

CAA Statutory Charges 2019-20: Consultation on Charges CAA Response Document

CAP 1755

Published by the Civil Aviation Authority, 2019

Civil Aviation Authority,
Aviation House,
Gatwick Airport South,
West Sussex,
RH6 0YR.

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First published 2019

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Executive summary

On 22 November 2018, we set out proposals for our Schemes of Charges due to come into effect from 1 April 2019 ([CAP1720](#) – Statutory charges 2019/20: Consultation document refers). As a cost recovery body, not funded by the tax payer, the cost of our activities must be recovered from those we regulate.

As detailed in the consultation document, over the past eight years the general increase in our charges was only 7.9% while in the same period UK CPI inflation was 20.2%.

The key proposals under this consultation were:

- **A general price increase** of 2.4% across all Schemes of Charges in 2019/20.
- New specific charges to cover our costs in the following three areas where we are undertaking new or expanded activities:
 - **Brexit** – we have based our charge proposals on the basis of needing to be prepared for a range of scenarios, including one in which the UK departs from the EASA system of safety regulation on 29 March 2019 or that the Withdrawal Agreement is agreed and the CAA needs to undertake significant work to prepare for the different scenarios for UK aviation regulation that might occur at the end of the transition period. The Government has not agreed to fund any Brexit specific costs in 2019/20 and therefore these costs will be absorbed by the CAA's statutory schemes of charges.
 - **Cyber Programme** – an additional cost of £274k in 2019/20 to fund additional resources to undertake active oversight as set out under the statutory obligations of the EU's Network and Information Security (NIS) Directive and to continue to develop an appropriate and proportionate performance-based oversight regime in respect of aviation safety. This cost is to be shared equally by each of the 12 operators designated under the NIS Regulation;
 - **Airspace Change Process (ACP) & Airspace Modernisation Strategy (AMS) Programme** – An increase in ACP resources at a cost of £416k in

2019/20 is required to manage this new level of demand and additional requirements placed on the CAA to be funded by airports and the National Air Traffic Services En Route PLC (NERL) for the period to 31 December 2019. Thereafter, the associated costs will be recovered from the UK Eurocontrol En Route unit rate.

An increase in AMS resources at a cost of £416k in 2019/20 is required to deliver new sponsorship and the delivery monitoring and oversight tasks required of the CAA by the UK Government under revised Directions.

These costs to be funded from April to December 50:50 by the DfT and by airports and NERL, and thereafter via the UK Eurocontrol En Route unit rate. Therefore, the AMS costs to be recovered via the Scheme of Charges in 2019/20 will be £208k.

The consultation ended on 7 February 2019, by which time we had received 29 submissions. The main concerns have been highlighted under chapter 2 of this document.

Having discussed the comments received, and due consideration having been given by the CAA Board to the points detailed below, we propose to implement the charges outlined in the consultation document for the period commencing 1 April 2019 without further amendment.

We continue to remain committed to controlling our costs while securing the people we need to deliver our often-changing statutory remit, maintaining the financial robustness of the CAA and investing in new processes, systems and skills.

Chapter 1

Consultation submissions

- 1.1 A total number of 29 respondents provided submissions through the consultation exercise. The respondent type is broken down as follows:

Submissions	No.
Representative Organisations	8
Airports	5
Airlines	3
Personnel Licensing	3
Unmanned Aircraft Systems	3
Air Displays	1
NATS	1
Other	5
Total	29

- 1.2 The eight representative trade organisations that responded were:

- Aircraft Owners & Pilots Association (AOPA)
- Airlines UK (AUK)
- Airport Operators Association (AOA)
- Association of Aviation Medical Examiners (AAME)
- British Association of Balloon Operators (BABO)
- British Gliders Association (BGA)
- Historic Aircraft Association (HAA)
- Independent Flight Examiners' Association (IFEA)

- 1.3 Chapter 2 of the document has focused on providing a summary of the main issues raised by the respondents.

Chapter 2

Our responses to the consultation submissions

General 2.4% increase in prices for 2019/20

A few respondents commented that the CAA charges are already too high and do not match the level of work undertaken in some areas – no, to a general price increase

- 2.1 As detailed in the Statutory Charges 2019/20 consultation document, over the past eight years the general increase in our charges was only 7.9% while in the same period UK CPI inflation was 20.2%. This is because we have worked hard to reduce our operating costs over the same period and are proud of this achievement.
- 2.2 Following the receipt of responses received we have reviewed the impact of the additional activities undertaken on charges. This incorporates the transfer of the Aviation Security function in 2014/15 and more recently the new activities undertaken, including Cyber Security regulation, UAS regulation, Airspace Change Process & the Airspace Modernisation Strategy Programme.
- 2.3 Excluding those charges relating to the rebalancing of the Economic Regulation cross subsidy from 2011/12 to 2013/14, the total price increase for Regulatory charges over a 10-year period to 2019/20 was 21.6% against a CPI inflation of 23.1%. If the costs relating to transfer of the Aviation Security function from the DfT in 2014/15 and the forthcoming Brexit costs were excluded the increase in regulator charges would equate to 12.2%.
- 2.4 The decision to apply a general price increase of 2.4% was not taken lightly even though it is in line with UK CPI inflation expectations, however the CAA feels that this is proportionate and justified.