

CAA Statutory Charges 2020-21: Consultation on Charges CAA Response Document

CAP 1880

Published by the Civil Aviation Authority, 2020

Civil Aviation Authority,
Aviation House,
Beehive Ring Road,
Crawley,
West Sussex,
RH6 0YR.

You can copy and use this text but please ensure you always use the most up to date version and use it in context so as not to be misleading and credit the CAA.

First published 2020

Enquiries regarding the content of this publication should be addressed to: charges@caa.co.uk

The latest version of this document is available in electronic format at www.caa.co.uk, where you may also register for e-mail notification of amendments.

Contents

Contents	1
Executive summary	2
Chapter 1	5
Consultation submissions	5
Chapter 2	6
Our responses to the consultation submissions	6
General 1.7% increase in prices for 2020/21	6
Brexit cost recovery	6
Innovation Hub funding	8
Unmanned Aircraft Systems (UAS) transition to new International UAS Regulations.....	9
Aerodrome Licensing and Aerodrome Air Traffic Services Regulation Scheme	9
Variable unit rate charges	9
Aviation Security Scheme	10
Cyber funding	10
Aviation Security variable unit rate charge increase	11
General Aviation Scheme of Charges.....	11
Rocket launch permissions	11
Regulation of Airports Scheme of Charges	12
Development Consent Orders (DCO).....	12
Gatwick Airport Future Regulation (G7 Review)	13
Heathrow Airport Price Control Conditions (H7) and Additional Runway Capacity (R3).....	13
Chapter 3	14
Conclusion	14

Executive summary

On 13 December 2019, we set out proposals for our Schemes of Charges due to come into effect from 1 April 2020 ([CAP1848](#) – Statutory charges 2020/21: 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 10 years the CAA's charges have fallen in real terms by over 9%, while over the same period UK CPI inflation was just under 25%. The key proposals detailed below resulted in an **overall increase to charges of 1.1%** compared to the current¹ CPI rate of 1.8% and RPI of 2.7%.

Within this overall 1.1% increase, the key changes under this consultation were as follows:

- **A general price increase** of 1.7% across all Schemes of Charges in 2020/21.
- New specific charges were proposed to cover our costs in the following areas where we are undertaking new or expanded activities:
 - **Innovation Hub** – the CAA's new Innovation team was initially funded through BEIS's Regulators' Pioneer Fund (RPF). This funding was for a 12-month period starting in March 2019. The CAA considers the activity of this team should continue beyond the current financial year in the interests of the whole aviation sector. The CAA is therefore seeking funding from industry as from 1 April 2020. The additional cost of the core Innovation Hub capability would be £0.6m and was proposed to be recovered by an increase of 2.1% to certain schemes (airline, aerodrome, air traffic and security schemes).
 - **Cyber Security Oversight** – to enable the CAA to introduce the new cyber security oversight regime for aviation required (an International requirement), an increased cost of £256k was proposed to be recovered between airlines, airports and air navigation service providers.

¹ CPI and RPI for January 2020.

- **Brexit** – the CAA introduced Brexit funding from industry at £1.6m as from 1 April 2019 to cover the resources required to pay for no deal planning and from now on, preparing the Future Regulatory Framework for aviation that will apply at the end of the transition period from December 2020. This additional cost is delivered from the airline, aerodrome, air traffic and security schemes. The CAA proposed that this charge is retained for 2020/21.
- **Unmanned aircraft systems (UAS)** - A new package of International UAS regulations was published by the European Union earlier in 2019 and Regulation (EU) 2019/947 Implementing Regulation (IR) is planned to become applicable on 1 July 2020. This resulted in the current UAS charging structure being proposed to be revised to align with the requirements and naming conventions of the new UAS regulations.
- **Airspace Changes: Reduction in Charge** – Reference Period 3 of the UK Eurocontrol Enroute unit rate started as from 1 January 2020. Therefore, the costs relating to the Airspace Change Process and the Airspace Modernisation Strategy Programme have now been incorporated into this rate rather than being recovered via the Schemes of Charges from industry. This resulted in £0.7m Airspace Scheme variable unit charges and the £0.7m Airspace charge levied on NATS being removed from the revised Airspace Scheme.

The consultation period ended on 7 February 2020, by which time we had received 36 submissions from stakeholders. The main concerns have been highlighted under chapter 2 of this document.

Having discussed the comments received, and due consideration 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 2020 without further amendment.

However, we are mindful of the recent implications of the coronavirus on the aviation industry and are therefore currently exploring options to mitigate the increased charges to industry of these proposals.