

Statutory charges FY23/24: Consultation document

CAP 2402

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Published by the Civil Aviation Authority, 2022

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First published 2022

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Chapter 1

Introduction

This consultation document sets-out proposals for revisions to the existing UK Civil Aviation Authority (CAA) Charges Schemes, due to take effect from 1 April 2023.

We believe these proposals represent a balanced approach to charging for our regulatory responsibilities, reflecting the challenges presented by the current economic environment, additional responsibilities taken on by the CAA following EU-Exit and work to prepare ourselves for future changes to the aviation industry, driven by innovation in the sector.

We welcome feedback on these proposals, in particular from those we regulate in relation to the proposed charging structure and the level of charges. Any comments or feedback should be provided via the CAA Statutory Charge FY23/24 Consultation [online submission form](#). The consultation is open for a 10-week period and closes at midnight on the 16 January 2023. Following the consultation period, we will publish a response document reflecting the feedback received from industry and the Secretary of State for Transport.

The CAA continues to take measures to operate in a more efficient and effective manner wherever possible. We understand that it is essential that we continue to support industry by ensuring a sustainable charging structure is in place to fund the activity undertaken for the safety and security of passengers and the public by providing the necessary level of oversight and regulation. This view has been, and continues to be, supported by the Department for Transport (DfT), who have provided the CAA with substantial financial assistance throughout the Covid-19 pandemic due to the income reduction as a result of the decline in passenger volumes. This made sure we have been able to continue to operate at the required standard throughout the period, however we acknowledge that this support was required through exceptional circumstances only, and in the light of the strength of recovery in aviation traffic over the past year, a return to our core principles of regulated user-pays and a self-sustained regulator is now appropriate.

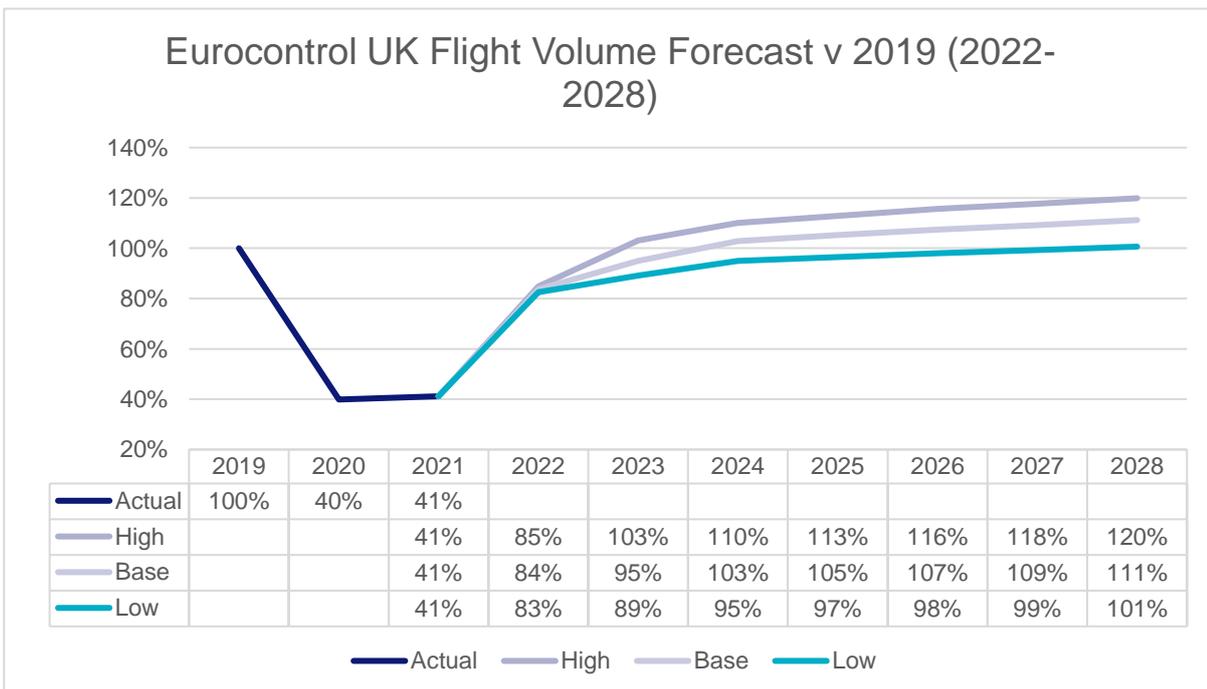
The CAA is currently in the midst of a Public Bodies Review, as directed by the Cabinet Office, under the leadership of independent reviewer Jeremy Newman. We welcome the opportunity this review presents to highlight the dedication, skill and continuous learning culture of the CAA, whilst also aiding in identifying any areas for improvement. The review will help ensure that we continue to be a diverse, innovative, efficient and future-focused regulator, dedicated to improving aviation safety, security and consumer interests and enabling a thriving aerospace sector. We are working with the team in an open, transparent and collaborative way to support this review. We are aware that this review, alongside our ongoing work to devise a new funding model for the CAA, may result in changes in the way we fund regulatory services in future years. We will continue to highlight possible areas of change in a collaborative manner with industry as and when appropriate.

Key updates

With the UK aviation sector emerging from the impacts of Covid-19, the CAA now faces the immediate challenges of returning to the position of a financially sustainable regulator, balancing inflation with providing industry with value-for-money services, as well as an ever-changing and increasingly complex regulatory environment.

Covid-19 recovery and high inflation: Industry recovery from the Covid-19 pandemic has been progressing well throughout 2022, with passenger volumes through airport terminals reaching 81% of pre-pandemic levels across the summer (this had originally been forecast by the start of FY23/24 at the earliest). As of the start of October 2022, arriving and departing flights in the UK had reached 85% of 2019 levels and load factors had recovered to 86%, the same rate as in 2019. There are positive signs that this rate of recovery will continue, with Heathrow lifting the self-imposed cap on passenger numbers at the end of October 2022 and the easing of travel restrictions in parts of South-East Asia.

Based on recent industry forecasts published by [Eurocontrol](#) (17 October 2022), the baseline scenario for industry recovery from the impacts of Covid-19 sees activity growth in the UK of 13.4% in 2023 and 8.2% in 2024, year-on-year. This would result in volumes returning to 95% of 2019 levels by the end of 2023, and 103% by the end of 2024, with stable growth averaging 2.0% per annum beyond this, as shown in the graph below. A number of recent surveys suggest that the majority of the British public are unlikely to change their travel plans for 2023. This combined with recent analysis published by ABTA (29 September 2022) showing a forecast increase of 15% in UK outbound travel over the next five years, provides confidence that the current economic environment is not negatively influencing consumer behaviour in relation to travel in the short or medium-term.



A steady recovery from the impacts of Covid-19 is also being felt in the manufacturing sector, with industry body Aerospace, Defence, Security & Space Group announcing at the start of October that forecast deliveries of nearly 1,000 aircraft remains on track for 2022, despite supply chain pressures and rising costs of energy and raw materials. This trajectory is supported by reports that aircraft orders in the early part of the year have reached their highest level since 2014. Non-commercial aircraft movements at UK airports also remain strong, with flight rates averaging 96% of 2019 levels in the first half of 2022, including flight test and training movements significantly exceeding pre-pandemic rates.

Part of the CAA's approach to dealing with the financial challenges of the pandemic was to maintain charges at 2019 levels and to simultaneously freeze colleague pay, ending with a modest increase to each in April 2022. Whilst this action was the right thing to do at a time of significant uncertainty in the aviation sector, this freeze has compounded inflationary pressures on our cost base from both employment and non-employment perspective. Since the start of the pandemic, the rate of inflation has been 12.6%, whereas charges have only been increased by 2.9%. The CAA, and by extension our stakeholders, have been the beneficiary of financial support from DfT during the period of the pandemic, however this is now drawing to an end, meaning the CAA must return to the position of being a self-funded entity. Whilst we are conscious that keeping pace with industry-rates of employee compensation is not necessarily realistic or appropriate, we must acknowledge that the current levels of inflation are driving higher salary increases across the country, averaging 6.0% annually over the past three months, making retention and recruitment of staff more challenging than in previous years.

An evolving regulatory environment: The CAA are continuing to adopt and implement new responsibilities, primarily driven by EU-Exit and the withdrawal from the EASA system, alongside work required to prepare the organisation for the future regulatory landscape, taking account of the new technologies which are entering the aviation sector. As such, a return to industry funding of these activities is being considered for some (as was the case prior to the CAA's membership of the EASA system), with others being chargeable to industry for the first time. A number of these activities are new to the CAA whereas others are currently being funded through DfT grants. Funding for such work will be a core focus of our Future Funding Model project in the coming years, however action to build capacity to take a proactive approach to the future regulatory landscape is required now.

Balancing efficiency with customer service improvements: We recognise the importance of ensuring that we continue to develop as an organisation in a sustainable manner. All organisations are faced with the challenge to seek ways to be more efficient in their delivery in an effort to boost productivity. This is particularly pertinent to those which have a link to the public sector and have a greater responsibility to their stakeholders to demonstrate value-for-money. At the same time, the CAA recognises the need to continue to provide assurance to the aviation industry, government and the public that it is a competent, effective and efficient regulator, as well as ensuring the service provided to stakeholders is at the level expected of a customer-focused organisation. The CAA continues to explore the most appropriate route to develop the organisation sustainably by

providing industry with value-for-money and action to continue to raise the standard of our customer service provision through process improvements and investments in digitalisation.

Overview of our proposals

General price increase reflecting inflationary pressures

The current economic environment has presented challenges to the cost base at the CAA, driven by sustained high levels of inflation, underpinned by soaring energy prices and an acceleration in the recruitment market. As with many of our stakeholders across the aviation industry, the CAA hasn't been immune to the impacts of this, and, given the desirable technical expertise of our colleagues, we have faced an increasing challenge in retention. This has been exacerbated by pay freezes implemented at the CAA during the Covid period. We are also facing substantial price increases from our suppliers, in some cases in the region of 10%-15%, as all organisations seek to take steps to mitigate the impacts of inflation.

Over the past 10 years the CAA has consistently aimed to increase prices at, or below, the current rate of inflation (CPIH, being the UK's lead measure of inflation) in each period, resulting in a compound real-terms price cut of 16.8% since 2013. This reduction in charges has been delivered to industry through what has been a turbulent period for the CAA and wider aviation industry, during which time we have experienced; the regulatory and financial impacts of Covid-19, the UK's exit from the European Union and the subsequent withdrawal from the EASA system, the failure of Monarch, Thomas Cook and Flybe, the rapid expansion of the use of remotely piloted aircraft systems, the adoption of regulatory responsibility for commercial space flight in the UK and, most recently, the current period of high-inflation and ongoing cost of living crisis.

This real-terms reduction in regulatory costs has been achievable by striving to become an increasingly efficient organisation, taking action to improve our systems and process as well as reducing our overheads, particularly in relation to our estates costs, combined with targeted and limited financial support from DfT. This commitment to efficiency is key to securing sustainable financial health for our organisation and to demonstrate value-for-money to industry. As aviation recovers from the pandemic the CAA considers it is appropriate to return to our core funding principle of user-pays, with our core regulatory activities being funded by those we regulate, so that the taxpayer does not contribute directly to the costs of aviation regulation.

A general price increase that stays close to the current rate of inflation is essential to address these pressures on our cost base and to ensure the CAA is able to continue to maintain an appropriately sized and skilled workforce, as well as meeting the increased costs passed on by our suppliers. Action is required to make sure the CAA can continue to provide the highest level of safety and security assurance to the industry and wider public,

as well as providing a good-quality service to stakeholders and making sure we are on the correct footing to prepare ourselves for the regulatory challenges of the future.

The CAA adopts the regulated user-pays principle in relation to funding its regulatory activities as set out by government policy; the costs of regulation should be met by the regulated entity. The proposed price increases set out in this consultation reflect that approach, acknowledging that the increased cost of providing regulatory oversight driven by the current rates of inflation must ultimately be borne by industry. Neither the CAA nor the government want to see a scenario whereby financial support is required to cover the inflationary increases on the CAA's cost base.

The general price increase included in this consultation is based on our current assumptions for FY23/24. The CAA continues to seek potential areas for efficiency within its delivery, driven by our overarching strategy to provide value-for-money to stakeholders and the ongoing independent arms-length bodies review. The CAA has benefited from financial support from Government in recent times to lessen the impacts of Covid-19 on our funding model, however this support was time-limited. Given the current economic environment, the continuation of taxpayer funding beyond the immediate term cannot be guaranteed, making it more important than ever that the CAA returns to a financially sustainable position as soon as possible.

The CAA consistently seeks to identify ways in which it can be more efficient and effective in its delivery, and will, where practicable, seek to not increase like-for-like costs to industry above the relevant rate of inflation, consistent with the approach that we have taken to charging over the past decade. We are working hard to identify ways of delivering meaningful and impactful efficiencies over the coming years and into the future, and if we are able to realise these efficiencies in the short-term, we may be able to reflect any such saving by lowering the proposed price increase set out in this consultation, or in subsequent years. This is part of our strategic aims, to seek continuous improvement in our delivery, in a manner which does not impact on our ability to discharge our regulatory responsibilities and ensures the safety and security of the public.

New activities and a review of taxpayer funding

There are several functions which require funding from industry for the first time in FY23/24 either as they are brand-new activities undertaken by the CAA (driven primarily by EU-Exit), or because the continuation of grant funding currently received from DfT cannot be guaranteed beyond FY22/23. Further detail on the specifics of each of these activities can be found in Chapter 2 below.

Discussions have been ongoing with DfT for several months to determine where funding should be obtained to meet the costs of programmes of work originally commissioned by the Department. These conversations have also explored where DfT has provided grant funding for core regulatory activities in recent times, particularly during the after-effects of EU-Exit and during the Covid-19 pandemic. Some of these responsibilities which are currently funded by DfT are being considered for funding by industry through the Schemes

of Charges in line with the regulated user-pays principle for the first time in FY23/24, and the proposals for this are set out in this consultation. These are ongoing discussions, and should government funding, or partial funding, for these activities be agreed prior to the end of the financial year, then the extent of the associated price increase will be lowered accordingly or removed altogether. It should be noted, however, that these activities are deemed to be regulatory in nature, and as such their cost will likely be passed on to industry in time. Any financial support offered by DfT at this stage is done so at their discretion and is provided as an interim measure. The CAA and DfT will continue to discuss the appropriateness of grant funding for our activities with the ambition of the CAA becoming self-funded, through industry, in relation to its core regulatory duties.

Activities such as regulatory rulemaking or work to prepare the CAA for the innovative products that will reach the aviation market in the near future are for the benefit of industry as a whole, or large sections of it. Therefore, the most appropriate course of action for these charges is to seek a contribution from all applicable charge payers via a general price increase against each relevant charging scheme, recognising that a regulator working in a proactive manner to address the challenges of future changes to aviation in the UK is to the benefit of the entire community.

In line with our charging principles, for activities which are carried out to specific stakeholder groups within industry, the charge will be levied upon the stakeholder base in question. These activities are broad in nature, so identifying an exact contribution from each stakeholder in question is not possible, however we can assess the sections of industry who will benefit either directly or indirectly from our activities. The charges proposed have been structured with fairness and simplicity as key principles so as to make their implementation and interpretation as user friendly as possible.

As with the general price increase relating to inflation, the associated charge increases for these activities set out in this consultation are sufficient to cover their expected cost for the coming year. In keeping with our wider commitment to placing value-for-money at the centre of our thinking, we will continue to identify ways in which we may be able to deliver these activities in a more efficient manner.

Whilst our estimates for the cost of these activities are our best guess at this point in time, we are conscious that an element of this work is new to the CAA, therefore these assumptions may prove to be prudent. This has been the case in previous years, relating primarily to charges associated with our Design and Certification responsibilities adopted as a result of EU-Exit. In these cases we have taken corrective action to charging levels to ensure we are recovering only what is necessary from stakeholders to perform the activity in question. We will also continue our discussions with DfT in relation to whether these activities can, or should, be funded by the taxpayer, during the consultation period.

Taking the above variables into account, it may be that the eventual charge increase required could be lower than those rates quoted in this consultation, or the period over which this cost base will build up may prove to be longer than a single financial year,

opening the possibility of a phased introduction of these costs to industry. If this does prove to be the case, this will be communicated to stakeholders through the consultation response document due to be published in March 2023.

Refinement of existing charges

The CAA is seeking to refine a small number of existing charging mechanisms, identified as a result of feedback received internally as well as from industry on the effectiveness and appropriateness of said charges. Changes have also been suggested to some charges brought through in previous years having been further reviewed and modified as the experience and data available to make decisions within the specific areas at the CAA has grown. In other cases, action is being proposed to reduce the administrative burden placed on both industry and the CAA, seeking to improve the efficiency of enacting these charges.

The CAA is continually looking for ways in which it can reduce the administrative burden of the Schemes of Charges, and welcome feedback from stakeholders as to where effort and attention could be targeted to deliver further efficiencies.

Chapter 2

Main charge proposals

Summary

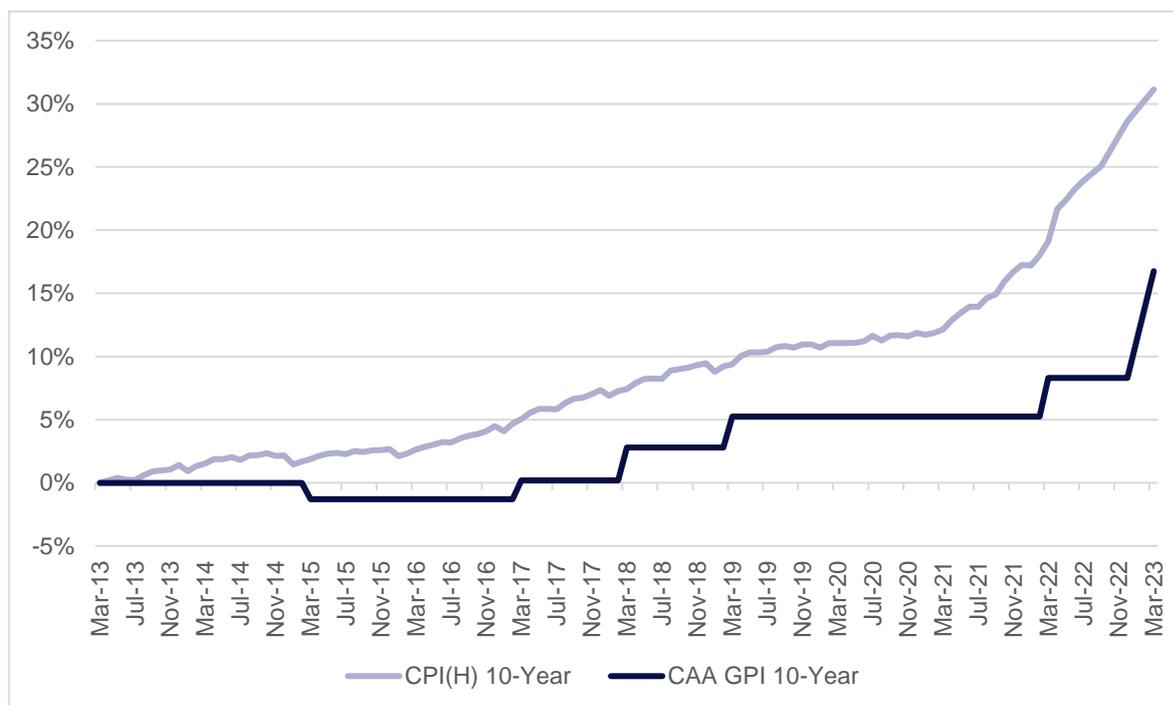
Our primary proposals contained within this consultation include:

- A general price increase of 7.8% to combat the impacts of inflation (the equivalent of CPIH-1).
- A further activity-related price increase of between 1.3% and 5.7% across each relevant scheme to fund activities which are new to the CAA or are currently being funded by DfT.
- Specific changes to charges to deal with new activity, transfer of funding from DfT or under-recovery, including:
 - Price increases in the AOC scheme to cover the additional cost of dangerous goods regulation, currently covered by DfT.
 - Introduction of a per-exam charge for our new national screener certification system.
 - An initial and annual oversight charge payable per EU-ANSP impacted by the scope of our regulatory remit.
 - Introduction of a fee for ATCO revalidations conducted by the CAA.
- Refinements to existing charges to improve their effectiveness, including:
 - An intention to replace the turnover certificate mechanism linked to the airworthiness organisational approval annual charge with a reference to relevant headcount.
 - An introduction of separate and unique rates for Heathrow and Gatwick airports under the economic regulation of airports scheme, reflecting our incurred effort.
 - A revision of the continuing airworthiness annual charge, simplifying the charging structure and reducing the rate stated in the airworthiness scheme by 50%, to the same level actually billed in the current financial year.
- A number of other minor changes to prices, charging mechanisms and wording.

General price increase

Our general price increase proposal of 7.8% is designed to address the impacts of inflation on our cost base, whilst keeping price rises for stakeholders under control.

The compounded effect of below-inflationary increases to prices over the past ten years, combined with the freeze in our prices during the Covid-19 period, has resulted in greater cost pressures on the CAA which require addressing. Over the last decade, the CAA has increased charges cumulatively by 8.3% compared to inflation over the period of 25.1%. By the end of the financial year, inflation is forecast to have reached a compound rate of 31.1% (as per [Bank of England forecasts](#) released on 3 November 2022) during the period. Increasing prices by 7.8%, equating to September 2022 CPIH less 1%, will mean the cost to industry over the period will have increased by 16.8%, meaning the real-terms price cut delivered to our stakeholders in this time will total 14.4%. This is depicted by the graph below, showing the compound impact of cost-savings for industry since March 2013.



As set out in Chapter 1, the rationale behind the proposed price increase is to deal with the impacts of inflation on our cost base. The increase proposed on like-for-like spending, whilst appearing high when viewed in isolation against historic rises, remains below the current rate of inflation, and is consistent with our approach in prior years. We will continue to seek to provide our stakeholders with real-terms price cuts where it is possible to do so.

The proposed increase is considered necessary in order for the CAA to meet the financial targets set out by Government; to make a return of 3.5% on our regulatory activities. This targeted annual surplus is an essential component of our financial control environment, providing a regular contribution to our financial resilience as well as funding for critical service improvements, particularly in relation to digitalisation. Ultimately, a robust financial

control environment provides the CAA with the necessary assurance and flexibility to invest in driving greater productivity and efficiency, whilst maintaining independence from reliance on taxpayer funding or seeking funding from high-cost external providers, the cost of which would need to be passed back to industry through higher charges in line with the regulated user-pays principle.

The proposed price increase reflects a fair and necessary position for the CAA. This is applicable to all charging schemes, with the exception of the Spaceflight scheme, on account of the differing legislative conditions which cover our activity in that area and the fact that the vast majority of funding is currently provided directly by DfT.

Activity-related price increase

A further increase of between 1.3% and 5.7% is required across the majority of our schemes, providing funding for activities which are to be absorbed by our stakeholders for the first time in FY23/24.

There are a number of activities which the CAA needs to transfer into industry funding for the first time in 23/24, either because it is a brand-new activity (driven primarily by EU-Exit) or because continuation of funding from DfT cannot be guaranteed. The combined cost of these activities equates to between 1.3% and 5.7% of the existing statutory revenue base for each Scheme. This increase is in addition to the proposed general price increase of 7.8%.

Activities such as regulatory rulemaking or work to prepare the CAA for the innovative products that will reach the aviation market in the near future are for the benefit of industry as a whole, or large sections of it. The scope of these activities is broad and fluent, making it difficult to assign an exact cost to a specific stakeholder, however we have identified those sections of industry who we believe will receive benefit from our work, either directly or indirectly. Therefore, the most appropriate course of action for these charges is increase prices across all charges in each relevant charging scheme, recognising that a regulator working in a proactive manner to address the challenges of future changes to aviation in the UK is to the benefit of the entire community.

All charges subject to the price increase('s) will be rounded up to the nearest whole pound, £10, £50, £100 or £1,000, depending on the scale of the charge, unless the charge is specifically quoted in pence. This application is consistent with the approach taken in previous years.

Regulatory rulemaking

As a result of EU-Exit, and the CAA's subsequent withdrawal from the EASA system, the legal responsibility for regulatory rulemaking has now been passed back to the CAA. The potential for regulatory divergence was considered to be one of the benefits arising from the UK's departure from the European Union and the CAA embrace the opportunity and

challenge to make a meaningful difference in this area, driving an ever-safer aviation industry in the most efficient and proportionate manner possible. While many of the changes to regulatory rules will remain consistent with the European regulatory body, within the parameters set out by ICAO, the opportunity for divergence requires the CAA to develop an internal capability to manage this where necessary.

The work undertaken by this team will be across the broad spectrum of aviation regulation covered by the CAA, thus making it an activity which is being performed for the benefit of all CAA stakeholders. With this in mind, it is appropriate for the CAA to increase charges across the board at an equivalent rate which facilitates recovery of the cost of the activity, rather than introducing a new charge payable by all stakeholders. The CAA proposes that all prices will be increased by 1.3% in all relevant schemes, as set out in the table below.

Future regulatory environment

In recent years the CAA has had an ever-increasing role in working alongside industry and academia to understand how future innovations in the sector will drive necessary changes to our regulatory framework, and the benefits and impacts this will have for all airspace users. The CAA sees this as a pivotal role in ensuring we are both prepared for the technologies of tomorrow, but also in enabling innovation and growth in the UK. Our work in this area focuses on identifying and exploring the challenges within policy and regulation that stem from the introduction of innovative technology. Since 2019, this has varied from Advanced Aerial Mobility products, which will redefine the way in which the public utilise transit within inter-city areas, through to the future use of airspace in the UK, including our airspace modernisation strategy, providing all users with a greater level of assurance and comfort in the safety of themselves and others. The CAA is seeking to provide support to industry to enable growth through innovation, improving the strength and sustainability of the sector.

Work to prepare the CAA for this future regulatory environment has been financially supported by DfT in recent years, however it was agreed that this funding was provided for the initial period only. As the work conducted is ultimately for the benefit of large elements of the aviation industry and its customers, it is appropriate that a contribution from these stakeholder groups is sought to support this activity, and therefore an increase in prices across all relevant schemes is being considered. The CAA proposed that all prices will be increased by 3.7% in all relevant schemes, as set out in the table below.

Environmental sustainability

The whole aviation system, both domestically and globally, needs to work together to address environmental performance. The CAA already undertakes a number of activities where sustainability is central or where environmental objectives are taken into account as a material factor in the exercise of our functions. These roles are growing, and we expect them to continue to do so in the coming years. Activities in this area range from working

with major airlines to provide consumers with transparency and choice with regards to environmental impact, through to acting alongside government to build environmental policy for industry, aimed at working towards a sustainable future for the sector.

Our environmental sustainability strategy clarifies how our regulatory role aligns with delivering our sustainability ambitions. The CAA will focus its expertise and leadership in the following areas:

1. Enabling development of low and zero-emission novel technologies
2. Co-leading the modernisation of airspace
3. Reporting on the sustainability performance of industry, including noise, and providing information to consumers on the environmental impact of aviation
4. Advising and supporting the UK Government on domestic and international policy
5. Reducing the impact of our corporate activities and operations
6. Assessing how relevant regulated activities impact the local environment
7. Using our powers and duties to take account of the impact on the environment in our regulation and oversight

A proportion of our regulatory oversight work involves consideration of environmental sustainability, and funding for this has historically been covered through existing industry charges, however DfT has provided an increasing level of financial support in recent years as work in this area has expanded. Our charges have not increased in line with this increase in effort and the shared intention of the CAA and DfT is for funding on environmental sustainability to be provided by the polluting entity in the future. In order to begin the transition towards funding from industry, the CAA proposes to partially shift the cost of this activity away from the taxpayer and into the SoC in FY23/24. The work the CAA is performing in relation to environmental sustainability touches most parts of the UK's aviation industry, and as a result the cost of this activity will be spread across all relevant stakeholder bases. The CAA proposes a price increase of 0.6% across those relevant schemes as set out in the table overleaf.

Title	Futures	Rulemaking	Environmental Policy	New Activity Price Increase	Total Price Increase
Aerial Application Certificates	Y	Y	Y	5.7%	13.5%
Aerodrome and Air Traffic Services Regulation	Y	Y	Y	5.7%	13.5%
Airworthiness	Y	Y	Y	5.7%	13.5%
Consumer Protection (ATL/ADR/OL, etc)	Y	Y	Y	5.7%	13.5%
En Route Air Traffic Control Services	Y	Y	Y	5.7%	13.5%
Air Operator Certification	Y	Y	Y	5.7%	13.5%
General Aviation	Y	Y	Y	5.7%	13.5%
Instrument Flight Procedures	Y	Y	N	5.0%	12.8%
Air Travel Organisers' Licensing	N	Y	Y	1.9%	9.7%
Aircraft Registration	N	Y	Y	1.9%	9.7%
Personnel Licensing	N	Y	N	1.3%	9.1%
Aviation Security	N	Y	N	1.3%	9.1%
Regulation of Airports (Economic)	N	N	N	0.0%	7.8%
Spaceflight*	N	N	N	0.0%	0.0%

**The Spaceflight scheme is excluded from the general price increase for inflation and new activities owing to the fact that the vast majority of funding will be provided by the Government for the foreseeable future, and the legislative conditions which prevent the CAA from being able to adjust prices in this scheme in the same way as it can with others. These legislative conditions are under review so that once financial support from government in relation to Spaceflight regulation ceases, the CAA will have the appropriate charging powers to adjust and introduce charges as required.*

Other new activities

There are a number of additional activities which will be introduced into the SoC in a targeted manner in FY23/24.

Dangerous goods

Part of the cost of regulatory oversight of dangerous goods is currently funded by DfT through a S.16 grant. When grant funding was initially obtained it was agreed that this would ultimately need to be transferred into the Schemes of Charges, reflecting the regulated user-pays principle.

The CAA's work performed in relation to dangerous goods takes a risk-based approach, primarily focusing on the activities of commercial operators. The greatest degree of effort is expended in relation to Air Operator Certificates (AOC) holders, particularly cargo operators, something which is not reflected in the current charging structure. Our proposal is to increase the existing rates of specific charges within the AOC scheme, equating to the work performed in relation to each user-base. Using pre-Covid activity volumes, AOC cargo holders contribute roughly 7% of the annual variable charge revenue stream. Our proposal will increase this to a contribution of 10%, representing a better balance between the work performed in relation to passenger, cargo and hybrid operators.

The CAA proposes to uplift the existing dangerous goods charges, which is levied on all operators carrying dangerous goods under an approval, by 5%, and to uplift the AOC variable charge rates for both passengers, by 1%, and cargo, by 40%, as this is where the bulk of dangerous goods regulatory oversight work is performed.

National screener certification (NXCT)

UK law and ICAO Annex 17 require aviation security x-ray and EDS screeners to be tested and certificated through a standardised image competency test. The CAA has been discharging these regulatory responsibilities on behalf of DfT in this area for some time, however the current test product has reached the end of its service life and no longer reflects current requirements. As a result, the CAA and DfT are working in conjunction to procure a replacement product which reflects the latest standards in competency testing of screeners, including testing capability for 3D screening, and for a wider range of types of screening. This will also allow the CAA to update the platform in line with required changes in future years.

The cost of the software development is being funded by DfT, however it is agreed that the ongoing licensing costs for maintenance should be met by industry, in line with the regulated user-pays principle.

EU Air Navigation Service Providers (ANSP) Oversight

As a result of EU-Exit, and the CAA's subsequent withdrawal from the EASA system, the regulations and certification standards for EU Air Navigation Service providers have been

transposed into UK regulation, along with all other aspects of the EU aviation system of regulation. The requirement for ANSPs to act to obtain this permission was deferred by transitional arrangements under the UK's EU withdrawal act to December 2022. There is now a requirement for the CAA to undertake regulatory activity in this area as valid certification is required for providers of air navigation services into the UK FIR. Our work in this area will ensure ongoing compliance with UK law and will enable the UK to continue to meet our international obligations under Annex 11 paragraph 2.1.1. of the Chicago Convention.

CAA's oversight will reflect international requirements, but our approach will take account of the fact that UK and EU standards are almost fully aligned. We will also consider the simultaneous oversight against EU standards that occurs within the current system, though this will involve a degree of due diligence by the CAA as the certifying body. We expect that this will allow for a relatively efficient process and for costs and charges to represent a proportionally low burden on stakeholders.

The UK does not intend for this to be a permanent arrangement, and our strong preference is that we are able to move towards a system of enhanced cooperation between EASA and the CAA. However, until such a time, independent oversight will be required.

Air Traffic Control Officer (ATCO) Revalidations

As part of its regulatory responsibility, the CAA performs the revalidation assessment of ATCOs on behalf of entities which do not have their own in-house assessors. Historically, no charge has been levied for this activity, which has led to the cost of oversight in this area exceeding the statutory revenue recovered. The introduction of a charge will help mitigate this and bring the charging mechanism back in line with the user pays principle.

The charge has been set out at a proportionate level in line with the effort exerted by the CAA in carrying out such assessments. The CAA has explored all options on this including having considered ceasing offering such assessment activity and fully transferring the responsibility out to industry. This would ensure a clear separation between regulatory oversight activity, similar to the approach taken on flying training, however, we understand the challenges faced by smaller ATC units. Insufficient staff numbers for these entities could make segregation of duties impractical to implement, affecting independence as well as verification, where required, for borderline or unsuccessful validations. As such, the CAA remains open to conducting such assessments where necessary, providing the cost of the activity can be recovered from the regulated entity.

Charging model refinements

Finally, there are a number of charges we wish to refine to improve their effectiveness or appropriateness in FY23/24

Airworthiness organisation approvals annual charge

The CAA wishes to replace the distinction between large and small organisations based on self-declared turnover certificates. The current system proves to be inefficient for both the CAA and industry as it requires the submission of a turnover certificate each year. Our aim is to replace this with metrics based on headcount related to the approval held, updated only when a change in the scale of the organisation's activities, and thus the associated regulatory activity, occurs. Each organisation's headcount will be reviewed as a part of the oversight audit process on an interim basis, with any changes in banding being noted so that future invoicing brackets can be amended. Headcount is a more reliable indicator of regulatory effort expended on an organisation than revenue and brings the CAA's charging structure into line with that used by EASA.

The data required to support this change is not currently held by the CAA, and as such will need to be obtained over the coming weeks whilst the consultation is ongoing. Because of this, we are unable to set out the exact proposed changes to the charging structure in this consultation, however our intention will be to broadly keep all existing charging levels and structures intact. We are merely seeking to replace the mechanism by which we differentiate between organisation approvals which carry a higher and lower regulatory bar at this time.

This is intended to be an interim measure to improve the predictability of revenue on a year-to-year basis and reduce the annual administration created by the current mechanism. It is not expected that this will result in an increase in the overall level of revenue recovered for this activity, however the change in assessing entities based on their headcount rather than turnover may result in some organisations moving between charging brackets.

Economic regulation of airports variable charge (Heathrow and Gatwick)

The current charge per arriving passenger varies between (a) those airports that are licensed under Chapter 1 of the Civil Aviation Act 2012 and (b) other airports reporting more than 500,000 arriving passengers per year. A uniform charge of 5.49 pence per arriving passenger currently applies to all airports in the first group. However, as noted in the 22/23 SoC consultation, the focus of the CAA's economic regulation work has changed over time.

The CAA's proposal is to rebalance the charges paid by the two airports that are currently licensed under Chapter 1 of the Civil Aviation Act 2012, so that Heathrow Airport Limited will pay 7.05p per arriving passenger and Gatwick Airport Limited will pay 2.75p per arriving passenger. Over time this proposal is expected to raise the same amount in total from the two licensed airports but will better reflect the different forms of economic regulation that are currently applied to these airports and the expected implications for CAA resources. A change of this nature was anticipated in the CAA's Final Proposals for Heathrow Airport Limited's H7 price control (CAP2365).

The existing rate of 1.63 pence per arriving passenger for other airports reporting more than 500,000 arriving passengers per year will remain unchanged. The rates for licensed airports will be reviewed in future should there be any change to the number of airports that are licensed or the method of economic regulation that is applied to each airport.

Continued Airworthiness Type Certification

On 31 December 2020 the CAA withdrew from the EASA system resulting in the regulations and certification standards for airworthiness, including initial airworthiness¹, being transposed into UK regulation along with all other aspects of the EU aviation system of regulation. This resulted in the introduction of a charging mechanism in FY22/23 to recover the expected efforts of this activity which had previously been conducted by EASA.

Whilst the adoption of this responsibility was a substantial increase in activity and a dedicated team was set up for this work, as the CAA's data and expertise has grown over the past year, we are now able to further refine the charge to ensure its proportionality and appropriateness to the individual stakeholder bases.

As set out in the FY22/23 consultation response document published in March 2022, only 50% of the continued airworthiness charge was levied initially, with a decision to be made at the mid-point of the year with regards to the remaining amount. Based on the current and forecast cost base for continued airworthiness activity, it has been determined that the remaining 50% is not required and will therefore not be charged out to industry. This has been taken into account in the charging table for future years and a reduction has been implemented to balance out the charge with the activity undertaken.

Where the CAA is carrying out continued airworthiness activity as the state of registry (non-UK products), when considering a risk-based approach it is unlikely that significant work will be undertaken for smaller aircraft and propulsion types, hence the proposal is to remove these charges from the structure, replaced instead with an hourly charging mechanism in exceptional cases where work is required.

Where the CAA is the state of design (UK products), charges will continue to be levied against all types for the continued airworthiness work as the level of activity justifies such a charge in light of the user pays principle.

Because of our phased implementation approach in FY22/23, this change will have no adverse impact on stakeholders, nor on the CAA's revenue, and will prove more efficient for the CAA to administer.

¹ Initial airworthiness within the CAA is referred to Design and Certification in terms of its capability team.

Chapter 3

Charge proposals by individual schemes

This section explains the remaining proposed changes. It shows in detail the effect on individual schemes' charges of the additional activities outlined in Chapter 3 – Main charge proposals.

Air Operator and Police Air Operator Certification Scheme

Structural Changes

Single engine turbined (SET- IMC) Approval

In Table 1 of the Air Operator and Police Air Operator Certification Schemes of Charges (ORS5 No. 386) there is currently no charge in place for single engine turbine aeroplane operations at night or in instrument meteorological conditions (SET-IMC) applications. An addition to Table 1 for SET-IMC applications is proposed with £10,416 as the fee for the heaviest type of aircraft and £2,046 for any additional types.

In addition, for variation applications, an update to table 3 is required to include the SET-IMC category as per the following: Additional aircraft types - £5,952, New region/substantive region or route - £1,674, Temporary region or route - £558.

A-A AOC

A charge in relation to A-A AOC applications already exists in the Air Operator and Police Air Operator Certification Schemes of Charges (ORS5 No. 386), however, the current rate set is not sufficient to cover the costs relating to such an application. The CAA proposes an increase to £654 per application in line with similar types of applications within the AOC scheme.

Dangerous Goods

As mentioned in Chapter 2, main charge proposals, the CAA proposes to increase the dangerous goods approval charges by 5%. This will result in changes 5.1.6 in the Air Operator and Police Air Operator Certification Schemes of Charges (ORS5 No. 386) as depicted in the tables below.

Further to the above, the permission, approval, or authorisation charge at £129 has been deemed too low considering that amount of time this activity takes the CAA to complete so an increase is proposed to £186 for both the application and annual continuation charge (inclusive of the 5% increase). It is proposed that exemptions are charged for separately at £542 (inclusive of the 5% increase) to reflect the great effort required with such approvals.

A charge is required for RPAS authorisations and approvals, in line with the with current rate for non-expiring permissions as mentioned in the table below. If the addition of a RPAS authorisation is required to an existing permission or approval then the proposed charge is £747 (inclusive of the 5% increase) for this activity.

Table 10

Nature of permission, approval or exemption	Nature of goods carried	Application charge	Annual continuation charge on 1 April
Column 1	Column 2	Column 3	Column 4
Non-expiring permission or approval, or authorisation (including RPAS)	Dangerous goods carried under normal conditions of transport	£2,156	£2,156
Permission, approval or authorisation	Dangerous goods in other than normal circumstances	£186 per hour of CAA investigation (minimum 1 hour)	£186
Exemption	Dangerous goods in other than normal conditions	£542	£542
Non-expiring permission or approval	Munitions of war	£747	£747
Addition of RPAS authorisation to existing permission or approval	Dangerous goods in other than normal circumstances	£747	N/A
Expiring permission or approval for PAOC only	Munitions of war	£75	N/A

The charges in table 11, column 3 have been amended from a 2-year renewal to an annual continuation charge. This will make the charging mechanism consistent to other charges and there will be no net impact to stakeholders with this change.

A charge has also been proposed in the table for the addition of online training where an existing approved training programme exists to cover the activity for this to be approved.

Table 11

Company training programme type	Application charge	Annual Continuation Charge on 1 April
Column 1	Column 2	Column 3
Training shippers and cargo agents only	£1,305	£466
Training of acceptance staff only	£1,305	£466
Training of both shippers and cargo agents and acceptance	£1,953	£748
Training in connection with radioactive materials	£488	£116
Addition of online training to existing approved training	£905	£316
Other Examination pass certificate number	Charge £8 per number	

Table 12

Training instructor approvals (non-expiring)	Application charge
Column 1	Column 2
Training instructor approval – technical knowledge – examination (part 1)	£142
Training instructor approval – competence in implementing training examination (part 2)	£467

Table 13

Nature of approval or exemption	Application charge	Annual continuation charge payable on 1 April
Column 1	Column 2	Column 3
Non-expiring approval of procedures for controlling the introduction of dangerous goods in mail into air transport	£4,114	£4,114
Non-expiring approval of procedures for the acceptance of lithium batteries in mail into air transport	£686	N/A
Exemption for dangerous goods in other than normal circumstances	£186 per hour of CAA investigation (minimum 1 hour)	N/A

The charges in table 14, column 3 have been amended from a 2-year renewal to an annual continuation charge. This will make the charging mechanism consistent to other charges and there will be no net impact to stakeholders with this change.

Table 14

Company training programme 2-year approval	Application charge	Renewal charge
Column 1	Column 2	Column 3
Training programme	£2,743	£686

Excess hours will be applicable if the total cost of the investigations by the CAA exceed any of the dangerous goods application charges at a rate of £186 per hour but not exceeding £48,250 for any year, or part of the year, during which the investigations are carried out. Any excess hour charges will be invoiced by the CAA in arrears to the applicant and will be payable on demand.

As mentioned in Chapter 2, main charge proposals, the CAA proposes to increase the variable charges under section 4.2 of the Air Operator and Police Air Operator Certification Schemes of Charges (ORS5 No. 386) to fund the Dangerous goods activity.

The charge for every 1,000 available seat-kilometres flown by an aircraft is proposed to increase from 2.64 pence to 2.67 pence (1% increase). The charge for every 1,000 cargo tonne (1,000kg) kilometres flown by an aircraft is proposed to increase from 12.91 pence to 18.07 pence (40% increase).

Wet leasing

Charges will be payable for applications where foreign registered aircraft and its crew are to be operated under a wet lease on behalf of a UK AOC holder for the purposes of public transport or commercial air transport. The charges for the different application types are in the table below.

Application type	Application Charge
Column 1	Column 2
Third country operator (EU 27 and EFTA 4 member state*) lease without a CAA accepted short-term wet lease-in framework agreement (Whitelist)	£890 per application (validity up to 7 months maximum)
Initial establishment of a short-term wet lease-in framework agreement (Whitelist)	£1,086
Third country operator (EU 27 and EFTA 4 member state*) lease with a CAA accepted short-term wet lease-in framework agreement (Whitelist)	£186 (with 2 amendments to the approval permitted within the duration of the approval, validity up to a maximum of 7 months)
Third country operator (non-EU 27 and EFTA 4 member state*)	£3,664

If the CAA deems it necessary to investigate the lessor in order to make sure safety standards are met and an approval can be issued the applicant shall pay to the CAA a charge of £33,800.

Excess hours will be applicable if the total cost of the investigations by the CAA exceed the application charge at a rate of £186 per hour but not exceeding £48,250 for any year, or part of the year, during which the investigations are carried out. Any excess hour charges will be invoiced by the CAA in arrears to the applicant and will be payable on demand.

Exemptions

There is currently a charge in place in the Airworthiness Schemes of Charges (ORS5 No. 387) section 3.13, for Exemptions under Article 71 Regulation UK (EU) Regulation 2018/1139 or under the Air Navigation Order. It is proposed to bring this charge into the Air Operator and Police Air Operator Certification Schemes of Charges (ORS5 No. 386) as this exemption is applicable to the activity this scheme concerns. The charge to the aircraft owner or operator on application is proposed at £858 in line with the fee in the Airworthiness Schemes of Charges (ORS5 No. 387).

Pricing Proposals

The prices under this Scheme are proposed to increase by 13.5%, made up of a general price increase of 7.8% to tackle the impacts of inflation and 5.7% to cover the cost of activities charged to the SoC for the first time. Unless otherwise indicated all prices shown in this document are exclusive of these proposed general price increase.

Airworthiness Scheme

Structural Changes

Continued Airworthiness annual charge

Each organisation holding a Type Certificate for an aircraft, propulsion system or other aircraft equipment, on the UK register, shall be charged an annual fee for each type certificate held as shown in the table overleaf. The charge will vary depending on whether the product covered by the certificate is a UK product or and overseas product.

Type Certificate Annual Charge	Category	UK Product Charge	Non-UK Product Charge
Column 1	Column 2	Column 3	Column 4
Fixed-Wing Aircraft	Over 150,000 kg	£75,272	£37,636
	Over 55,000 kg up to 150,000 kg	£64,519	£32,259
	Over 22,000 kg up to 55,000 kg	£21,506	£10,753
	Over 5,700 kg up to 22,000 kg	£10,753	£5,377
	Up to 5,700 kg	£1,076	N/A
Rotorcraft	Large (CS-29 and CS-27 CAT A)	£10,753	£5,377
	Medium (All other CS-27)	£5,377	£2,689
	Small (CS-27, MTOW < 3,175kg, max 4 seats)	£2,151	N/A
	Very Light (RPAS)	£215	N/A
Other piloted aircraft	Balloons and Airships	£215	N/A
Propulsion	Turbine engines with take-off thrust over 25 KN or take-off power output over 2,000 kW	£10,753	£5,377
	Turbine engines with take-off thrust up-to 25 KN or take-off power output up to 2,000 kW	£5,377	£2,689
	Non turbine and CS-22.H, CS-VLR App. B engines	£215	N/A
	Propellers	£215	N/A
Parts and Non-installed Equipment	Parts/Other equipment	£430	N/A
	Auxiliary Power Unit (APU)	£7,527	£3,764

It is proposed that hourly charges will be applicable where work is carried out for continued airworthiness type certification where there is no fixed fee specified in the table above at a rate of £215 up to a maximum of £48,250 in any year, or part of a year.

Airworthiness organisation approvals annual charge

As mentioned in Chapter 2, main charge proposals, the CAA wishes to replace the distinction between large and small organisations based on self-declared turnover certificates with reference to headcount. Work will be ongoing during the consultation to obtain the necessary information from stakeholders and to re-model the charge in a manner that has minimal impact on the fees paid by stakeholders. If this cannot be achieved prior to the end of the consultation period, or if the necessary changes to the charging structure result in an adverse financial impact for our stakeholders, we will delay the introduction of any change until the next consultation cycle.

Export certificates of airworthiness discounts

The clause which permits a discount for this charge on instances where more than ten export applications are received from the same AOC holder simultaneously is being removed. The conditions required to trigger this discount have rarely been met by stakeholders, nor does the scale of the discount reflect any kind of efficiency saving for the CAA.

Pricing Proposals

The prices under this Scheme are proposed to increase by 13.5%, made up of a general price increase of 7.8% to tackle the impacts of inflation and 5.7% to cover the cost of activities charged to the SoC for the first time. Unless otherwise indicated all prices shown in this document are exclusive of these proposed general price increase.

Personnel Licensing Scheme

Structural Changes

Air Traffic Control Officer (ATCO) Applications (including Revalidations)

In Table 55 of the Personnel Licensing Schemes of Charges (ORS5 No. 388) there is currently a set of charges in place for the initial grant and renewal of ATCOs however, there is no current charge in place for revalidations. The CAA proposes the introduction of a new charge to cover this activity where a CAA Inspector carries out a revalidation of an ATCO. Furthermore, a charge is also required for the issue and renewal of licence endorsements. Both of these charges are reflected in an update to the table below.

Ref	Application type	Charge
a)	For the grant of a Student Air Traffic Controller's Licence	£151
b)	For the grant or renewal of an Air Traffic Controller's Licence	£917
c)	For the initial or renewal assessment for a Unit Endorsement at each aerodrome or place	£917
d)	For the revalidation assessment for a Unit Endorsement at each aerodrome or place by a CAA Inspector	£917
e)	For the issue or renewal of a licence endorsement, including OJTI/STDI/Assessor	£151
f)	For the issue of an additional rating endorsement	£917
g)	For the re-sitting of an assessment or part of an assessment for a Unit Endorsement	£917

Licence Exemptions

In the Personnel Licensing Schemes of Charges (ORS5 No. 388), under section 3.9 within Table 7, there are listed a set of exemptions charges that are applicable to Flight Crew Licensing. Such exemptions under Article 71 of UK Regulation (EU) 2018/1139 as retained (and amended) in UK domestic law under the European Union (Withdrawal) Act 2018 or under Article 266 are also applicable to the other license types contained within scheme. It is proposed that this table is removed from section 3.0 and made applicable to all licensing types across the scheme as contained within the Personal Licensing Schemes of Charges (ORS5 No. 388). It is proposed a new category (d) of exemptions is also included relating to approved or declared organisations (including flight simulator training devices). The updated table is depicted below.

Ref	Description	Charge
a)	Exemption from the need to carry a flight crew licence in accordance with Article 229 and Schedule 10 of the Order	£58
b)	Exemption under Article 71 of Regulation UK (EU) 2018/1139:	£58
	i) the first exemption to apply for a period not exceeding 2 months	£163
	ii) the first exemption to apply for a period exceeding 2 months	£163
	iii) any repeat of the exemption granted under b) i) or ii) above	
c)	Exemption or exemption relating to any of the functions to which this Scheme refers, other than an exemption or exemption described in a) or b) above:	£58
	i) Application for the initial grant	£29
	ii) Application for variation or renewal	
d)	Application for an exemption relevant to UK Regulation (EU) No 1178/2011 from an approved or declared organisation (also including flight simulator training devices).	£372
		£163

Medical Test Charges

The CAA currently conducts a number of medical tests where required and there is a charge levied for these services through Cellma. These have been charged outside of the scheme of charges in the current year, the proposal is to move these charges into the scheme moving forward. This will have no adverse impact on stakeholders.

Ref	Medical test type	Charge
a)	Initial consultations	£277
b)	Follow up consultations	£156
c)	Blood tests	£145
d)	Hair tests	£122

Familiarisation Course

In Table 39 of the Personnel Licensing Schemes of Charges (ORS5 No. 388) there is currently a charge in place for differences courses conducted for each of the aircraft weight categories. A wording change is required to this column header to also include familiarisation courses as this is currently an option on form SRG2116B and the work required is in line with that of a differences course amendment.

Student Flight Information Service Officer (FISO)

In the Personnel Licensing Schemes of Charges (ORS5 No. 388), under section 10.1 within Table 60, there are a set of charges which relates to the licensing of FISOs. The addition of Student Flight FISO licences to section (c) is proposed to ensure the CAA is recovering its costs relating to the work performed for such a licence. The updated to row c) within table 60 is depicted below.

Ref	Application type	Charge
c)	For the naming of a place, or any additional place in a FISO Licence, including a Student FISO Licence	£75

Radio Operator's Certificate of Competence (ROCC)

There is a proposed addition to Table 61 of the Personnel Licensing Schemes of Charges (ORS5 No. 388) to include the ROCC - Clearance Delivery Officer (CDO) certificate. This will ensure fairness and consistency between all users of the ROCC and the charge is proposed at the same rate of £39.

Verification of Licences

It is proposed that a charge is introduced for the verification of an individual's FISO licence details. The proposed charge is £47 in line with other licence verification charges contained within the Personnel Licensing Scheme of Charges (ORS5 No. 388).

It is proposed that a charge is introduced for the verification of an individual's ROCC certificate details. The charge will be set at £27 which is proportionate for the work performed when carrying out the verification of such a certificate.

Pricing Proposals

The prices under this Scheme are proposed to increase by 9.1%, made up of a general price increase of 7.8% to tackle the impacts of inflation and 1.3% to cover the cost of activities charged to the SoC for the first time. Unless otherwise indicated all prices shown in this document are exclusive of these proposed general price increase.

Aerodrome Licensing and ATC Services Regulation Scheme

Structural Changes

EU ANSP Oversight Charge

For the initial application of certification for an EU member state air navigation service provider to provide services in the United Kingdom flight information region (FIR), a charge of £1,860 will be payable to the CAA. For those EU ANSPs that hold such certification, an annual oversight charge for this activity is proposed at a fixed rate of £13,020 per EU-ANSP impacted by the scope of this regulation.

Exemptions

There are currently a number of exemptions that fall under the scope of the Aerodrome Licensing and ATC Services Regulation Scheme (ORS5 No. 389) that the CAA issues but no such charging mechanism currently exists. To allow for the CAA to recover time incurred on such applications, a fee is proposed based on the individual types of exemptions as displayed in the table below.

Ref	Description	Charge
a)	Exemption from the operation of an 8.33 kHz capable radio	£362
b)	Exemption from the operation of a Mode S transponder	£905
c)	Exemption from the operation of an ACAS (Airborne collision avoidance system)	£1,810

Pricing Proposals

The prices under this Scheme are proposed to increase by 13.5%, made up of a general price increase of 7.8% to tackle the impacts of inflation and 5.7% to cover the cost of activities charged to the SoC for the first time. Unless otherwise indicated all prices shown in this document are exclusive of these proposed general price increase.

General Aviation Scheme

Structural Changes

Part-SPO Leasing

There are a number of additions required to the scheme in order for us to recover costs in relation to the varying types of lease applications that can be submitted as per the below.

When making an application for a foreign registered aircraft to be operated by a UK operator declared to the CAA in accordance with ORO.DEC.100 of the UK (EU) Air Operations Regulation, for the purposes of commercial specialised operations, it is proposed that the applicant shall pay to the CAA a charge of £3560 (for a validity of up to 7 months maximum).

When making an application for a foreign registered aircraft to be operated under a wet lease on behalf of a UK operator declared to the CAA in accordance with ORO.DEC.100 of the UK (EU) Air Operations Regulation, for the purposes of commercial specialised operations, it is proposed that the applicant shall pay to the CAA a charge of £890 (for a validity of up to 7 months maximum).

Excess hours will be applicable where the total cost of investigations exceeds the initial fees as specified in the two paragraphs above at a rate of £186 per hour to a maximum of £48,250 in any year, or part of a year.

OCM variations and audits

In Table 18 of the General Aviation Schemes of Charges (ORS5 No. 390) there is a charge in place for the annual continuation fee for a CAP632 Ex-military aircraft approval. It has been deemed that the continuation fee of £744 for the recovery of costs in this area is too low and consequently, it is proposed that the continuation fee is increased to £1,062 in line with the initial fee.

Excess hours will be applicable where the total cost of investigations exceeds the initial or continuation fees as specified in above at a rate of £186 per hour to a maximum of £1,860 in any year, or part of a year.

Exemptions

There is currently a charge in place in the Airworthiness Schemes of Charges (ORS5 No. 387) section 3.13, for Exemptions under Article 71 Regulation UK (EU) Regulation 2018/1139 or under the Air Navigation Order. It is proposed to bring this charge into the General Aviation Schemes of Charges (ORS5 No. 390) as this exemption is applicable to the activity this scheme concerns. The charge to the aircraft owner or operator on application is proposed at £858 in line with the fee in the Airworthiness Schemes of Charges (ORS5 No. 387).

Pricing Proposals

The prices under this Scheme are proposed to increase by 13.5%, made up of a general price increase of 7.8% to tackle the impacts of inflation and 5.7% to cover the cost of activities charged to the SoC for the first time. Unless otherwise indicated all prices shown in this document are exclusive of these proposed general price increase.

Aerial Application Certificates Scheme

Structural Changes

There are no proposed structural changes to this Scheme.

Pricing Proposals

The prices under this Scheme are proposed to increase by 13.5%, made up of a general price increase of 7.8% to tackle the impacts of inflation and 5.7% to cover the cost of activities charged to the SoC for the first time. Unless otherwise indicated all prices shown in this document are exclusive of these proposed general price increase.

En Route Air Traffic Control Services Regulation Scheme

Structural Changes

There are no proposed structural changes to this Scheme.

Pricing Proposals

The prices under this Scheme are proposed to increase by 13.5%, made up of a general price increase of 7.8% to tackle the impacts of inflation and 5.7% to cover the cost of activities charged to the SoC for the first time. Unless otherwise indicated all prices shown in this document are exclusive of these proposed general price increase.

Aircraft Registration Scheme

Structural Changes

There are no proposed structural changes to this Scheme.

Pricing Proposals

The prices under this Scheme are proposed to increase by 9.7%, made up of a general price increase of 7.8% to tackle the impacts of inflation and 1.9% to cover the cost of activities charged to the SoC for the first time. Unless otherwise indicated all prices shown in this document are exclusive of these proposed general price increase.

Instrument Flight Procedures Scheme

Structural Changes

There are no proposed structural changes to this Scheme.

Pricing Proposals

The prices under this Scheme are proposed to increase by 12.8%, made up of a general price increase of 7.8% to tackle the impacts of inflation and 5.0% to cover the cost of activities charged to the SoC for the first time. Unless otherwise indicated all prices shown in this document are exclusive of these proposed general price increase.

Air Transport Licensing Scheme

Structural Changes

Passenger complaints

Where the CAA handles airline passenger complaints outside of the Alternative Dispute Resolution scheme a charge is payable by the airline in question with reference to each complaint. Over the past few years, DfT has provided a small contribution towards the overall cost of this scheme, however it has been agreed between DfT and the CAA that continued financial support is no longer warranted or necessary, and that this work should be funded in whole by the regulated entity. As such, the cost per complaint will be increased to £182.

Pricing Proposals

The prices under this Scheme are proposed to increase by 13.5%, made up of a general price increase of 7.8% to tackle the impacts of inflation and 5.7% to cover the cost of activities charged to the SoC for the first time. Unless otherwise indicated all prices shown in this document are exclusive of these proposed general price increase.

Regulation of Airports Scheme

Structural Changes

Economic regulation of airports variable charge

As set out in Chapter 2, main charge proposals, we will replace the current higher rate of 5.49p per arriving passenger with specific rates of 7.05p for Heathrow Airport Limited and 2.75p for Gatwick Airport Limited. The existing rate for all other aerodromes of 1.63p will remain unchanged, and any aerodromes which are deemed to have excessive market power in future will have their rate determined on a case-by-case basis. This will provide a more appropriate balance in fees paid by the two organisations, reflecting the actual work conducted in relation to each.

London Heathrow Airport Ltd – Price Control Conditions (H7)

The charge in relation to the H7 price control conditions is designed to allow the CAA to fund all elements of costs incurred in the associated work. As we move towards the end of this process, this includes the costs associated with any appeals following the final H7 price control decision. The wording in the scheme will be clarified to reflect this.

Development Consent Order (DCO)

An initial charge of £51,500 is currently in place for DCO applications, however it has been deemed that this fee can sometimes be excessive for smaller applications and hence a revised amount of £25,750 has been proposed. The initial fee is payable prior to any work being undertaken by the CAA. The maximum amount chargeable of £515,000 for any year, or part of the year will remain unchanged.

Pricing Proposals

The prices under this Scheme are proposed to increase by 7.8%. Unless otherwise indicated all prices shown in this document are exclusive of these proposed general price increase.

Air Travel Organiser's Licensing (ATOL) Scheme

Structural Changes

Small business ATOL variation

In the ATOL Scheme of Charges ORS5 No. 397, there is currently a variation fee in place for standard ATOL and franchise member ATOL arrangements, however there is no such fee for small business ATOL holders. A variation application may also be made for small business ATOL holders so an update to Table 2 in the scheme is required to include a fixed variation fee of £135 consistent with the other ATOL arrangement types.

Professional fees maximum cap

Where professional advisors are instructed to assess the change in circumstances of an ATOL holder, a cost recovery mechanism exists within the ATOL Scheme of Charges ORS5 No. 397 in sections 2.13 and 2.14 with a maximum cap of £103,000 in place. There have been a number of occurrences where variation applications have exceeded the maximum threshold, but the CAA has been unable to charge beyond the specified amount. It is proposed that the maximum cap is increased to £500,000 to ensure a sufficient buffer and make sure that costs are fully recovered by the CAA from the applicant.

ATOL holder circumstances change

Where professional advisors are instructed to assess the change in circumstances of an ATOL holder, a cost recovery mechanism exists within section 2.14 of the ATOL Scheme of Charges ORS5 No. 397. Internal CAA resource may also be required to review an application in such cases and the CAA has currently no means of recovery. As such, an

excess hours charge is proposed and therefore an hourly charging mechanism is proposed at a rate of £186 per hour. The maximum cap of £500,000 in totality for this work will remain as specified in the section above. This will allow for the CAA to recover the costs incurred on these exceptional applications without requiring an increase in the fixed fee payable by all applicants.

Variation to Change Ownership or Control

In the ATOL Scheme of Charges ORS5 No. 397, section 2.17, Major organisational change – Standard ATOL, there is currently a charging mechanism in place to review changes to an organisation where a shareholder or group of shareholders acquire more than 20% of the issued share capital or, gaining significant influence over the ATOL holder or its group. There have been a number of organisational change applications submitted in the last 2 years where shareholders have acquired less than the 20% of the issued share capital as specified, however, a considerable amount of additional work has been performed by the CAA which was not recoverable. A change is proposed to remove the 'more than 20%' criterion, so that the charges are applicable for any such variation considered an organisational change as defined in ORS 3, with the current charging mechanism will still be applicable to such cases. Any future changes to the standard terms defined in ORS 3 will reflect in a change in the scope of the applicability of the charge.

Pricing Proposals

The prices under this Scheme are proposed to increase by 9.7%, made up of a general price increase of 7.8% to tackle the impacts of inflation and 1.9% to cover the cost of activities charged to the SoC for the first time. Unless otherwise indicated all prices shown in this document are exclusive of these proposed general price increase.

Aviation Security Scheme

Structural Changes

Cyber NASP

The CAA introduced a charge in April 2022 to cover the oversight for entities that fall under the scope of NASP. The wording in the Aviation Security Scheme of Charges ORS5 No. 398, section 6.2 states that the charge is applicable per entity. We have found that for the majority of stakeholders this is appropriate, however in a small number of cases the charge is not reflective of the work conducted overall. It is therefore proposed that the charge is updated so that it is applicable per aerodrome or air operator in the majority of cases, however where the average number of passengers across all airports within the entity (airport group) in the preceding calendar year is less than 20,000, a single charge for the entity (airport group) will be applicable, rather than for each aerodrome. This will ensure the charge is applied in a more fair and proportionate manner across all users that fall under the scope of NASP.

National screener certification (NXCT)

DfT has provided funding for the development of the new test, to replace the National X-Ray Competency Test (NXCT) that has been in place since 2010 with the intention that administration, maintenance and any future further development of the test be handed over to the CAA following successful project completion Summer 2023). Certification will continue to be required every 13-months for Cabin Baggage, Hold Baggage, Cargo and Mail, and a new category of In-Flight Supplies.

The new test will be procured as 'software-as-a-service', with the supplier owning the intellectual property rights to the test, and levying a 'per test' charge. This provides a more cost-effective solution than developing a completely new bespoke test. The CAA will need to introduce a new per test charge to recover the costs from users. The charge per assessment attempt will be set at £27, charged by invoice in arrears.

Pricing Proposals

The prices under this Scheme are proposed to increase by 9.1%, made up of a general price increase of 7.8% to tackle the impacts of inflation and 1.3% to cover the cost of activities charged to the SoC for the first time. Unless otherwise indicated all prices shown in this document are exclusive of these proposed general price increase.

Spaceflight Scheme

Structural Changes

There are no proposed structural changes to this Scheme.

Pricing Proposals

There are no proposed price increases under this section due to the legislative conditions that relate to our work in this area and the bulk of funding being provided directly by the Government.

Overseas Travel Time Rates

Structural Changes

There are no proposed structural changes to this Scheme.

Pricing Proposals

The prices under this Scheme are proposed to increase by 7.8%. Unless otherwise indicated all prices shown in this document are exclusive of these proposed general price increase.