

Summary: Intervention & Options

Department /Agency: Civil Aviation Authority Safety Regulation Group	Title: Impact Assessment of Changes to Air Navigation Order and British Civil Airworthiness Requirements	
Stage: Draft	Version: 1	Date: 9 August 2010
Related Publications: CAP393 Air Navigation: The Order and the Regulations & CAP 533 British Civil Airworthiness Requirements - Section A		

Available to view or download at:

<http://www.>

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What is the problem under consideration? Why is government intervention necessary?

Existing British Civil Airworthiness Requirements (BCAR), applicable to aircraft excluded from European Commission Regulation (EC) 216/2008, follow different principles compared with the European regulations. To avoid the costs and risks involved in operating two different systems in parallel, it is necessary to amend the BCAR system so that it reflects that used by Europe. Concomitant changes to the Air Navigation Order (ANO) are required in order to facilitate these changes.

What are the policy objectives and the intended effects?

The objective is to introduce requirements which are as close as possible in regulatory style to the European regulations. This will demonstrate the UK's determination to support the principles of the European regulation and provide consistent regulations for those aircraft which will transfer between the two regulatory systems. For those organisations presently approved to European Aviation Safety Agency (EASA), rules, the amended BCAR requirements will enable them to manage both groups of aircraft in exactly the same way.

What policy options have been considered? Please justify any preferred option.

Two options have been identified:

- (1) A limited amendment of the BCARs, updating the text where CAA's procedures have changed to accommodate the presence of the EASA. This would not show the UK's support for the principles of the European regulations, as the BCARs were written prior to the EC assuming legal competence for the bulk of aviation, and follow different principles.
- (2) Make the proposed changes, so as to realise the benefits for the industry and the CAA of having a BCAR regulatory system which follows the same principles as the European system.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?

Two years after publication and implementation of the new requirements. Approximately March 2013.

Ministerial Sign-off For final proposal/implementation stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:

.....Date:

Summary: Analysis & Evidence

Policy Option:	Description:
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COSTS	ANNUAL COSTS	Description and scale of key monetised costs by 'main affected groups'
	One-off (Transition) Yrs	
	£ 0	
	Average Annual Cost (excluding one-off)	
	£ 0	Total Cost (PV) £ 0
Other key non-monetised costs by 'main affected groups'		

BENEFITS	ANNUAL BENEFITS	Description and scale of key monetised benefits by 'main affected groups'
	One-off Yrs	
	£ 0	
	Average Annual Benefit (excluding one-off)	
	£ 97,000	Total Benefit (PV) £ 923,000
Other key non-monetised benefits by 'main affected groups'		

Key Assumptions/Sensitivities/Risks

Price Base Year 2010	Time Period Years 10	Net Benefit Range (NPV) £	NET BENEFIT (NPV Best estimate) £ 923,000
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What is the geographic coverage of the policy/option?	UK
On what date will the policy be implemented?	March 2011
Which organisation(s) will enforce the policy?	CAA
What is the total annual cost of enforcement for these organisations?	£ minimal
Does enforcement comply with Hampton principles?	Yes
Will implementation go beyond minimum EU requirements?	No
What is the value of the proposed offsetting measure per year?	£ n/a
What is the value of changes in greenhouse gas emissions?	£ n/a
Will the proposal have a significant impact on competition?	No
Annual cost (£-£) per organisation (excluding one-off)	Micro Small Medium Large
Are any of these organisations exempt?	No No N/A N/A

Impact on Admin Burdens Baseline (2005 Prices)		(Increase - Decrease)
Increase of £ 0	Decrease of £ 277,000	Net Impact £ -277,000

Key: Annual costs and benefits: Constant Prices (Net) Present Value

[Use this space (with a recommended maximum of 30 pages) to set out the evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Ensure that the information is organised in such a way as to explain clearly the summary information on the preceding pages of this form.]

1. Purpose and Intended Effect

Issue which the regulatory proposal is intended to address:

EC Regulation 216/2008 (formerly EC Regulation 1592/2002) established the European Aviation Safety Agency and enabled the subsequent introduction of Implementing Rule – Regulation (EC) 2042/2003 containing Annexes I (Part M) and II (Part 145).

Subsequently, following a Regulatory Review of General Aviation, the CAA decided that, wherever possible, the requirements and any revisions to BCAR Section A, 'Airworthiness Procedures where the CAA has primary responsibility for Type Certification of the Product' (CAP553), should mirror as closely as possible the style of the regulations produced by the European Commission and the European Aviation Safety Agency (EASA).

As a result of these events, and the procedures used by the EASA, CAA has had to adapt its processes and procedures. In addition, the BCARs being written prior to the EC assuming legal competence for the bulk of aviation follow very different principles to the European regulations. Accordingly, BCAR Section A, which describes the CAA's airworthiness processes and procedures, would benefit from being thoroughly revised, following the principles of the European rules. Those chapters which form the set of requirements for the maintenance and continuing airworthiness of aircraft which do not come under the auspices of EASA ('non-EASA aircraft'), particularly need to be revised, and these are the chapters, along with accompanying changes to the ANO, which are the subject of the proposals presented here.

Scale of the issue:

The number of companies with a BCAR maintenance approval is, at the present time, 64, and the number of companies likely to become approved under the new regulations is thought to be about 42.

Brief statement of the objectives of the regulatory proposal:

The objective is to introduce requirements which are as close as possible in regulatory style to the European regulations. This will demonstrate the UK's support for the principles of the European regulation (Article 1 of Regulation 216/2008), and provide consistent regulations for those aircraft which may transfer between the two regulatory systems, for example, State Aircraft such as aircraft used by the police. The proposals, which provide greater alignment in the individual requirements will also help minimise the extent to which approved organisations need to maintain separate procedures and operational systems. As requested by industry, this allows organisations to concentrate on the issues of aircraft maintenance.

When aircraft being maintained under the EASA Part 145 regulations are needed as, for example State aircraft, they must move from the EASA regulatory regime to the BCAR regime. The CAA cannot apply the Part 145 regulations, which both it and the industry would prefer to do, as these fall within the competency of the EASA. Therefore, CAA intends via this proposal, to introduce BCAR rules as close as possible in style to the EASA rules, so that a consistent standard may be applied, and to make transfer of the relevant aircraft as straightforward as possible. There will be no additional cost for those companies which choose to convert their approval, other than a small change to their exposition.

Who is affected:

Organisations and individual licensed aircraft engineers, involved in the maintenance and continued airworthiness of non-EASA aircraft.

Safety Assessment:

It would be safer to have a BCAR regulatory regime based upon the European regulations, than to persist with the existing UK system which is based upon different principles. Having two different regimes, would make it difficult to find equivalence for an aircraft transitioning from one regulatory regime to the other and would be conducive to error on the part of maintenance and continuing airworthiness organisations, and also possibly, on the part of CAA staff operating 'in the field'.

2. Consultation

A consultation will be carried out between September and November 2010, of those companies and organisations affected. Proposals to make changes to the Air Navigation Order in order to support the introduction of these proposed BCAR changes will be included.

3. Options Analysis**Option 1 – A limited amendment**

A limited amendment of the BCARs, merely updating the text, where CAA's procedures have changed to accommodate the presence of the EASA. This would not show the UK's support for the principles of the European regulations, as the BCARs were written prior to the EC assuming competence for aviation, and follow different principles. The different style of the existing BCARs make it difficult for aircraft to move from one system to the other, as it is sometimes difficult to show equivalence between the two systems for any particular aircraft.

There will be costs for the CAA and for industry in maintaining two different systems operating alongside each other.

The total administrative burden for the CAA and the industry is assessed at £97,000 per year.

This is based on the following assumptions:

1. the maximum number of aircraft which could be affected is estimated to be 120 per year, this includes EASA aircraft moving to being State aircraft, EASA aircraft moving to UK permits to fly and aircraft moving in the opposite direction, from UK permits to EASA certificates of airworthiness or permits etc.
2. the maximum time taken to perform an airworthiness review has been estimated to be 40 hours.
3. the average wage of an industry employee involved in the review is £30,000 per annum (£133 per day, based on 8 hours work from a standard economic assumption of 1804 hours worked annually).
4. also included in this assessment are non-labour costs of 21.2%.

Option 2 – European style regulations

Make a comprehensive revision of the requirements to reflect the principles upon which the European regulations for EASA aircraft are based. This will demonstrate the UK's support for the principles of the European regulation and will provide consistent regulations for those

aircraft which will transfer between the two regulatory systems, for example, State Aircraft such as aircraft used by the police. For those organisations presently approved to EASA rules, these amended BCAR requirements will enable them to manage both groups of aircraft in exactly the same way.

Costs

There are estimated to be no additional costs involved. There will be cost reductions, as it will no longer be necessary to maintain two entirely different systems. Safety will not be affected by this change to the regulations which are intended to bring the UK into alignment with European legislation.

Benefits

The benefits to UK organisations, are threefold: firstly, it will enable maintenance organisations already working to EASA regulations, to use UK regulations based upon the same principles as the European regulations when performing maintenance and continuing airworthiness work on non-EASA aircraft, secondly, it will facilitate the movement of aircraft between the two regulatory systems, for example, State Aircraft such as aircraft used by the police, and thirdly, it will increase the transparency in CAA's processes and procedures as recommended by the Hampton Implementation Review of CAA, because CAA's regulations will be closely modelled on the more widely recognised European regulations.

The benefits to CAA, are twofold: firstly, the procedures used by CAA staff to issue the certificates of airworthiness for non-EASA aircraft, will be the same in principle as those used for EASA aircraft, saving staff time and costs, and secondly, in situations where an EASA aircraft needs to become a non-EASA aircraft, State aircraft operations, for example, it will be much easier for CAA technical staff operating 'in the field' to see equivalence between the records and certificates issued for the aircraft as an EASA aircraft and those for its time as a non-EASA aircraft, or vice-versa.

The preferred option is Option 2, because it will demonstrate the UK's support for the principles of the European regulation, will provide consistent regulations for those aircraft which will transfer between the two regulatory systems, and will help CAA to meet the recommendations of the Hampton review. There are also potential safety implications, see paragraph 'Safety Assessment' above.

4. Small Firms Impact Test

It has been decided to retain BCAR Chapter A8-15 – 'Aeroplanes and Rotorcraft not exceeding 2730 kg – Maintenance Organisations – Group M3', which is a part of the existing BCAR regulation regime, in order to retain some flexibility in approving very small organisations. These very small organisations, may not have the capability to achieve approval under the EASA regulations, and may not wish to maintain EASA aircraft. They may however, wish to maintain non-EASA aircraft, under the existing BCAR regime, and they may do so according to the requirements of Chapter A8-15.

5. Competition Assessment

Assessment of the impact on competition in each of the markets affected focusses on addressing four key questions against the proposed option:

- i. Does the proposed option directly limit the number of suppliers, relative to Option1, the 'limited amendment'?
- ii. Does the proposed option indirectly limit the number of suppliers, relative to Option1, the 'limited amendment'?

iii. Does the proposed option limit the ability of suppliers to compete, relative to Option1, the 'limited amendment'?

iv. Does the proposed option reduce suppliers' incentives to compete vigorously, relative to Option1, the 'limited amendment'?

The four key competition questions have been assessed against the option proposed in this Impact Assessment, and against the base case. Option 2, the making of European style regulations will have no detrimental effects on competition relative to the minimum changes case. It will not directly or indirectly limit the number of suppliers relative to the minimum case, nor will it limit the ability of suppliers to compete, or reduce suppliers' incentives to compete vigorously. It may have a positive impact on competition from an EU-wide perspective, as it will allow UK suppliers which might not have previously felt able to meet the European regulations, to see that they may readily do so, with very little change to their existing UK expositions.

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	Yes	No
Small Firms Impact Test	Yes	No
Legal Aid	No	No
Sustainable Development	No	No
Carbon Assessment	No	No
Other Environment	No	No
Health Impact Assessment	No	No
Race Equality	No	No
Disability Equality	No	No
Gender Equality	No	No
Human Rights	No	No
Rural Proofing	No	No

Annexes

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