

FY21/22 CAA Statutory Charges Consultation Response

CAP 2123

Published by the Civil Aviation Authority, 2021

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.

Published March 2021

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

The latest version of this document is available online: www.caa.co.uk/CAP2123

Contents

Contents.....	1
Executive summary	2
Chapter 1.....	4
Consultation submissions.....	4
Chapter 2.....	5
Our responses to the consultation submissions	5
CAA Requirement to Charge.....	5
Spaceflight	6
Market Power Determination and Safeguarding International Airline Competition	13
Airworthiness scheme	16
Personnel licensing scheme.....	18
Chapter 3.....	20
Conclusion	20

Executive summary

On 26 November 2020, we set out proposals for our Schemes of Charges due to come into effect from 1 April 2021¹ ([CAP1986](#) – Statutory charges FY21/22: Consultation document refers). As a cost recovery body, not funded by the taxpayer, the cost of our activities must be recovered from those we regulate.

Covid-19 has self-evidently brought unparalleled disruption to the UK aviation and aerospace sectors over the last 12 months. The CAA has worked tirelessly to support consumers, Government, and industry throughout the crisis, retaining our primary focus on maintaining safety, security and consumer protection standards whilst being as proportionate and flexible in their application as possible. Given the strategically important role that aviation and aerospace will play in the UK's recovery from Covid-19 and the Government's levelling-up agenda, Covid-19 will remain our key area of focus during 2021, and undoubtedly for some time beyond. Of course, the CAA will also be maintaining all of its existing regulatory responsibilities in support of the aviation industry and will continue to establish its new capabilities following the conclusion of the UK's exit from EASA and the upcoming transfer of regulatory oversight of the Space industry to the CAA. The CAA is required to continue to recover its costs in accordance with the Scheme of Charges but has sought to minimise the impact on industry in these challenging times by only introducing amendments to the Scheme of Charges for those new activities the CAA is required to undertake.

The CAA put in place a number of cost saving measures at the start of FY20/21 to mitigate some of the effects of the downturn in variable charge income as a result of Covid-19. These included a pay reduction for the Board, Executive Committee and all staff above the median salary, cancelling the annual salary review, delayed project and capex spend, and a general recruitment freeze across the organisation.

Despite these cost saving measures; the loss of variable income (accounts for 40% of CAA's pre-covid income) created a significant funding gap in FY20/21. The DfT

¹ Excluding Spaceflight Scheme of Charges which will be published in the summer.

agreed to provide the CAA with additional funding to cover the funding gap in FY20/21 to ensure the CAA has sufficient resources to fulfil regulatory capabilities. The funding arrangements for FY21/22 are still to be finalised but are expected to continue in line with FY20/21.

As detailed in the consultation document, the CAA is not proposing to implement a general charge increase for FY21/22 or implement prior year proposals and therefore, charges will remain at FY19/20 levels.

The CAA proposed charges related to new activities which they expect to undertake in FY21/22, either as a result of the UK exit from the European Union or changes in legislation, as well as minor structural changes to the scheme.

The key changes under consultation were:

1. **EU exit** - Proposed to retain the current EU exit funding recovered through variable charges and introduce a number of charges linked to new activities the CAA will undertake following the UK-EU exit.
2. **Market Power Determination (MPD)**: Proposed that initial costs to be recovered through a fee to the requesting party and the remaining costs would be recovered through large UK airports which would vary where we determine the airport to be dominant or not.
3. **Safeguarding Competition in Air Transport** – Proposed that initial costs to be recovered through a fee to the requesting party and the remaining costs to be recovered from Type A UK airlines based on their share of Type A airline contributions paid to the CAA in the previous year (based on their variable charges).
4. **Space** – Proposed to align the Outer Space Act 1986 Satellite licencing charge of £6,500 within the Space Industry Act 2018 satellite licencing with no charges being levied for the remaining activities (Spaceport, Launch and range licensing).

The consultation period ended on 4 February 2021, by which time we had received 48 submissions from stakeholders. The main concerns have been highlighted under chapter 2 of this document.

Chapter 1

Consultation submissions

- 1.1 A total number of 48 respondents provided 48 submissions through the consultation exercise. The submission type is broken down as follows:

Submissions	No.
Personnel Licensing	26
Space	8
Airworthiness Organisations	6
Airports	4
Representative Organisations	2
Airline	1
Air Navigation Provider Service	1
Total No. of Responses	48

- 1.2 The two representative trade organisations that responded were:
- Airport Operators Association (AOA)
 - British Gliding Association (BGA)
- 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

CAA Requirement to Charge

Respondents questioned why the CAA could not agree to waive all or part of its charges for FY21/22 in response to the impact the pandemic has had on the aviation industry.

2.1 The CAA is funded by levying charges on the individuals and organisations we regulate to retain the capacity and capabilities we require to fulfil our functions. This principle is underpinned by statute and is one of our legal obligations. Our statutory responsibilities and DfT instructions have been clear that we should continue to maintain our oversight of the UK aviation industry throughout the pandemic, assisting with its safe gradual recovery, and continuing with other industry critical activities such as establishing the CAA as an independent NAA following the EU-Exit.

Despite the cost savings the CAA has implemented since the start of the pandemic, the CAA has still required additional funding from the DfT to cover the extensive reduction in CAA variable and volume-based income. The level of funding afforded to the CAA is a UK Government decision, and the funding granted extends as far as to cover those costs that would otherwise not be recovered from industry due to the drop in regulatory income. In the absence of any further funding, we are therefore obligated to continue to apply our charging model to ensure cost recovery for the continued regulatory oversight of the aviation industry.