

Statutory charges FY22/23: Consultation document

CAP 2282

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.

First published 2021

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

Privacy Notice

By responding to this consultation, you are consenting to the use of your personal information to enable us to respond to you. We are committed to doing that in the most safe, efficient and proper way. You may withdraw consent at any time by emailing us at FOI.requests@caa.co.uk. Depending on the nature of your response, if you withdraw your consent, we may still use your personal information to comply with our public function or our legal duty. A more comprehensive General Privacy Notice can be accessed further below.

Sometimes we may need to share your personal information with other organisations, such as the Department for Transport. In most cases we will be able to do this by removing your personal information. If we need to share your personal information, we will obtain your consent beforehand. If you would prefer to make it known that you do not wish us to share your personal information, you can let us know straight away using the same email address.

Records of consultations are retained for two years unless there are extenuating circumstances such as a legal or regulatory basis. We sometimes retain information for research or statistical purposes. If we do, we will make sure that your privacy is protected and only use it for those purposes.

Enquiries or complaints

You can submit an information enquiry or make a complaint about how we have processed your personal information by emailing FOI.requests@caa.co.uk. Please be aware that the CAA is subject to the Freedom of Information Act, which means we may need to release information you have supplied to us. However, we would never disclose your personal information without first obtaining your consent.

You have further rights as a data subject, which can be found [here](#).

Contact details of the CAA's Data Protection Officer can be found [here](#).

You have a right to complain to the [ICO](#) about the CAA's processing of personal data.

Our General Privacy Notice can be viewed at <http://www.caa.co.uk/Our-work/About-us/General-privacy-notice/>.

Table of Contents

Chapter 1 - Introduction	2
Overview of our proposals	2
Chapter 2 - Key Update	4
EU transition	4
Activity to support industry during COVID-19	5
Chapter 3 - Main charge proposals	8
Design and Certification.....	8
Chapter 4 - Charge proposals by individual schemes	12
Safety Regulation Schemes of Charges	12
Air Operator and Police Air Operator Certification Scheme.....	12
Airworthiness Scheme	12
Personnel Licensing Scheme	17
Aerodrome Licensing and ATC Services Regulation Scheme	18
General Aviation Scheme	18
Airspace Scheme	19
Consumers and Markets Schemes of Charges and Economic Regulation of NATS	19
Air Transport Licensing Scheme	19
Regulation of Airports Scheme	19
Economic Regulation of NATS (En Route) Plc (NERL)	20
Air Travel Organiser's Licensing (ATOL) Scheme	21
Aviation Security Scheme	21
Spaceflight Scheme	23
Other Proposals	23

Chapter 1 - Introduction

This consultation document explains our proposals for revisions to the existing CAA Charges Schemes, due to take effect from 1 April 2022.

We believe our proposals represent a balanced approach to charging, reflecting the ongoing fallout from Covid-19 and the important role of the CAA in industry's recovery. We look forward to receiving feedback on these proposals, in particular from those we regulate.

We welcome comments on all aspects of the proposals, including the charges structure and the level of the charges. Please could you use the CAA Statutory Charge FY22/23 Consultation [online submission form](#). The consultation closes at midnight on 3 February 2022.

Overview of our proposals

The CAA continues to be acutely aware of the significant impact the COVID-19 pandemic has had on the aviation and aerospace industries and the challenges still being faced by these industries in their recovery. As such, we continue to work closely with both industry and government to assist with the safe gradual recovery of the sector whilst continuing our regulatory responsibilities. Since the start of the pandemic in March 2020, we have made changes to proportionately manage regulation and continue to work flexibly with the industry in responding pragmatically to the continued challenges presented by the virus.

Over the past two years the CAA has maintained its prices at FY19/20 levels in recognition of the financial impact of COVID-19 on industry. The effect of vaccination programmes worldwide has provided a stronger recovery to the aviation and aerospace industry in recent months than previously anticipated.

Forecasts received from the DfT earlier in the year suggested a slower pace of recovery, with passenger volumes expected to reach 10% of the 2019 baseline by August 2021 and 28% by March 2022. Despite actual volumes remaining very low in comparison to 2019, they were stronger than forecast, with 25% achieved in August with our latest forecasts suggesting they will reach 36% by March. It is clear that the aviation and aerospace industry still has a significant way to go in its return to pre-COVID-19 levels, and the impact the past 20 months or so have had on organisations should not be understated, however the improving passenger volumes do provide more cause for optimism and an indication that the recovery is underway.

Since the start of the pandemic CPI has increased by 7.2%, building increased cost pressure on the CAA. In recognition of the increases to inflation forecast for the coming year the CAA considers it is now necessary to raise our charges. As such, a general price increase of 2.9% is proposed across all Charges Schemes in FY22/23, in line with the current rate of CPI inflation with the exception of the Spaceflight scheme.

In addition to the general price increase there are a number of proposed charges included in this consultation that relate to new activities the CAA expects to undertake in FY22/23. These result mainly from changes in legislation, as well as minor structural changes to the schemes. It should be noted, however, that due to the uncertainty surrounding the implementation of the Design and Certification charges in FY21/22 a further review of the charging structure for these activities has been undertaken.

A significant portion of the CAA's revenue continues to be directly linked to industry volumes, primarily in relation to airline and passenger traffic, accounting for roughly 40% of the CAA's total revenue base prior to COVID-19. As with industry, the travel restrictions imposed by governments around the world continue to create a substantial gap in our funding model. Whilst we have taken measures to operate in a more efficient manner since the pandemic began, it is essential that we continue to support industry and the safety and security of passengers and the public in the recovery through providing the necessary level of oversight and regulation. This view has been, and continues to be, supported by the DfT throughout the pandemic, who have provided the CAA with financial assistance to cover our funding gap, ensuring we are able to continue to operate at the required standard.

Chapter 2 - Key Update

EU transition

At the end of the EU exit transition period on 31 December 2020, the CAA ended its participation in EU and EASA systems and the EU law that was in place at that point was transferred under UK jurisdiction.

As a result of those changes, the CAA took on a number of new and extended responsibilities across a range of our functions. We had been preparing for a number of years and completed an extensive programme of work to help prepare ourselves and UK industry for the changes that happened. Over the point of transition, the CAA stood up an incident handling operation which helped ensure that the minor issues that arose as the majority of change happened were dealt with efficiently and effectively.

During 2021, our EU transition activity has focussed on supporting effective implementation of the agreements on aviation safety and air services that were agreed between the UK and EU; helping stakeholders navigate the impact of the changes to legal and regulatory arrangements; facilitating the process of obtaining UK pilot and maintenance engineer licences; and ensuring that the range of new and extended functions that we assumed are fully operational and effective.

Our new functions to support Design and Certification responsibilities approved over 100 design organisations, have completed over 100 certification projects and have hundreds more underway. New organisation and processes for the development of aviation safety rules and policies have been established and we are a long way through successful completion of a first-year programme of activity.

Work related to EU transition will continue in FY22/23. The focus of the next phase of work relates to the ending of provisions that have maintained the validity of certain EU certificates within the UK system up to now. At the end of the EU transition period a broad scope of EU certificates retained their validity for a period of up to two years. This enabled UK individuals and businesses some flexibility in adjusting to the legal changes that happened at the end of the EU transition period and reduced the risk of disruption to services supplied to UK businesses by EU service providers. Their impact on CAA's EU exit preparations was to effectively delay the point at which certain things had to be done.

The unwinding of the saving provisions creates a need for businesses and individuals to take action to ensure that they continue to hold the permissions that they need and for CAA to meet an extended demand for regulatory activity in a number of key areas.

To ensure that there is sufficient awareness amongst these stakeholders about the need for new approvals, and to encourage them to make timely applications, we will be repurposing our dedicated EU Exit microsite and undertaking an extensive outreach campaign.

We are currently assessing the changes to our operational capacity required for us to meet the increased volume of approval and oversight activity that we will need to do as a result of these changes. During FY22/23, we'll make sure that we are in a position to handle the volume of applications and oversee the new organisations under our remit and that we have the correct balance of resources between the range of new responsibilities that we have taken on as result of EU exit.

Activity to support industry during COVID-19

The CAA remains acutely aware of the continuing impact that COVID-19 is having on the aviation industry, even through the recent period of initial recovery from the pandemic. The CAA has been proactive in the measures taken to support industry in mitigating that impact, as well as supporting industry through the current period of uncertainty and changing demand throughout the post-Covid recovery.

Below is more detail on some of the key activities that we have carried out to support Industry and have been requested to undertake through the pandemic.

DfT Financial Support

The CAA is funded by those it regulates, with in the region of 40% of its income normally derived from variable charges linked to aviation activity. As a result of the response to the COVID-19 pandemic, aviation demand collapsed in the spring of 2020. Following a depressed and volatile period for the aviation and aerospace industry through FY20/21 and the start of FY21/22 brought about by variants of concern, subsequent lockdowns and restrictions on international travel, the success of the vaccination programme worldwide has facilitated a recovery in recent months.

Following discussions with the Department for Transport (DfT) at the outset of the pandemic, an agreement was reached for section 12 funding to be provided to ensure the CAA's ability to continue to carry out its statutory duties. In total, section 12 funding of £37m was received from the DfT for FY20/21 and initial funding of £24.8m being agreed with the DfT for FY21/22. This was forecast prior to the impacts of the COVID-19 variants of concern being felt by industry, therefore the continuing DfT commitment to provide additional support as and when required is likely to be relied upon in the current financial year. Our latest forecast indicates that our section 12 funding requirements for FY21/22 could be in the range £40m-£50m, depending on the recovery in passenger volumes in the coming months.

Regulatory Oversight