everyone who has taken the time to respond to this consultation and those with whom we have had further discussions to clarify comments made. We share all responses received with relevant members of our Executive Leadership team along with officials at the Department for Transport.

We have included a summary of responses by customer group and the key emerging themes below.


% Split of Responses
Certified Aerodrome
3%
Aircraft Manufacturer/Engineering
2%
Air Traffic Service Provider
2%
ATOL Holder
2%
Airline
4%
Other
4%
RPAS Operator– Open Category
13%
General Aviation/ Sports & Recreation
21%
RPAS Operator– Specific Category
49%

Stakeholder group	Trade body response	No. of responses received to CAA's charges consultation	Approx no. of regulatory customers	% of regulatory customers who responded	Forecast CAA revenue from this customer group FY24/25
Airline	Airlines UK	5	120	4%	£47.0m
Airport	Airports UK	4	135	3%	£26.0m
Airworthiness	ADS Group	2	1,700	<1%	£22.1m
Air Traffic Services	-	2	70	3%	£12.6m
ATOL Holder	-	2	1,600	<1%	£7.4m
RPAS (Open)	ARPAS UK	15	220,000	<1%	£2.3m
General Aviation	AOPA & BGA	24	4,824	<1%	£1.5m
RPAS (Specific)	ARPAS UK	57	2,400	2%	£1.0m
Various Other	-	5			£3.7m
		116			**£123.6m**

The three main themes from stakeholder responses were:

1. A desire for greater transparency in the CAA's approach to setting charges, utilisation of funding and steps to improve the value of services.

2. Concerns from some respondents over the impact of the proposed RPAS increases on the viability and growth in the sector.

3. Some comments on the appropriateness and impact of our proposals on small operators and sports and recreational users.

We are listening to customer feedback and understand that the current economic environment is a challenging one to operate in – this is true for both the CAA and our customers. We have read through all responses at length and have conducted further analysis where appropriate to understand whether concerns raised by customers necessitate a change in approach or whether the presentation of further information is required to support our proposals.

Taking the three main themes in turn:

1. To address concerns over transparency from customers we have:

a. Discussed concerns raised by customers with members of our industry representative body, the Finance and Services Forum (FSF). We have also shared our initial thoughts on steps we can take to improve transparency with customers in the future with this forum.

b. Utilised an existing engagement with a third-party contractor who has a specialist skillset in customer engagement to review our consultation materials and responses and recordings of recent FSF meetings. We have been provided with actionable recommendations to improve transparency and steps we can take to better demonstrate how CAA charges provide value for money.

c. Agreed a series of actions to improve transparency with our Board, including:

i. A commitment to providing regular value-for-money updates to customers through various routes, including our Annual Report and Accounts, our Annual Address (CAA's equivalent of an Annual General Meeting) and at our FSF meetings. This is likely to start out with high-level metrics to demonstrate the value of our services, with more detailed productivity measures added in successive reports.

ii. As shown in this document, we will provide greater evidence to demonstrate how we ensure our services provide good value to our customers and the steps we are taking to improve service value for charge payers. This will include analysis on how ringfenced funding is being utilised to deliver benefits to the aerospace industry and in the pursuit of delivering on our shared strategic priorities. See Appendix 2 for further information.

iii. Increase our engagement with charge payers on value-for-money across all sectors through making improvements to our FSF and holding sector and customer-specific discussions. We want to establish open dialogue where we can better understand how our customers define value in our services and to provide earlier sight and greater rationale for future changes to price.

2. To answer concerns raised by the RPAS sector we have:

a. Reviewed all modelling and cost assumptions to ensure our proposals remain appropriate. Whilst there are uncertainties surrounding growth in the sector over the coming years, we are content that the prudent approach taken to modelling volumes and costs over the coming years remains valid.

b. Met with ARPAS to listen to their concerns and provide greater context for our proposals. We understand from this meeting concerns over the impact our proposals will have on the sector and answered questions on how the implementation of SORA/DSCO has been funded, coming from the CAA's financial reserves. We also shared cash flow projections for delivering the service, showing that the new service is not forecast to generate an annual operating surplus over the next 5 years, with no recovery of the capital investment. Finally, we shared customer impact analysis that we had performed to provide ourselves with assurance that our proposals would not have a detrimental impact on the sector. Extracts of our customer impact analysis, including RPAS users, can be found in Appendix 3.

c. Conducted greater customer impact analysis understanding the real-world implications of both the PDRA price increase and SORA charging structure. This will impact almost entirely commercial operators where regulatory expenditure is an expected cost of business. We have modelled impacts on PDRA users using frequent examples of business activity to support our analysis. A common application for RPAS technology requiring a PDRA is wedding photography where the estimated pass through of cost to customers would be less than £10 per engagement (<0.5% of the average fee charged). The nature of the SORA framework is quantitative based, rather than the existing qualitative risk assessment based OSC approvals, bringing us in line with international regulatory standards to provide greater safety assurance for both operators and the public. Whilst customers will likely pay a higher charge under SORA than OSC, the substantive difference in the service makes it difficult to compare the price between the two regulatory frameworks.

d. Given the work conducted above, we believe our original proposals for RPAS charges remain broadly appropriate given the need to cover the costs of the SORA and PDRA services. The way in which the sector professionalises and grows in future years will inevitably necessitate changes in our charging structure – we will monitor this closely and act on charges where there is evidence that it is correct to do so. Our modelling assumptions are based on internal data, using current customer volumes as our starting point, with a steady growth rate in the sector expected in the coming years. We will, however, make three amendments to our proposals, reflecting some areas of concern highlighted by stakeholders where our analysis has demonstrated a need to adjust our position:

i. The consulted RPAS charges had been subject to an additional 5.9% price adjustment as set out in the original consultation. We do not believe this has been fully understood by charge payers, and therefore we will not apply this increase to initial and annual RPAS charges specifically consulted on. In practice, this means that the PDRA charge will be introduced at £500 rather than £530, as an example. We will also not apply the planned price increase to the consulted SORA and Recognised Assessment Entities charges. We will continue to apply the 5.9% uplift to all existing charges that will continue into FY2025/26, including the DMARES, existing OSC fees and excess hourly rates.

ii. Recognising the uncertainties from customers surrounding the implementation of the SORA framework, we will take steps to ensure the charge payable by each operator is more reflective of the actual effort incurred in assessing each application. For applications in categories SAIL II and above we will reduce the initial charge proposed in the consultation by 12.5%. This will benefit those customers whose applications are in good order prior to submission. The SAIL I charge will remain as a fixed fee.

iii. The charge for providing an approval under an alternative means of compliance has been reduced from £4,992 to £2,185, subject to excess hourly charging where necessary. As with the change to the SORA applications above, this will ensure a more targeted charging structure for customers based on the complexity of their individual application.

3. To understand the impact of our proposals on smaller operators and the sports and recreation community we have:

a. Reviewed all proposed price increases to ensure these are justified in accordance with our charging principles. In most cases our original basis for proposing increased charges remains valid. For some proposals linked to a loss of government grant funding, we have identified that smaller operators are unlikely to be direct beneficiaries of the related workstream, therefore we have adjusted our proposals accordingly.

b. Performed customer impact analysis, putting our price increases into context against the cost of the underlying activity. This has demonstrated that our charges are often relatively small when measured against the cost of aviation activity. Whilst price increases are understandably unwelcome from charge payers, we have sufficient assurance that our proposals are proportionate. A sample of our analysis is included in Appendix 3.

c. Ensured that we have conducted a thorough review of all budgets to drive out discretionary spend/run a lean organisation. This includes:

   i. £2.4m saved from reviewing the use of internal and external resources for key change deliverables.

   ii. £0.9m removed from corporate overhead budgets, including a freeze on replacing some known and future leavers. In practice this will mean some initiatives will be delivered more slowly or deferred into later years.

   iii. £0.6m saved from a bottom-up review of all external expenditure budgets, with non-critical spend removed.

What we will do now

Over the past three months we have reviewed consultation feedback from stakeholders, assessed our deliverable activities for FY2025/26 and scrutinised our cost base. Our work has confirmed that most of our consultation proposals remain necessary and appropriate to support the delivery of our strategic objectives in the coming year and beyond. In a small number of cases, we have found evidence that our proposals are not necessarily appropriate, and consequently we have taken action to address customer concerns. These actions are linked to strategically important work that will continue irrespective. Consequential reductions in our revenue expectations for FY2025/26 have been absorbed into our existing cost base.

In relation to the RPAS proposals, whilst we believe most users will be able to absorb the proposed increase in charges, we recognise that for SORA applications there is a high degree of uncertainty over the implementation of the new framework. As a result, we are reducing the proposed initial charge for SORA applications in the SAIL II category and above by 12.5% and we are reducing the alternative means of compliance charge by more than half of the consulted rate. We will also not apply the proposed 5.9% increase on new RPAS charges, reducing the financial impact on this sector by £0.2m.

Additionally, after reviewing increases for dangerous goods and lithium batteries, we found that there would be limited benefit to smaller operators from these programmes of work. As a result, we are removing the proposed 2.7% price rise on annual charges (AOC, ADL, and ATS) for smaller organisations at a saving of £0.1m to industry. These actions have been funded from further budgetary challenge beyond our existing efficiency targets and will result in an increase to statutory revenue of 8.5% (previously 8.9%). More detail can be found in section 2 and Appendix 1 of this document.

We have listened to concerns about transparency and are taking immediate action. Steps include:

1. Provide value statements to industry through our Annual Report and Accounts, at our Annual Address and on an ongoing basis through our Finance and Services Forum (FSF).

2. Provide greater evidence in the form of analysis and KPI’s to demonstrate how we are enhancing value-for-money to our charge payers.

3. Stronger customer engagement across all sectors, enhancing the FSF and direct stakeholder relationships.

While some targeted adjustments have been made based on feedback received and further analysis conducted, most proposals remain unchanged as they are intended to fund essential, ringfenced activities aligned with our shared strategic goals. Given the current financial pressures, including the three-year CPIH-1 pricing mechanism, efficiency and reinvestment commitments, and external factors such as the National Insurance Increase, we are unable to take further action to reduce our proposals at this time without impacting front-line services, which would risk undermining service delivery.

Our Responses to the Consultation Submissions

Below-inflation price increase

1.1 **We proposed:** We will deliver a value-focused balanced budget that enables us to attract and retain scarce technical resources whilst protecting ringfenced efficiency savings for the CX&M project.

You said	Our response
Respondents understood the expected inflation-driven cost increases and consider the proposed 1.6% price adjustment reasonable. They also welcome the CAA's commitment to efficiency savings.	The CAA acknowledges the support from respondents for the current CPIH-1% price increase mechanism. As highlighted earlier in this document, the general price adjustment only partially offsets inflationary pressures on our cost base necessitating further efficiencies and spending cuts to maintain a balanced budget. FY2025/26 sees the end of the three-year commitment to increase prices in line with CPIH-1. The CAA will consider alternative means for determining appropriate price adjustments for FY2026/27 and beyond in the coming months and will share our intended approach with stakeholders at the earliest opportunity.
The presentation of the below-inflation price increase has been described as misleading in the context of the wider proposals.	We appreciate feedback on the way in which our pricing proposals were presented. The below-inflation general price increase of 1.6% applies specifically to existing or like-for-like activities, as outlined in the consultation document. We acknowledge that the distinction between like-for-like increases and new activities may not have been as clear as we intended. Our aim was to highlight where our proposals aligned with the ALB recommendations while ensuring transparency in explaining these changes. To provide further clarity, the individual price adjustments are detailed in the price increase table. Looking ahead, we are committed to refining our approach to price reviews and enhancing our communication to ensure greater transparency and clarity regarding future price movements.
Some stakeholders raised concerns that our charging proposals do	We understand the challenges in the current financial environment due to uncontrollable factors (NIC, inflation, etc) – this is true for both the CAA and our customers. We have

You said	Our response
not align with the CAA's aims of improving efficiency.	absorbed like-for-like pressures into our existing funding envelop through the CPIH-1 mechanism. Following a zero-based budget last year, we continue to operate in a more focused cost control environment with procurement contract reductions and reduced external consultant spend demonstrating consideration for value for money to our customers. Through FY2024/25 and FY2025/26 we will have absorbed more than £10m of costs through reprioritising activities and not passing costs onto Industry. In recent years, we have reinvested £15m into the CX&M programme and DSCO/SORA implementation, with enhanced service benefits to customers already being realised, such as the digitised PDRA application process, improving average application lead times from 13 days to 20-30 minutes. Planned service improvements from the CX&M programme will follow over the next few years, initially for personnel licensing customers. These initiatives have been funded through efficiencies and have not through increases to charges. This is in addition to the £7.4m of real-terms price reductions that have been passed onto industry via the CPIH-1 mechanism in this period. Whilst cost reductions are one component of good value services, we also need to consider end-to-end efficiency and effectiveness. We are committed to improving the consistency of outcomes or reducing the processing times for applications through modernising and digitising our services, and we have aligned with the Government Digital Standard (GDS) to ensure that we always start with understanding users' needs. We may find that the cost of delivering a modern digital solution is higher than the existing manual processes due to increased IT costs and ongoing support, as well as the creation of dedicated teams to deliver continuous improvements to meet evolving customer expectations. In other cases, operating costs may be lower because of the changes we are making and the efficiencies delivered through improvements may lead to operating cost savings for our customers. In all cases, we will seek to maximise the benefits to the service user and to consumers through more efficient and effective services will provide greater value for money.

You said	Our response
Customers requested greater transparency from the CAA regarding the breakdown of charges and how specific increases will be used to achieve outcomes. Stakeholders emphasise the need for a transparent, accountable, and time-limited approach to funding, with clear evidence of measurable benefits and value for money.	We value stakeholder feedback and are dedicated to enhancing transparency to our customers through the following 3 commitments: 1. Presentation of a value statement detailing how we have enhanced value for money as well as service delivery for our charge payers in our Annual Report and Accounts, provide an update charge payers on this subject via our Annual Address and provide ongoing feedback on progress towards commitments made in this consultation for ringfenced initiatives through our FSF. 2. Present evidence to support our narrative of value improvements. This will take the form of KPI's highlighting the effectiveness and efficiency of our services and greater financial information to demonstrate how we are seeking to control our costs. This will be supported by a series of macro-metrics demonstrating the cost of the CAA relative to the industry we regulate. 3. Enhance our direct engagement with charge payers across the breadth of our customer base. Each sector we regulate faces their own challenges and will have differing and conflicting perspectives on how the CAA provides value. Alongside this we will bolster our FSF to ensure this has appropriate representation and is run in a way which provides mutual benefit to the CAA and our customers. We will use these enhanced relationships to promote our value narrative, identify key areas of concern from customers and to provide greater context and foresight of upcoming financial pressures and changes to our charging schemes. Alongside this, our Funding Structure Reform programme is entering its second year. The focus for FY2025/26 will be on beginning to simplify the CAA's pricing structures, making our charges more transparent to customers. We will also be taking steps to enhance our internal data landscape to support improved financial and productivity analysis as part of our desire to highlight the value of the services we provide.

You said	Our response
Several stakeholders highlighted the need for the CAA to ensure it has sufficient capacity and technical expertise to provide effective regulation and good quality services.	As part of our preparations for FY25/26 we have developed financial, resourcing and delivery plans that aim to meet our key strategic objectives. The realities of the current financial environment, coupled with commitments we have previously made in relation to limiting increases in like-for-like expenditure, have left us with difficult choices for the coming year. A thorough review of all deliverables has been performed to ensure that we are reducing delivery cost as far as possible. This includes adapting resourcing models (i.e. rebalancing delivery between internal resource and external contractors), pausing or rescoping existing activities and, in some cases, ceasing non-essential activity altogether. Our commitment to only increases like-for-like costs by 1 percent below the rate of inflation over the past three years has allowed us to pass £7.1m in savings back to industry through reduced charges, alongside generating £15m in ringfenced funding to support change initiatives that will drive customer benefits. We recognise, however, that this is unlikely to be a sustainable position as we move into future periods. Aligning increases in prices to a central metric, such as UK inflation, is a good idea in principle – it provides customers with a consistent and relatively predictable indication of what is likely to happen with CAA charges. However, in practice, there is more relevance between the CAA's cost base and what is happening in the industry we regulate. The current median salary for a worker in the UK aerospace sector is £48.7k, 39% higher than the national UK average[3]. This highlights the highly skilled and technical nature of these resources. It also highlights the demand for this resource, resource which is required both by the CAA and the aerospace sector. As industry continues to demonstrate strong growth, we need to recognise that for the CAA to continue to attract and retain this critical technical resource we

[3] ADS Aerospace Sector UK Outlook 2024 - ADS Group

You said	Our response
	must provide a sufficiently attractive benefits package, part of which is the core salary. Likewise, where consumer demand for aviation continues to grow, so does the scale of activity we need to perform. We need to adopt a more nuanced approach in building a funding envelope that allows us to conduct our regulatory duties and deliver high-quality services to our customers. This is likely to necessitate a move away from the below-inflation liked price increase mechanisms we have adopted in recent years, towards something more targeted to the needs and requirements of each sector we regulate. Such a move would be supported by a clear financial justification of our pricing proposals and we will consult with stakeholders at the earliest opportunity.

Changes to our regulatory perimeter

1.2 **We proposed:** We will deliver greater assurance for consumers and enable industry to do more through strengthening our oversight of new and existing aviation sectors, bolstering our consumer teams to deliver new resilience and protection activities, and taking a greater role for managing legislative change in-house.

You said	Our response
Some RPAS operators voiced concerns that the proposed changes to PDRA and SORA charges could affect the sector's viability, innovation, and safety.	We have conducted a more rigorous impact assessment of our proposals on customers including real-world impacts of PDRA price increases on typical customer profiles and evaluating RPAS unit-costs against our regulatory charges. We have also explored customer concerns relating to compliance risk, claims that our proposals will stifle innovation, and we have reviewed the assumptions in the original pricing model, as outlined below. Whilst we recognise that the increase in the PDRA charge is significant in percentage-terms, our analysis demonstrates

You said	Our response
	that this is likely affordable for users and is unlikely to have an adverse effect on the financial viability of the sector. We acknowledge that the fee structure for the new SORA framework is higher than the existing OSC framework, however the service to be provided under SORA on the digital platform is of a significantly higher standard than under OSC. Given the enhanced value of the service, and in keeping with our core charging principles, we believe our proposals remain valid. Whilst our analysis suggests that the proposed SORA charging structure should be affordable for most customers, we are also cognisant that there is still a degree of uncertainty over how the sector will react to the implementation of the SORA framework, and therefore we have proposed a small reduction to the initial charge payable for applications in the category SAIL II and above (reduction of 12.5% on the original proposals). In addition to this, we have also reduced the alternative means of compliance charge from the proposed rate of £4,992 to £2,185, subject to excess hourly charges. This will allow for a more targeted approach to charging for non-SORA applications based on the complexity of each individual application itself. Finally, none of the RPAS charges specifically consulted on in the FY2025/26 consultation will be subject to the applicable 5.9% price increase, saving users £0.2m. Our work includes the following areas: • Our customer impact analysis on PDRA users indicates a marginal impact, with effectively all users having a sole or partial commercial use (c. 99% of users), providing the opportunity to pass costs onto end users. We built a series of case studies based on the most common commercial uses of active PDRA applications, demonstrating a minimal increase to business costs (example includes a Wedding Photographer impacted by the PDRA price increase, resulting in an expected pass-through cost to their customer base of c. £8.58 per booking, <1%).

You said	Our response
	• Customer impact analysis for SORA applicants is more challenging given the uncertainties on how the sector will seek to adapt to meet the new risk methodology. Most current users are expected to fall into SAIL I or SAIL II categories, with those in higher categories expected to represent high-risk or innovative operations which necessitate highly technical resources to provide safety assurance. The financial and operating models of SORA applicants should make them well-positioned to either absorb or pass on any increase in business costs from higher regulatory charges either by virtue of their financial capacity or recovery from their own high-volume customer bases. In the design of these proposals, we opted to draw a direct link between safety and service charge, with operators in lower SAIL categories paying less than those in higher categories. Whilst the SORA risk methodology presents an entirely different service to that offered under OSC, making it difficult to compare like with like, it is likely that customers will pay more on an annual basis under these proposals – this is due to the more quantitative safety bar required for users to clear to obtain a SORA approval and the requirement to perform ongoing oversight. The SAIL I application is set at the same level as an OSC case 1, however this may prove to be cheaper for customers as the proposed charge is fixed and not subject to excess hourly charging, as is the case with a current OSC case 1. For customers in categories SAIL II and above, some customers may pay more under SORA than under OSC, however there remain uncertainties based on the estimated average time taken to complete customer applications. Recognising this uncertainty, and to encourage users to ensure applications are in good order prior to submission, we will reduce the initial cost by 12.5% from our original proposals and not apply the planned 5.9% price increase on these charges. This will allow a more bespoke charge for each application, with a greater reliance on recovery from hourly charging mechanisms if needed rather than fixed charges.

You said	Our response
	• Our reassessment of the assumptions used to model these proposals is that they remain reasonable and prudent given the high level of uncertainty in the implementation of SORA. Action to reduce RPAS operating costs to allow for a price reduction would have a disproportionate impact on safety standards and/or customer service quality compared with the financial benefit to the customer. A reduction of operating costs by £0.1m and the RPAS team by 10% would allow a small revision in proposed prices, but would dramatically impact capacity to process applications, conduct oversight and deliver further improvements to the DSCO platform. This lower level of expenditure may allow a reduction in the PDRA charge to £425 rather than £500 (an increase of £191 rather than £266), however this is not considered proportionate to the impacts on service delivery and safety compliance. It is critical for the UK to adopt the SORA risk methodology to improve customer experience through consistent and predictable outcomes and to realistically allow higher-risk and innovative operations to be approved. The complexity of the SORA methodology necessitated a technical operating platform to support its implementation (DSCO), else a substantial increase in the size of the RPAS technical team (and therefore operating costs) would be necessary. Recognising the strategic and operational importance of SORA/DSCO in enabling the sector to professionalise and drive innovation, the CAA has committed to fully funding its implementation from reserves accumulated through efficiency initiatives over the past three years. Importantly, the proposed pricing model does not seek to recover any portion of the £8m capital investment over the next five years. During this period, the capital investment and operation of the service will have amounted a cumulative deficit of £8.4m. The service is only expected to begin returning an annual surplus from FY2029/30 onwards. Over the following five years, a cumulative surplus of £1.8m is expected, meaning that after a

You said	Our response
	decade of operation, only 17% of the initial investment will have been recouped. Since 2020 (following the introduction of EU-led legislation) it has been possible for some commercial operators to conduct their activities in the open category rather than obtaining an operational authorisation. By removing the Permission for Commercial Operation requirement, industry has avoided c. £1.9m in CAA charges and has saved significant administrative time over that period. The CAA's work on the emerging RPAS sector has benefited from significant investment from alternative sources of funding, including the CAA's own financial reserves and government grants. Over the past 5 years the total cost of developing and implementing safety regulation for the RPAS sector and work on our Future of Flight programme totals nearly £50m, of which approximately £16m has been funded from RPAS charges and £34m from other non-regulatory sources. Alongside this we have also revised our operating model within our Safety and Airspace Regulation Group to create a designated pillar for Future Safety and Innovation, providing focus and support to emerging sectors, including RPAS. These long-term financial commitments, alongside proportionate steps to remove regulatory barriers where they are not considered necessary, underscores the CAA's dedication to providing essential safety assurance, supporting industry innovation, and fostering sustainable sector growth. By enabling safe operations alongside existing aviation activities, we are taking proactive steps to ensure the RPAS sector can thrive while maintaining the highest safety standards.
It is apparent from some of the RPAS responses received that the impact of the SORA framework on their operations and the actual proposed charge for FY2025/26	Some of the responses received in the consultation provided calculations demonstrating the financial impact customers believed our proposals would have on their activities. These responses often cited the impact of multiple approvals being required for each operator, thus having a multiplier impact on the cost of regulatory charges. There seems to be a

You said	Our response
have not been fully understood.	misconception amongst customers relating to the way SORA will be implemented for operators with multiple sites. To aid customer understanding, we can confirm that most operators will be able to hold a single approval under SORA that covers activity at multiple sites. VLOS operations will not need to be specific to a particular location in most cases, and multiple sites for BVLOS operations are also possible under a single SORA, if included within the application, as is the case today. This will mean that the cost of SORA charges for most operators will be lower than had originally been assumed by some stakeholders. For clarity, the SORA framework was published on the CAA's website on 3 March 2025 (AMC1 Article 11 Conducting a UK Specific Operation Risk Assessment (UK SORA)). The SORA framework will be adopted from 23 April 2025. It is also apparent that customers had expected the proposed charges to be introduced net of the consulted price increase for this scheme, 5.9%. If implemented, this price increase would leave the PDRA application at £530 rather than £500. On review, whilst we have technically consulted with customers on a set of charges which would be subject to an additional price increase, we can understand that this may not have been clearly presented. As such, we have decided to forgo the proposed 5.9% price increase on new initial and renewals charges for the RPAS scheme. This means that the price increase will not be applied to the PDRA, SORA and Recognised Assessment Entity charges detailed in the charging consultation. The 5.9% increase will, however, still apply to existing charges that will continue into future years, including the DMARES charge, existing OSC charges and hourly charging rates, as well as all other charges relevant to FY2024/25 that will be carried forward.
NATS have queried the proposed recovery of the resilience price increase from the safety-related charging scheme and suggest that consumer-	We have completed our analysis of the application and impact of the NATS resilience proposal. Whilst it may be possible to fund this work through the UK En Route charge in the future, the unit rate is set for multi-year periods and so wouldn't allow for recovery in the shorter term. As the NATS resilience activity is a key workstream following the independent review

You said	Our response
related elements of this work should be funded outside of the Schemes of Charges by increasing En-Route recovery.	into the 28 August 2023 events and the acceptance of the recommendations it made, we need to ensure we are meeting our obligations at the earliest opportunity. In the longer term, once we have a better understanding how this activity will be conducted, we will be in a better position to determine the split between core regulatory and policy resource requirements, at which time we can explore whether recovering the cost of this activity through the En-route unit rate is more appropriate.
While there is notable support for our plans to increase work on consumer protection, some stakeholders question the necessity of the increase, citing the UK's already robust safeguards and seek transparency on how this funding will be allocated.	From FY2025/26 we will begin the implementation of a renewed approach to protecting consumer rights in aviation, ensuring accessibility, fair treatment, and better outcomes for passengers. Ensuring the highest possible protections for consumers is a key area of focus for both the CAA and government and our proposals support these aims. The funding obtained from the sector will allow an additional six specialist roles to be recruited as permanent additions to the consumer team, increasing capacity and resilience to enhance our work. This enlarged team will enable the CAA to conduct a compliance review of legislation in place to support passengers when they face delays and cancellations, to focus on the implementation of the CAA's airline accessibility framework which was published last August, to ensure consumers are provided with transparency on pricing practices, empowering them to make informed choices, and to enable the CAA to support the government in evaluating potential legislative powers. Whilst there is understandable frustration from some stakeholders that they are being asked to pay more to fund this activity, notably from major commercial airlines, we have also received encouragement and support on our plans from a significant consumer association. We also note that the Independent Review of NATS (En Route) Plc's Flight Planning System Failure on 28 August 2023 made a specific recommendation that the CAA should consider expanding the resources devoted to consumer rights enforcement. Providing an environment with robust protections raises confidence for those who choose to fly, which is beneficial both to consumers and the wider aviation industry. We will ensure that our

You said	Our response
	actions to protect consumers remain balanced and do not impose an undue burden on regulated businesses within the airline and airport sectors.

Changes to reflect a loss in taxpayer funding

1.3 **We proposed:** We will continue to deliver vital services to promote the highest safety standards (Lithium Batteries, Ground Handling Policy and Air-Intercept Enforcement), maintaining high levels of consumer confidence, and we will progress our shared strategic priorities to enable industry to grow, innovate, and adapt to meet sustainability targets (Future of Flight and Environmental Sustainability).

You said	Our response
The need to pass costs on to charge payers is generally understood by respondents. However, there have been requests for greater transparency, particularly regarding the Future of Flight and Environmental Sustainability workstreams.	We understand the ask of industry for greater detail in how ringfenced funding increases for the Future of Flight and Environmental Sustainability activities are being utilised and what benefits these will provide in the future. These activities are expected to provide benefits to multiple user groups over the coming years and much of it is already underway, funded through government grants. To move the cost for core regulatory activity away from the taxpayer, and towards those parts of industry who will be the beneficiaries of this work, the cost has been allocated to relevant customers in accordance with our charging principles. We have included a more detailed analysis on these ringfenced activities in appendix 2. The deliverables planned for FY2025/26 to support progress towards our key strategic objectives include: **Future of Flight:** Ensuring the safe and sustainable integration of new technologies alongside existing aviation, benefitting new and existing users, and the general public. Looking ahead, the CAA will continue to support the FoF Programme, deliver policies for Remote ID and Market Surveillance Authority requirements, and implement the UK version of the Specific Operations Risk Assessment (SORA). The team will also work on integrating lower airspace

You said	Our response
	requirements through various safety mitigations such as Ground Infrastructure, equipage and procedures such as the A-typical Air Environment etc. These efforts will help the industry adapt to new regulatory requirements and promote innovation in aviation. The CAA is committed to ensuring value for money through enhanced governance, stakeholder engagement, and the use of competitive procurements. By securing additional funding, the CAA can reduce reliance on short-term government grants, allowing for more stable and long-term planning. This will support the growth of the aerospace sector by creating jobs, attracting investment, and maintaining the UK's position as a leader in aviation innovation. Our activities in this area include: • **Completion of the Future Safety & Innovation Technical Strategy Team** – creating a roadmap, plans and strategy for technical developments. • **Completion of the Future Safety & Innovation Policy Team** – ensuring policy, regulation and guidance materials are being created for new technological developments. • **Publication of RPAS Regulatory Review Consultation Outcomes** – Including updates on Class Marking, Market Surveillance Authority, Remote ID, Geo-Awareness, and other key changes. • **Implementation of Remote ID** to enhance operational transparency and safety. • **SORA continuous improvements -** streamlining the journey for regulatory approvals alongside further customer and policy enhancements. • **Advancing Strategic Outcome 3 in FFAP** – Focused on integrating lower airspace with developments in UTM, C2 Link, Detect and Avoid, Electronic Conspicuity, SWIM, and Ground Infrastructure.

You said	Our response
	• **Supporting the Law Commission** in establishing a regulatory framework for autonomy in aviation. • **Enabling Industry Growth in BVLOS Operations** through the NEXUS Project, facilitating integration trials and scalability. **Environmental Sustainability –** improving consumer confidence and supporting industry with the net-zero transition**.** Looking ahead, we will continue to deliver on our sustainability strategy and annual objectives, including providing clarity on consumer information requirements and supporting government policy through the Jet Zero Taskforce. We will also expand our statutory reporting duties, conduct research on aviation's local health impacts, and develop environmental mechanisms and incentives as part of Heathrow and NATS price controls. These initiatives will help the industry and government identify areas for improvement and ensure the sector is prepared for the impacts of climate change. By coordinating work across the business and industry, we will ensure that sustainability efforts are delivered efficiently and effectively, adding value and aligning with strategic priorities. Our work supports environmentally sustainable growth, creating jobs, attracting investment, and maintaining the UK's reputation as an innovative and forward-thinking country. This approach not only benefits the aerospace sector but also addresses consumer expectations for the industry to play its part in mitigating environmental impacts. Our activities in this area include: • **Sustainability Strategy & Engagement:** Ongoing delivery of the Sustainability Strategy and annual strategic objectives, including clearer consumer information requirements, expert guidance from the Sustainability Panel, and continued engagement with industry, community groups, and stakeholders.

You said	Our response
	• **Government Collaboration:** Active participation in the Jet Zero Taskforce at all levels, contributing to policy development and ongoing engagement with government. • **Hydrogen Challenge & Certification:** Advancement of the Hydrogen Challenge and further development of a robust certification pathway. • **Statutory Reporting & Transparency:** Expanding reporting efforts to be more comprehensive, robust, and impactful, including the publication of a five-year AER roadmap and the 2025 AER update. This will help industry, government, and the CAA assess sector progress and identify areas needing further action. • **Research & Policy Evaluation:** Conducting research to assess existing policies and regulations (e.g., Noise Action Plans, GHG emissions calculations for airspace changes), improving the CAA's understanding of aviation's local health impacts (e.g., noise and air quality, in line with the Chief Medical Officer's recommendations), and completing the world's largest study on aviation noise annoyance. • **Airspace Modernisation:** Implementing the fourth airspace modernisation objective through the Airspace Modernisation Strategy (AMS). • **Environmental Incentives & Regulation:** Refining and expanding environmental mechanisms and incentives as part of Heathrow and NATS price controls. • **Climate Adaptation & Resilience:** Supporting industry efforts on climate resilience, working closely with stakeholders to address emerging challenges and ensure the sector is prepared for the impacts of climate change. • **Legislative & Regulatory Considerations:** Reviewing existing environmental duties and assessing potential

You said	Our response
	new legislative requirements to strengthen sustainability policies. • **Sustainability Strategy Update:** Revising and publishing an updated Sustainability Strategy, providing industry with clear direction and focus for the future. Further information on our work in these areas can be found on our website: Drones | UK Civil Aviation Authority Innovation | Civil Aviation Authority
Smaller AOCs and airports have raised concerns about the scale and appropriateness of the proposed fee increases. They emphasised the importance of affordability within the broader economic context and requested a careful assessment to ensure any price adjustments are both necessary and proportionate.	We have carefully considered the impact of the proposed fee adjustments on smaller operators and recognise the need for a balanced approach. As part of this assessment, we have assessed the nature of activities we are seeking to fund through broad price increases, specifically those relating to safety regulation. From this review we have determined that our work on dangerous goods (including lithium batteries), ground handling oversight and air intercept frequency will provide limited benefit to smaller operators. As a result, and in keeping with our charging principles, we have opted to remove the associated 2.7% increase in prices from a selection of annual charges for smaller airline, aerodrome and air traffic service annual oversight charges. Full detail on the exempt charges can be found in Appendix 1.

Our ambition to increase investment

1.4 **We proposed:** We will deliver improved customer experience in our licensing and oversight services sooner, relocate from Aviation House to a more appropriate leased premises to avoid substantial refurbishment costs and provide significant financial efficiencies through implementing an artificial intelligence-led solution to process Mandatory Occurrence Reporting.

You said	Our response
Industry acknowledges the needs for the CAA to invest in services and projects to provide greater value, but there are questions over how and when customers will see benefits from this investment.	We appreciate the industry's recognition of the importance of our investments in the services we deliver. The additional £1.3m that we expect to fund each year from our investment reserve contribution will be ringfenced for specific value enhancing initiatives. This will initially be used to support the CX&M programme, increasing the pace of delivery of digitisation of our personnel licensing and end-to-end oversight services. ATS licence holders will be the first customers to see benefits as a digitised application solution is launched in FY2025/26. Following this, we will begin work on solutions for professional pilots (including instructors and examiners), followed by private pilots and aircraft maintenance engineers in successive years. Alongside this, we will be modernising our oversight services, with work due to commence early in FY2025/26. CX&M is a multi-year programme which will radically overhaul the efficiency and effectiveness of CAA services. This is being driven from the desire of our customers to see enhanced services, with many users stating that they would be willing to pay more in CAA charges if it resulted in improvements to services. The programme is primarily being funded through ringfenced efficiency savings (c. £5m per annum), however the additional £1.3m generated from this proposal allows a faster pace of delivery, enabling us to meet customer expectations for enhanced services sooner. Whilst CX&M is the main strategic change programme at the CAA at present, we expect there will be further calls for investment in future years. This ringfenced contribution to investment from charge payers will be utilised against initiatives which demonstrate the greatest return for customers. We are committed to providing transparent clear and detailed information about our investment in improving services and the benefits this investment is driving. To ensure there is confidence from customers that we are investing effectively, we are implementing the following measures: • **Regular Updates:** We will continue to offer valuable updates to our customers on the progress of CX&M and other areas of investment through multiple channels,

You said	Our response
	including our Annual Report and Accounts, Annual Address, and FSF meetings. • **Direct Stakeholder Engagement:** We actively engage with industry stakeholders through consultations, published materials, and working sessions to ensure their voices are heard and considered in our planning processes. We will seek to do more direct engagement with charge payers across the CAA moving forward to ensure all customers have an opportunity to highlight areas where they believe service could be improved. • **Value Reporting:** We will present greater information to stakeholders demonstrating how our initiatives are driving improvements to service value. Over time, this will include performance and productivity measures, focusing on the economy, effectiveness and efficiency of our services. This will support our value narrative and allow service users to hold us to account. We believe that these efforts will foster trust and collaboration, ultimately benefiting the entire sector.
Some stakeholders have highlighted the cumulative impact of price increases over recent years. There is a request to adopt a transparent, accountable, and time-limited approach to funding, with clear evidence of measurable benefits and value for money.	We understand calls from customers to provide greater detail relating to how ringfenced funding is being utilised. The ringfenced funding from previous years, along with the amounts included in the latest consultation, are fully allocated to support the delivery of our strategic objectives and will remain so for the foreseeable future. Many of these initiatives are either funding permanent teams and functions within the CAA, or support multi-year initiatives on a programme footing. We have provided additional information in appendix 2 to illustrate the achievements and expected outcomes from these ringfenced activities. This analysis demonstrates that over the three-year period of FY2023/24-FY2025/26, ringfenced charges are expected to make up less than 5% of total statutory revenue. Many of these activities are in areas where our remit is continuing to expand, or support work in emerging markets. This may necessitate additional price increases in future

You said	Our response
	years. We commit to proving detailed information on how this funding is being utilised and will seek to recover the cost of these activities from appropriate charge payers wherever possible, in line with our charging principles. As markets mature and our remit continues to evolve, we may find that these ringfenced funding mechanisms can be replaced with targeted user-specific charges or spread over a larger customer base. Where possible we will consult with charge payers on any changes at the earliest possible opportunity.
Some questioned whether it was appropriate for industry to be funding the estates strategy as they believe this should come from CAA internal funding.	The CAA will be relocating from Aviation House to new premises in the coming years. Our move is driven by strategic, operational and environmental considerations. We will be moving to a new local home, up to a 15-mile radius of Aviation House, to minimise disruption for our valued colleagues and customers. We are now working with colleagues and stakeholders to understand what we need in our new office, before we start our property search. We will sell Aviation House and land, vacate the site and move to new premises, but we do not expect to move before 2028. Our intention is to fund the move to alternative premises from a combination of user charges, sale proceeds from Aviation House and, if necessary, via a loan. The move to an alternative premises will avoid the significant additional costs that would be required to bring Aviation House into line with net-zero targets – the benefit to our customers from this move is that their charges will be lower as we operate from a new premises than if we were to remain in Aviation House. The cost of relocating to a leased premises will be higher than the current cost of running Aviation House, but will be significantly lower than the cost required if we chose to stay. The proposed increase for FY2025/26 provides initial funding to the Estates Strategy project team in the short-term and will be used to meet the higher operating costs in the longer-term. If we were to fund the Estates Strategy without charge payer contributions it would come either at a significant opportunity cost (limiting our ability to enhance services through CX&M), or, necessitate increased reliance on external financing (which

You said	Our response
	would cost charge payers more in the long-term through debt servicing costs). The cost of maintaining an estate is a cost the CAA cannot avoid, as is the case for most of our customers. The cost of our premises is an overhead for all CAA charge payers to contribute towards, it is therefore appropriate to seek funding from all charge payers to meet these increased costs. By maintaining the user-pays model, we can continue to deliver improvements to our services alongside a move to alternative premises, avoiding significant future financial obligations that would come with remaining in Aviation House.

Other feedback received and changes outside of the consultation

You said	Our response
Part-66L Engineer Licences: Some stakeholders from the gliding community have highlighted concerns over the affordability of the Part-66L engineer licences. A request has been made to review the charge rate, which respondents believe discourages engineers to hold this approval.	We have investigated the concerns raised by representative of the Gliding community relating to the affordability of the Part-66L engineer licence. The level of effort incurred by the CAA to issue an engineer licence is similar for both commercial and non-commercial applicants. The charge also contributes to policy development, an area where there has been work performed in recent years, as well as maintenance of the question bank, technology support costs and engagement with customers. Whilst we do not believe a change in this price is necessary right now, we will consider this in the future. Through our CX&M and FSR programmes we will be reviewing individual charges over the coming years, at which time there may be a change in the price charged for this service either due to changes in the underlying operating costs or in our charging principles. Whilst we are listening to concerns raised by stakeholders over affordability, engineers holding and paying for the issuance of a licence is a longstanding requirement. This is a

You said	Our response
	normal and expected cost of operating in the sector and is in keeping with our charging principles whereby the regulated entity meets the cost of regulation. As shown in Appendix 3, the cost of an engineer's licence will be £434 from FY2025/26, lasting for 5 years, equating to £87 per annum. This can be contextualised against the cost of a single annual gliding membership, typically between £360 and £420.
DNXCT Screener Certification: One stakeholder response to the consultation questioned whether the per test fee could be reduced if the revenue is exceeding the costs for this service.	The DNXCT service was launched in 2023, since when we have been closely monitoring application volumes and associated costs. We are continuing to conduct this analysis given that it has been introduced relatively recently. Our focus is on monitoring trends and gathering sufficient data to understand longer-term usage patterns. Once the service reaches a more stable and predictable state, we will evaluate the need for any adjustments to price accordingly.
Known Consignor Charges: On review, the way in which the Known Consignor charges in the Aviation Security scheme are presented could be made clearer.	Historically the listing of a Known Consignor (KC) included two charges, an administrative charge and an additional charge which covered the validation visit by an external party. These were merged into a single payment four years ago. The charge for this for FY2024/24 was £780. The Aviation Security scheme of charges incorrectly continued to make reference to a charge of £251 in addition to the combined fee. Changes are being made to the charging scheme to help clarify the costs associated with the listing or relisting of a Known Consignor. The administrative fee of £251 has been removed, with the document solely detailing the combined total fee expected of a Known Consignor. There will also be a wording change for clarity which will remove reference to additional Known Consignor as any new site listed are designated as an independent KC and are not affiliated with a previously listed organisation.
CAA Benchmarking Exercise: A comment	During FY2024/25, through the Funding Structure Reform project, a third-party contractor was engaged to investigate

You said	Our response
was received in the consultation suggesting the CAA should conduct a cost benchmarking exercise against other National Aviation Authorities.	the feasibility of performing a benchmarking exercise on the financial structures between the CAA and other National Aviation Authorities. The findings from this engagement highlighted the difficulty in performing such an exercise, given the contextual operating environments of each territory or region. The differences in operating models, regulatory remits, approaches to funding, political, geographical, social and economic factors in each state mean that it is not possible to perform a like-for-like comparison of the cost of regulation. We have, however, been able to gain some useful insights through a benchmarking of our operating costs against other UK regulatory bodies through the UK Regulators Network. This exercise, performed in 2024, demonstrated that the CAA's corporate support costs fell into the lower quartile compared to other regulatory bodies, demonstrating a lower overhead cost to be recovered from our charge payers. Whilst this isn't a perfect analysis, it does provide a degree of confidence that we are taking the right steps to control our costs. We would like to do more in demonstrating the value of our services, and we will be seeking to improve our internal analysis to demonstrate how value and productivity of our services is changing over time. Stakeholders should expect to see further analysis on this in future publications.

Appendix

1. Final Price Increase Table by Scheme and detailed changes to proposals

The below table shows our final price increases across each charging scheme. Other than the decision to not apply the RPAS increases to newly consulted charges in FY2025/26, and the omission of some smaller charges from the AOC, ADL and ATS annual charges, these proposals remain consistent with those consulted on.

Regulatory Focus	Scheme of Charges	General Price Increase (below inflation)	Changes in our regulatory perimeter	Changes to reflect a loss in taxpayer funding	Our ambition to increase investment	Total Price Increase
SAFETY	AAC	1.6%	0.2%	2.1%	2.0%	**5.9%**
	ADL/ATS*	1.6%	1.4%	3.5%	2.0%	**8.5%**
	AREG	1.6%	0.2%	2.1%	2.0%	**5.9%**
	AOC*	1.6%	1.4%	3.5%	2.0%	**8.5%**
	AW	1.6%	0.2%	2.1%	2.0%	**5.9%**
	ENR	1.6%	5.1%	2.1%	2.0%	**10.8%**
	GA	1.6%	0.2%	2.1%	2.0%	**5.9%**
	IFP	1.6%	0.2%	2.1%	2.0%	**5.9%**
	PL	1.6%	0.2%	2.1%	2.0%	**5.9%**
	RPAS**	1.6%	0.2%	2.1%	2.0%	**5.9%**
CONSUMER PROTECTION	ATOL	1.6%	0.2%	1.1%	2.0%	**4.9%**
	ATL/TCO	1.6%	6.8%	1.1%	2.0%	**11.5%**
	RA	1.6%	6.8%	1.1%	2.0%	**11.5%**
AVIATION SECURITY	AVS	1.6%	0.2%	1.1%	2.0%	**4.9%**
SPACEFLIGHT	SPC***	0.0%	0.0%	0.0%	0.0%	**0.0%**
OTHER	OT	1.6%	0.2%	1.1%	2.0%	**4.9%**

** Some smaller charges omitted, see detail below*

*** Excludes specific consulted changes, see detail below.*

**** The Spaceflight scheme is excluded from the general price increase for inflation owing to the fact that the vast majority of funding will be provided by the Government for the foreseeable future, and the conditions which currently prevent the CAA from being able to* *adjust prices in this scheme in the same way as it can with others. These conditions remain under review with the intention of the CAA being able to adjust and introduce charges as required, so that this area can transition to industry funding at the time Government funding ceases.*

Scheme Abbreviation	**Full Scheme Name**
AAC	Aerial Application Certificates
ADL/ATS	Aerodrome Licensing and Certification, Aerodrome Air Traffic Services Regulation, EU & EEA Air Navigation Service Providers
AREG	Aircraft Registration, ‘E’ Conditions Declarations and Registration of Aircraft Mortgages
AOC	Air Operator and Police Air Operator Certification
AW	Airworthiness, Noise Certification and Aircraft and Aircraft Engine Emissions
ENR	En Route Air Traffic Control Services Regulation
GA	General Aviation
IFP	Instrument Flight Procedures
PL	Personnel Licensing
RPAS	Remotely Piloted Aircraft Systems
ATOL	Air Travel Organiser’s Licensing (ATOL)
ATL/TCO	Operating Licences, Air Transport Licences, Foreign Registered Aircraft Operating Permits, Third Country Operator Certificates, Alternative Dispute Resolution Scheme and Scarce Capacity Allocation Certificates
RA	Regulation of Airports
AVS	Aviation Security
SPC	Spaceflight
OT	Overseas Travel

The charges set out over the remainder of appendix 1 will be introduced at these levels and will not be subject to an additional increase as shown in the table above. All other charges will be subject to the price increase indicated in the table above.

AOC Scheme

Table 6

Category of operator	Charge ref.	Number of aircraft	Target charge per operator	Target charge per aircraft
Column 1	Column 2	Column 3	Column 4	Column 5
Aeroplanes not above 5,700 kg	C2	0-4 aircraft	£16,786	£1,018
	C3	5 or more aircraft	£23,943	£1,018
Multi-engine helicopters operating offshore	D1	0-19 aircraft	£36,739	£7,623
	D2	20 or more aircraft	£95,358	£7,623
Multi-engine helicopters operating onshore	E1	0-10 aircraft	£11,281	£2,297
	E2	11-14 aircraft	£22,017	£2, 297
	E3	15 or more aircraft	£31,100	£2, 297
Single engine helicopters or airships	F1	0-20 aircraft	£12,384	£1,445
	F2	21 or more aircraft	£20,504	£1,445

Table 16

Application type	Charge
Column 1	Column 2
Initial balloon operator declaration	£414

Table 17

Type of variation	Charge
Column 1	Column 2
Variation of a Balloon operator declaration	£236

Table 18

Total passenger capacity	Annual continuation charge
Column 1	Column 2
Not exceeding 10 passengers	£1,490
11 to 20 passengers	£1,708
21 to 30 passengers	£1,918
31 to 40 passengers	£2,130
41 to 50 passengers	£2,365
51 to 60 passengers	£2,598
61 to 70 passengers	£2,830
Exceeding 70 passengers	£3,063

ADL/ATS Scheme

Table 1

The weight certified (see Note 6 at end of document) in the application for the grant or renewal of that licence or certificate as being the maximum total weight authorised of the heaviest aircraft which the applicant expects to use the aerodrome/vertiport, while the licence or certificate is in force, for the purpose of public transport of passengers, of commercial air transport flights or of instruction in flying	The maximum annual number of aircraft movements which the applicant expects at the aerodrome/vertiport, while the licence or certificate is in force, for the purpose of public transport of passengers of commercial air transport flights or of instruction in flying (Note 1)	Charge reference	Charge for Day or for Day and Night Licence or Certificate	Standard hours
Column 1	Column 2	Col. 3	Col. 4	Col. 5
Not exceeding 2,730 kg	Not applicable	A	£3,133	13
Exceeding 2,730 kg but not exceeding 6,000 kg	Not exceeding 2,000 per annum	B	£4,579	19
Exceeding 2,730 kg but not exceeding 6,000 kg	Exceeding 2,000 per annum	C	£9,399	39
Exceeding 6,000 kg but not exceeding 35,000 kg	Not exceeding 10,000 per annum	D	£13,737	57
Exceeding 6,000 kg but not exceeding 35,000 kg	Exceeding 10,000 per annum	E	£15,906	66

Table 4

The number of air traffic controllers engaged in the provision of the air traffic control service at the aerodrome	Charge ref.	Charge
0 to 5	7	£5,255

Table 5

ANSP Type	Charge
Flight information service	£606

Table 6

ANSP Type	Charge
Communication, navigation or surveillance service	£300
Commercial aeronautical information service	£3,613

Table 7

ANSP Type	Charge
Meteorological service	£1,205

2. Ringfenced Funding Analysis

We have provided a detailed analysis of ringfenced price increases passed on to customers from FY2023/24 to FY2025/26, highlighting some of the benefits achieved so far and the future benefits expected as this work progresses. A summary of the funding for each ringfenced initiative is shown in the table below, with further information for each initiative provided over the following pages highlighting some of the key achievements. Funding for these initiatives is fully allocated for FY2025/26 and is expected to remain so for the foreseeable future.

Consulted Activity	Historic Funding Generated (FY23-24 to FY24-25)	Ringfenced Funding Projection – multi-year (FY25-26)	Cumulative Funding Generated over 3-year period	% of Overall Statutory Revenue over 3-year period
Innovation	£4.6m	£4.4m	£9.0m	2.4%
Environment Sustainability	£0.8m	£1.8m	£2.6m	0.7%
Regulatory rulemaking	£1.2m	£0.6m	£1.8m	0.5%
Investment Reserve	-	£1.3m	£1.3m	0.3%
Consumer Protection	-	£0.8m	£0.8m	0.2%
Estates Strategy	-	£0.7m	£0.7m	0.2%
Lithium Batteries, Ground Handling Policy, Air Intercept Enforcement	-	£0.6m	£0.6m	0.2%
Safety Oversight (Dangerous Good & Ground Handling)	-	£0.5m	£0.5m	0.1%
Artificial Intelligence	-	£0.5m	£0.5m	0.1%
Legislative Function	-	£0.3m	£0.3m	0.1%

NATS Resilience	-	£0.3m	£0.3m	0.1%
Total	**£6.6m**	**£11.8m**	**£18.4m**	**4.9%**

1.1 Innovation

Historic Funding Generated (FY23/24-FY24/25) *£4.6m*

Ringfenced Funding Projection – multi-year (FY25/26) *£4.4m*

Cumulative Revenue Generated over 3-year period (FY23/24-FY25/26) *£9.0m*

% of Overall Statutory Revenue over 3-year period (FY23/24-FY25/26) *2.4%*

What has been achieved to date

- Advancing the modernisation of UK airspace to accommodate new aviation users while safeguarding scarce capacity, ensuring safe and sustainable access for all.
- Supporting growth in the RPAS sector through multiple initiatives that enable the safe integration of unmanned aircraft as operations become more complex, risky, and large-scale.
- Preparing for the introduction of new aviation technologies, such as the safe operation of eVTOL aircraft and the adoption of sustainable propulsion systems, including hydrogen.
- Set-up of the SARG Future Safety & Innovation Team, providing a dedicated team focused on future safety and innovation, ensuring the CAA stays ahead in regulatory and technological advancements

What will be delivered in the future

Preparing UK airspace for the integration of more complex and large-scale RPAS operations through work on Strategic Outcome 3 of the Future Flight programme, which includes lower airspace integration with UTM, C2Link, detect and avoid systems, electronic conspicuity, SWIM, and ground infrastructure

1.2 Environment Sustainability

Historic Funding Generated (FY23/24-FY24/25) *£0.8m*

Ringfenced Funding Projection – multi-year (FY25/26) *£1.8m*

Cumulative Revenue Generated over 3-year period (FY23/24-FY25/26) *£2.6m*

% of Overall Statutory Revenue over 3-year period (FY23/24-FY25/26) *0.7%*

What has been achieved to date

Developing the CAA's first environmental sustainability strategy and conducting the UK's first aviation environmental review to meet new statutory reporting requirements.

What will be delivered in the future

Advancing sustainability initiatives by delivering the sustainability strategy and annual strategic objectives while conducting research on the impact of existing policies and regulations related to noise and emissions.

1.3 Regulatory rulemaking

Historic Funding Generated (FY23/24-FY24/25)	*£1.2m*
Ringfenced Funding Projection – multi-year (FY25/26)	*£0.6m*
Cumulative Revenue Generated over 3-year period (FY23/24-FY25/26)	*£1.8m*
% of Overall Statutory Revenue over 3-year period (FY23/24-FY25/26)	*0.5%*

What has been achieved to date

Enhancing rulemaking and policy expertise post-EU exit, enabling the CAA to build internal capabilities aligned with ICAO standards while allowing for divergence where necessary.

What will be delivered in the future

We will continue to deliver our rulemaking responsibilities, making changes where necessary to support existing and new forms of aviation.

1.4 Investment Reserve (new from FY25/26)

Historic Funding Generated (FY23/24-FY24/25)	*nil*
Ringfenced Funding Projection – multi-year (FY25/26)	*£1.3m*
Cumulative Revenue Generated over 3-year period (FY23/24-FY25/26)	*£1.3m*
% of Overall Statutory Revenue over 3-year period (FY23/24-FY25/26)	*0.3%*

What will be delivered in the future

Accelerating the delivery of the Customer Experience & Modernisation programme by leveraging our investment reserve to modernise end-to-end customer services.

1.5 Consumer Protection (new from FY25/26)

Historic Funding Generated (FY23/24-FY24/25)	*nil*
Ringfenced Funding Projection – multi-year (FY25/26)	*£0.8m*
Cumulative Revenue Generated over 3-year period (FY23/24-FY25/26)	*£0.8m*
% of Overall Statutory Revenue over 3-year period (FY23/24-FY25/26)	*0.2%*

What will be delivered in the future

Strengthening industry compliance oversight during disruptions, enhancing consumer communications through research and a code of practice, and ensuring fair treatment of aviation consumers, including considerations around CMA drip pricing guidance and the consumer purchasing journey.

1.6 Estates Strategy (new from FY25/26)

Historic Funding Generated (FY23/24-FY24/25)	*nil*
Ringfenced Funding Projection – multi-year (FY25/26)	*£0.7m*
Cumulative Revenue Generated over 3-year period (FY23/24-FY25/26)	*£0.7m*
% of Overall Statutory Revenue over 3-year period (FY23/24-FY25/26)	*0.2%*

What will be delivered in the future

In the first year of the project, activities will focus on gathering requirements, identifying a suitable premises, and preparing Aviation House for commercial sale.

1.7 Lithium Battery, Ground Handling, Air Intercept Enforcement (transferred from government grant funding from FY25/26)

Historic Funding Generated (FY23/24-FY24/25)	*nil*
Ringfenced Funding Projection – multi-year (FY25/26)	*£0.6m*
Cumulative Revenue Generated over 3-year period (FY23/24-FY25/26)	*£0.6m*
% of Overall Statutory Revenue over 3-year period (FY23/24-FY25/26)	*0.2%*

What will be delivered in the future

- **Lithium Batteries Programme**
  - **Enhanced Safety:** Manage significant safety risks posed by lithium batteries, ensuring the safety of the travelling public and those overflown.

  - **Innovation and Leadership:** Develop technical specifications, new screening approaches, and research publications to maintain the UK's leadership in aviation safety.
  - **International Compliance:** Meet international safety obligations, preventing severe accidents and maintaining high safety standards.
- **Future Regulation of Ground Handling**
  - **Regulatory Alignment:** Prepare for upcoming global regulatory changes by aligning the UK with new ICAO Standards and Recommended Practices (SARPs).
  - **Enhanced Oversight:** Develop an enhanced oversight programme to ensure compliance, strengthen safety standards, and reduce incidents and accidents.
  - **Global Leadership:** Uphold the UK's reputation as a leader in aviation safety, reducing safety hazards and maintaining a strong position in the global aviation community.
- **Air Intercept Enforcement**
  - **Aviation Safety:** Investigate aviation-related criminal offenses from prolonged loss of communications (PLOC) events, enhancing overall aviation safety.
  - **National Security:** Prevent potential terrorist hijackings through effective enforcement outcomes and cross-agency collaboration.
  - **Global Reputation:** Preserve the UK's reputation as a global leader in aviation security, ensuring continued prioritisation of PLOC investigations.

1.8 Safety Oversight (Dangerous Good & Ground Handling) (transferred from government grant funding from FY25/26)

Historic Funding Generated (FY23/24-FY24/25)	*nil*
Ringfenced Funding Projection – multi-year (FY25/26)	*£0.5m*
Cumulative Revenue Generated over 3-year period (FY23/24-FY25/26)	*£0.5m*
% of Overall Statutory Revenue over 3-year period (FY23/24-FY25/26)	*0.1%*

What will be delivered in the future

- **Dangerous Goods:** Enhance long-term safety assurance for those transporting dangerous goods through increasing team capacity. Ensures international compliance with International Civil Aviation Organisation (ICAO) standards.

- **Ground Handling Oversight:** Increasing capacity in the oversight team to improve safety assurance. Expanding oversight will benefit airlines, airports, and consumers by reducing accidents and incidents.

1.9 Artificial Intelligence (new from FY25/26)

Historic Funding Generated (FY23/24-FY24/25)	*nil*
Ringfenced Funding Projection – multi-year (FY25/26)	*£0.5m*
Cumulative Revenue Generated over 3-year period (FY23/24-FY25/26)	*£0.5m*
% of Overall Statutory Revenue over 3-year period (FY23/24-FY25/26)	*0.1%*

What will be delivered in the future

Implementing our Artificial Intelligence strategy, focused on engaging with charge payers to understand their AI adoption challenges, collaborating with research institutions and developing regulatory initiatives to support AI innovation. We will establish a specialised team within the CAA with this initial funding to maintain leadership in AI and deliver greater value to stakeholders.

1.10 Legislative Function (new from FY25/26)

Historic Funding Generated (FY23/24-FY24/25)	*nil*
Ringfenced Funding Projection – multi-year (FY25/26)	*£0.3m*
Cumulative Revenue Generated over 3-year period (FY23/24-FY25/26)	*£0.3m*
% of Overall Statutory Revenue over 3-year period (FY23/24-FY25/26)	*0.1%*

What will be delivered in the future

Following the UK's departure from the EU, the UK has taken full responsibility for legislative and regulatory rulemaking, increasing the workload for both the Government and the CAA. The legislative framework must evolve to align with ICAO standards and accommodate new technologies and sectors. With greater resources, the CAA can accelerate progress to meet the needs of stakeholders and support these changes effectively.

1.11 NATS Resilience (new from FY25/26)

Historic Funding Generated (FY23/24-FY24/25)	*nil*

Ringfenced Funding Projection – multi-year (FY25/26)	*£0.3m*
Cumulative Revenue Generated over 3-year period (FY23/24-FY25/26)	*£0.3m*
% of Overall Statutory Revenue over 3-year period (FY23/24-FY25/26)	*0.1%*

What will be delivered in the future

The initiative will deliver a comprehensive implementation plan for NATS review recommendations, including oversight and approval of industry delivery, and formal reporting to Parliament. This will enhance sectoral resilience, improve consumer confidence by reducing disruption, and ensure effective management and protection of consumer rights during disruptions.

3. Customer Impact Analysis

Charge Group	User	2024/25 Price	2025/26 Price	YOY increase	Context
PDRA (RPAS Specific Cat.)	Wedding Photographer	£234 pa	£500 pa	£266	£8.58 pass-on fee (£2,000 per job, avg 31 bookings pa)
Private Pilot Licence	Recreational Flyers	£237 on app	£258 on app	£21	Membership £50 pa, aircraft hire charges from £200/hr
Certificate of Airworthiness (B737)	Commercial Airlines	£25,599 on app	£27,109 on app	£1,510	B737-800 cost ~£85m
DMARES (RPAS Open Cat)	Drone/Model Aircraft	£11.13 pa	£11.79 pa	£0.66	Average drone cost £150 and average camera drone cost £400
ATOL Approval	Travel Org with a licence limit of ~1,000 seats	£2,386 on app	£2,503 on app	£117	Minimum of 12p per passenger pass-on fee
Regional Airport Safety Charge	Medium sized Aerodrome	£19,152 pa	£20,780 pa	£1,628	YOY increase in passengers, commercial revenue from airlines, parking charges, retail, etc.
AOC Safety Charge	Airline with aircraft weighing above 40T	£27,875 pa	£30,244 pa	£2,369	Operated by large corporate entities. B737-800 generates avg profit to airline of over £800k pa
Grant of a Part-66 Licence	Clubs and Members	£410 (valid for 5 years)	£434 (valid for 5 years)	£24	Gliding Club membership fee £360-£420 pa, Glider Hire incl. launch £1-£2 per min, Air tow charge £20-£35
ARC for a Light Aircraft	Recreational Flyers/ Flight training organisations	£173	£183	£10	Annual cost to an Aircraft owner per year, per aircraft. Cost of maintenance ~£5k or above p.a