

Statutory charges 2017/18: Consultation document

CAP 1477



Published by the Civil Aviation Authority, 2016

Civil Aviation Authority,
Aviation House,
Gatwick Airport South,
West Sussex,
RH6 0YR.

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

First published 2016

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

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

Contents

Contents.....	1
Chapter 1.....	3
Introduction	3
Overview of our proposals.....	3
Chapter 2.....	6
Development activities	6
Transformation programme.....	6
Performance Based Regulation (PBR).....	7
General Aviation programme	8
Chapter 3.....	9
Main charge proposals	9
General price increase	9
Airspace Change Proposal (ACP) cost recovery.....	9
Unmanned Aircraft Systems (UAS) / drones cost recovery.....	10
Aviation Security (AvSec) and Security Management Systems (SeMS) cost recovery	10
Medical department cost recovery	11
Chapter 4.....	12
Charge proposals by individual schemes	12
Safety regulation schemes of charges	12
Air operator and police air operator certification scheme	12
Airworthiness scheme	13
Personnel licensing scheme.....	13
General aviation scheme.....	17
Aviation security scheme.....	24

Airspace scheme.....	26
Consumers and markets schemes of charges and economic regulation of NATS	27
Air transport licensing scheme	27
Economic regulation of NATS	27
Air Travel Organisers' Licensing (ATOL) scheme	28
Chapter 5.....	29
Existing payments by direct debit and monthly variable charge deposit invoicing....	29
Chapter 6.....	30
Conclusion	30
Appendix A	31
Regulatory operating results	31
Appendix B	32
Summary of safety and airspace regulation operating results by charges scheme..	32
Appendix C	33
Summary of safety regulation operating results by charges scheme	33
Appendix D	34
Summary of CMG operating results by charges scheme	34
Appendix E	35
Summary of aviation security operating results by sector	35

Chapter 1

Introduction

This consultation document explains our proposals for revisions to the existing CAA Charges Schemes, due to take effect from 1 April 2017.

We believe our proposals represent a fair and balanced approach to charging and we look forward to receiving feedback on these proposals, in particular from those regulated by us.

We welcome comments on all aspects of the proposals, including the charges structure and the level of the charges. Please could you use the [CAA Statutory Charge 2017/18 Consultation online submission form](#). The consultation closes on 9 February 2017.

Overview of our proposals

As a body that is directly funded by charges paid by those we regulate we fully understand the difficulties the industry continues to face. This is one of our primary considerations when we set our charges.

Over the past seven years the increase in our charges was only 3.7% while in the same period UK inflation was 19.1%. This is because we have worked hard to reduce our operating costs. As part of the CAA's five year strategic plan, we set ourselves stretching financial targets which included substantially containing the growth in employment costs, including ongoing pension costs which grew by in excess of £20 million. We set a financial target to save at least £16 million in employment costs over the 5 year plan period. By 31 March 2016, we had exceeded that target and we had reduced those costs by 2.2% in real terms; FTEs in the Regulatory Sector reduced by 19%¹.

However, we now face significant financial pressures with increases in our cost base as well as the need to make crucial investment in modernising our systems. Our two

¹ Excluding the effect of Aviation Security's move from the DfT to the CAA.

main workstreams, Performance Based Regulation (PBR) and the Transformation programme, will deliver long-term efficiencies and better customer service, and we are committed to controlling the costs of making these improvements.

Given these current cost pressures, we propose that there should be an increase of 1.5% across all Charges Schemes in 2017/18, which is lower than the forecast CPI rate of inflation of 1.8%.

In addition, we are proposing specific charges to cover our costs in the four areas where we are undertaking new activities:

1. **Airspace Change Process (ACP):** This will cost us an additional £915,000 in 2017/18. We are developing a new, bespoke online portal and will need additional staff to manage and run the new process. We believe that we should charge both airports and NATS (En Route) plc (NERL) for ACP as they are its primary sponsors and will benefit commercially from the improvements.
2. **Unmanned Aircraft Systems (UAS):** Our work on airspace safety issues posed by unmanned drones has been funded up to now by the Department for Transport (DfT). However, we believe the £500,000 that this work costs should be funded by commercial aircraft operators rather than the UK taxpayer as it is part of our core regulatory function. We propose that we recover these costs from the Air Operator Certification Scheme variable charges.
3. **Aviation Security:** We have made significant progress on our Security Management Systems (SeMS) project, but we have insufficient resources to deliver this policy initiative and the potential benefits for industry in good time. We propose to create four new, dedicated posts², three for SeMS and an additional training post to meet regulated training requirements, at the cost of £397,000 a year. We propose to recover these costs through the existing monthly variable charge to aerodromes where departing passengers exceed 100,000 a year.

² With associated support costs.

4. **Medical:** Our industry-wide consultation on the future structure of our Medical Department showed that we need an additional 1.5 full time equivalent (FTE) doctors over the next two years at the cost of £124,000 per annum. We propose that we recover these additional costs by increasing the variable AOC unit charge for those operating aircraft over 40 tonnes maximum take-off weight (MTOW).

You can find further details on these proposals in chapter three and the full pricing proposals in chapter four. Please note there are a number of further structural changes, which are also detailed in chapter four.

The AAIB final report into the Shoreham Airshow accident in 2015 has not yet been published. Until the final report has been published and the CAA response to any recommendations confirmed, we cannot be certain that the current level of resource will be sufficient to deliver the activity. If, in the event, additional resource is considered necessary a further CAA Charges Consultation with industry would be conducted.

Chapter 2

Development activities

Transformation programme

We are making good progress with the transformation activities and are starting to deliver the planned benefits. As with all transformation projects, successful delivery has to be balanced with expenditure control and this will continue to be our focus.

The programme highlights in the year include:

1. The Aviation Statistics project delivered a new IT system in May 2016 that manages the data collected from airlines and airports. Submitted data is now automatically validated, improving the quality of data. This, combined with new functionality, has improved our ability to provide tailored reports.
2. The Entity Performance Tool captures information about risks and supports our PBR approach. We launched this tool in August 2015 and further enhanced it in August 2016 based on feedback from frontline colleagues, bringing us a step closer to a fully integrated system that supports Performance Based Oversight.
3. The Customer Relationship Management and Portal project delivered a more stable portal platform in January 2016, which enabled our portal to be used more effectively for resource scheduling, correspondence management and from Spring 2017 will be used for e-licensing for commercial pilots.
4. The ATOL Licensing project will deliver a new online self-service system in Spring 2017 for travel businesses to apply for, amend or renew their ATOL licence and to track their licence applications.

Performance Based Regulation (PBR)

Our transformation into a performance-based regulator affects a wide range of regulatory processes and functions, including the way we assess risks, prioritise resources, deliver safety improvements, and carry out oversight. It requires us to gather better information about safety risks and use it to allocate resources in a more proportionate and targeted way. It improves aviation safety and aligns strongly with the UK Government's principles for better regulation.

This approach can be grouped into five areas:

1. Consistently gathering and analysing safety risk information about all parts of an organisation's operations and capturing it as a single regulated entity.
2. Assessing the performance of each organisation to manage its safety risks and agreeing with the accountable manager the necessary actions to uphold standards and further enhance safety.
3. Grouping safety risk information into industry sectors with similar types of operation to create a better understanding of the top risks and good practice.
4. Making more informed decisions about safety outcomes so that we and the industry can manage the top risks better across all sectors; also setting out what actions various stakeholder groups need to take to achieve the desired outcomes.
5. Proportionately directing our resources to oversight activity and safety improvement projects so that our attention is focussed on organisations and sectors where standards are not being upheld, or where there is the significant potential to enhance safety.

Since April 2016, whilst we have embedded the principles of PBR within the Airworthiness sector, the larger organisations have been included in detailed PBR reviews through targeting the higher risk areas. The smaller organisations have been assessed in their sectors and our Airworthiness colleagues have run seminars with

those sectors of industry to encourage information sharing about the sectors' safety risks. We are broadening out these risk-based principles across other regulatory areas over the next two years. We have had excellent engagement and support from the industry for PBR and believe we will all begin to see the anticipated safety and efficiency benefits.

General Aviation programme

The General Aviation programme has delivered a number of significant changes since 2013, with much more still to be done. You can find more detail on what we have achieved and future updates on the CAA website at: www.caa.co.uk/ga.

Two notable changes are:

- UK private pilot licence and national private pilot licence holders now only need to conform to the DVLA group 1 ordinary driving licence standard to meet our medical requirements.
- Securing funding from the EU to offset some of the costs for general aviation (GA) pilots who have to re-equip with 8.33 KHz radios.

We are committed to working with our colleagues in the European Aviation Safety Agency (EASA) and other states to improve proportionate, risk-based GA regulation Europe-wide, for example, on new rules to allow Declared Training Organisations and specific rules for Balloons and Gliding.

Chapter 3

Main charge proposals

General price increase

We have made every effort either to keep charges at the previous year's level or to increase charges at a rate below inflation. Over the past seven years, the charge increase was 3.7% compared to a UK inflation rate of 19.1% for the same period. We have achieved this by making efficiency savings as we implement major changes to the way we operate.

With the backdrop of the current 2016/17 forecast CPI level being 1.8%, we are proposing to make a general price increase of 1.5% for 2017/18. This will ensure that we can continue our programme of further efficiency improvements and that we continue to meet our statutory regulatory requirements.

Please see the chapter four and the scheme enclosures for the changes to individual charges.

Airspace Change Proposal (ACP) cost recovery

We have responsibility for regulating the airspace over the UK as set out in section 70 of the [Transport Act 2000](#).

Our Board approved a new airspace change decision-making process in September 2016 following a comprehensive review and public consultation. To support this process we will develop a new, bespoke online portal and will need additional staff for key aspects of the process. The cost of these additional requirements for 2017/18 is £915,000³.

We believe that we should charge both airports and NERL for these costs as they are the primary sponsors of airspace change proposals and they will benefit

³ The costs will rise to £925,000 split between airports and NATS in 2018/19.

commercially from the improvements through, for example, improved throughput and punctuality.

We propose that we should allocate charges equally to airports, through a variable charge based on Work Load Units, and NERL within the Airspace Scheme.

You can find our full pricing proposals in chapter four.

Unmanned Aircraft Systems (UAS) / drones cost recovery

The growth in the ownership and use of UAS in the UK, and globally, is well documented. Alongside this growth is an increase in the reported close interactions between drones and commercial aircraft. We need to understand the safety risk of these interactions better and take proportionate steps to mitigate it.

The objective of our UAS programme is to ensure the safe integration of UAS into the total aviation system. The programme has two distinct elements:

- To ensure the safety of other airspace users.
- To support the Government's objective of growing the UK drone economy, for example, Pathfinder technology demonstrators, cross-Government UAS strategy and early development of Unmanned Traffic Management (UTM).

To date, the DfT has largely funded both elements of the programme and they will continue to fund the second element. But as our work on safety is a core regulatory function, we believe that it should be funded by commercial aircraft operators, rather than the UK taxpayer. This element of our work costs £500,000 per annum which we propose to recover through the AOC variable charge.

You can find our full pricing proposals in chapter four.

Aviation Security (AvSec) and Security Management Systems (SeMS) cost recovery

Our SeMS programme, a DfT policy directive, which was passed to CAA AvSec for implementation in 2015, is unfunded. This means that, despite significant progress

and encouraging take-up by industry, the diversion of compliance resource to achieve this progress has constrained our ability to deliver our planned compliance activity in full. In order to achieve an appropriate level of compliance activity, whilst continuing the SeMS programme roll-out, we need to create three new SeMS posts, alongside a fourth one which will provide training across the Regulation and Compliance teams, in addition to reviewing current industry training syllabi and assessing industry security training accreditation.

The cost of four FTEs along with their associated costs is £397,000 a year and we propose to recover this through the monthly variable charge under the Aviation Security Scheme of Charges, paid by aerodromes where the number of departing passengers exceeded 100,000 per annum in the 12 months ending 31 March 2016.

You can find our full pricing proposals in chapter four.

Medical department cost recovery

Following a consultation with industry on the future structure of our Medical Department we closed our Aeromedical Centre and reviewed the organisational structure of the Medical Department.

The review showed that we need to increase the number of our doctors by 1.5 FTEs to cover the anticipated workload for the next two years. This will support:

- Oversight activity, such as Aeromedical Examiners (AMEs) and Aeromedical Centres;
- Project work, including the Germanwings and GA programmes;
- Developing a Learning Platform, in conjunction with the AME community, to provide training to AMEs.

The additional resources will cost £124,000 per annum. As the increase in workload is mainly related to commercial pilots we propose an increase in the variable AOC unit charge rate by 1.4% to recover the additional costs. This increase will only affect AOC holders operating aircraft of over 40 tonnes MTWA.

You can find our full pricing proposals in chapter four.

Chapter 4

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 section three.

For the purposes of financial analysis within this document, the Aerodrome Licensing and Aerodrome ATS Regulation Scheme, the En Route ATC Services Regulation Scheme and the Air Traffic Controllers (ATCO) Licensing element of the Personnel Licensing Scheme relating to SARG, have been taken together, as proposals for these three areas of regulation have been developed as a single package.

Safety regulation schemes of charges

The structural changes and pricing proposals of the safety regulation schemes are detailed below:

Air operator and police air operator certification scheme

Structural changes

There are no proposed structural changes to this scheme.

Pricing proposals

The proposed changes to the respective variable charge rates under this scheme, following a 1.5% general increase and the recovery of costs relating to the additional activities (UAS / Medical Department) (6.9%), are:

- 2.28 pence (2016/17: 2.10 pence) per 1,000 available seat-kilometres flown by that aircraft; and
- 11.17 pence (2016/17: 10.30 pence) per 1,000 cargo tonne-kilometres flown by that aircraft.

[You can find full details of the proposals for this Scheme in the Enclosure.](#)

Airworthiness scheme

Structural changes

i. Export Certificates of Airworthiness

Following a specific request from one of the UK's main airline operators, we reviewed the scenario of a large number of over 40 tonne MTWA aircraft being operated by one UK AOC holder required to be exported at any one time. We concluded that provided the following criteria were met, the full Export CofA published charge would be reduced by 50%:

- All aircraft over 40 tonne MTWA;
- All aircraft operated under the applicant's UK AOC;
- Prior to aircraft survey, all required documentation to be provided by the exporting operator to the CAA;
- More than 10 aircraft applied for under one application with specific export dates with new owner names and destination countries quoted; and
- Any excess hours charges would be applied in accordance with the existing scheme provisions.

The cost recovery from the very low number of applications expected will be cost neutral.

Personnel licensing scheme

Structural changes

i. Part-147 training course approval remote site charges

Currently, Part-147 organisations have been charged £424 for each declared remote site at which the organisation wishes to conduct training. This charge covers the recording of the sites being used following a desk-top review of the sites selected, plus periodic sampling through site visits. The site visits form an important element of the oversight function concerning use of remote training sites.

The CAA's Part-147 oversight procedures have been developed over time to ensure we comply with the requirements applying to it in section B of Part 147. Therefore, we must ensure we have completely audited all aspects of the Part 147 organisation within a 24 month period, including witnessing training and examinations at off-site or remote locations. EASA perform Standardisation Audits of each Member State's Competent Authority on a regular basis, to review how they are applying the Regulation, with a view to ensuring a consistent approach across Europe. EASA has not raised any major concerns with regard to the remote site process we have in place; certainly none that might imply we are not carrying out oversight in accordance with the Regulation or over-regulating.

The issue is that the current declaration charge of £424 per remote site does not differentiate between the work undertaken by us upon receipt of the declaration and the ongoing oversight function concerning remote site usage. In addition, the administrative effort in collecting charges for each declaration made to the CAA is onerous not only for us but also for the Part-147 holder.

Therefore, we propose that there will be no declaration charge but in its place the following initial remote site privilege charge and annual charge are proposed.

We propose to introduce a fixed initial application charge of £595 (3.5 work hours) (2016/17 prices) for the approval of any new Part-147 organisation to be granted the privilege to conduct training at remote sites in accordance with procedures contained in its control procedure within its Maintenance Training Organisation Exposition (MTOE). There are currently 46 Part-147 organisations that undertake training at remote sites.

In addition, we propose an annual charge, invoiced by the CAA and payable by the Part-147 holder on 1 April each year, for the continued privilege to undertake remote site training and examinations, to be levied according to the following table:

Charge ref.	Number of remote site declarations over the previous 12 month period ⁴	Annual charge (£)
A	0 – 20	1,500
B	21 – 30	6,000
C	31 – 40	12,500
D	Exceeding 40	25,000

The impact on income generation is not expected to be significant as the proposed changes represent a more proportionate and cost effective charging mechanism. The annual charge proposal will realise a more proportionate and risk-based charging mechanism for each group of organisations representing size and complexity of the utilisation and oversight of remote sites subject to the normal limitations of a banded charging structure. Furthermore, the proposed addition of a charge to approve a new Part-147 organisation to undertake remote site training subject to the continued requirement to declare, with 6 weeks' notice, any intended remote site use to us, is not likely to provide any significant income per annum as the number of Part-147 organisations is fairly constant year on year.

Pricing proposals

We propose the following pricing changes:

i. [Cabin crew training organisations](#)

With the implementation of Part-CC within the Personnel Licensing Scheme of Charges, we introduced new charges for Cabin Crew Training Organisations (CCTO) for non-AOC holders. Although there are only currently three CCTOs certificated at present, a refinement to the charging mechanism is proposed in order to ensure that the UK Government

⁴ The ongoing "12 month period" will cover the 12 months ended 31 December in the previous year to which the annual charge relates.

requirement for the CAA to fully recover its costs from those we regulate is fully met.

The current wording in the Scheme refers to the renewal of a CCTO and a charge of £1,788 (10.5 work hours) being payable on renewal. [CAP 783](#) was amended to make the approval certificate non-expiring, therefore removing the renewal charge and requiring a review of the associated scheme of charges. Our resources utilised in carrying out oversight activities on a two-yearly cycle basis is now justified based on actual data accumulated over the years. As a result, the average level of oversight for a standard CCTO, which would include an element of amendments to update Operations, Training and Quality Manuals, would be approximately nine days. Over the two-year oversight cycle, this would equate to an average 4.5 days per annum.

To date we have not been recovering these associated oversight costs and we therefore propose to charge an annual continuation fee of £5,355 (2016/17 prices) payable on 1 April each year on issuance of a CAA invoice payable on demand.

This proposal will generate additional income of approximately £13k per annum.

ii. [Licence ratings, certificates or qualifications](#)

We propose to make the charges more aligned within table six of the 2016/17 Personnel Licensing Scheme of Charges. Therefore, we propose to increase the charges for Ref (g) to £119 and reduce Ref (b) to £88 (2016/17 prices) within table six to better reflect the work required.

The overall impact of these proposals on income generation is not expected to be material.

[You can find full details of the proposals for this Scheme in the Enclosure.](#)

General aviation scheme

Structural changes

i. Model aircraft public display permissions

The Large Model Association (LMA) is overseeing the design and build programmes of model aircraft greater than 20 kg Zero Fuel Weight (ZFW) including flight test programmes and has done so for many years. The LMA sends us recommendations for certification of model aircraft design, construction and for the issue of flight exemptions (for test flights and full exemptions) which are then both issued by us. We have never made a charge for this activity.

It is proposed to charge the following fees as from 1 April 2017 in respect of model aircraft of greater than 20 kg ZFW:

- Model Aircraft Public Displays Permission, per application:
 - For the first public display date, £112;
 - For all subsequent consecutive dates, £56 per day.The annual volume is approximately 60 applications which is expected to generate £7k of additional income.
- Permission to Fly a Model Aircraft greater than 20 kg ZFW covering a three year validity period:
 - Initial application, a charge of £56;
 - Renewal application, a charge of £56 for a further three years validity.The annual volume is approximately 200 applications which is expected to generate £11k of additional income.

All charges quoted above are at 2016/17 prices.

ii. Unmanned Aircraft System (UAS) charges

The current charges under this section have been within the General Aviation Scheme of Charges for many years. The recent significant growth in activity, particularly in the small unmanned aircraft (SUA) sector has caused CAA cost recovery to be deficient using the existing charging

mechanism within the Scheme. Whilst the review of the regulatory activities required for this sector continues, the CAA is proposing to introduce a revised charging mechanism that relates to the UAS approval activities which potentially would involve heavy resource.

All permissions are issued with a maximum validity period of 12 months.

The following individual permission/exemption charges are proposed:

Application type – initial	Current charge (£)	Proposed charge (£)
SUA (20 kg mass or less without fuel) – ‘Standard’ ⁵ permission or exemption	112 / 224	170
SUA (20 kg mass or less without fuel) – ‘Non-standard’ ⁶ permission or exemption	112 / 224	1,190
UAS greater than 20 kg to 150 kg (mass without fuel) permission or exemption	416	1,190 ⁷
UAS greater than 150 kg (mass without fuel) – permission or exemption	416 ⁸	1,190 ⁹
Special UAS projects ¹⁰	N/A	1,190 ¹¹
Issue of a duplicate permission/exemption	N/A	49

⁵ ‘Standard Permission’ means any simple approval to perform operations in accordance with ANO 2016 article 94(5) and/or a permission to operate an SUA of 7kg or less within a congested area in accordance with ANO 2016 article 95(2)(a).

⁶ ‘Non Standard’ permission/exemption means any approval which involves the assessment of an Operating Safety Case.

⁷ Plus charges in excess of 7 work hours at £170 per hour up to a maximum of £10,000 per year or part of a year.

⁸ Plus charges in excess of 4 work hours at £166 per hour.

⁹ Plus charges in excess of 7 work hours at £170 per hour up to a maximum of £20,000 per year or part of a year.

¹⁰ A new charge is proposed to cover work required from industry described as a Special Project which involves consideration by the CAA to develop the existing framework under which the current regulation of UAS is undertaken. An initial application charge of £1,190 is proposed to be charged to cover the first 7 work hours after which additional charges in excess of 7 hours would be charged at £170 per hour up to a maximum of £100,000 per year or part of the year in which the CAA investigations take place. The excess hours would be invoiced monthly in arrears by the CAA to the applicant and payable on demand.

¹¹ Plus charges in excess of 7 work hours at £170 per hour up to a maximum of £100,000 per year or part of a year.

Application type –variation	Current charge (£)	Proposed charge (£)
Administrative changes (all UAS types)	N/A	56
Technical change ¹² SUA (20 kg or less mass without fuel) – Standard permission or exemption	N/A	170 ¹³
Technical change ¹² SUA (20 kg or less mass without fuel) – Non-standard permission or exemption	N/A	340 ¹⁴
UAS > 20 kg to 150 kg (mass without fuel) – permission or exemption	N/A	510 ¹⁵
UAS > 150 kg (mass without fuel) – permission or exemption	N/A	510 ¹⁵

Application type – renewal ^{16, 17} of permission or exemption	Current charge (£)	Proposed charge (£)
SUA (20 kg or less) – Standard	56 / 112	128
SUA (20 kg or less) – Non-standard	112 / 224	128
UAS > 20 kg to 150 kg	208	340
UAS > 150 kg	208	340

¹² 'Technical Change' refers to any changes that materially affect the nature of the operation and are likely to require subsequent assessment or approval by the CAA. Examples include, changes to operational procedures and/or processes, significant organisational changes or amendments to Operational Safety Cases.

¹³ Plus charges in excess of 1 work hour at £170 per hour up to a maximum of £1,211.

¹⁴ Plus charges in excess of 2 work hour at £170 per hour up to a maximum of £1,211.

¹⁵ Plus charges in excess of 3 work hours at £170 per hour up to a maximum of £10,000 per year or part of a year.

¹⁶ Renewal of a permission/exemption assumes that there are no changes involved. Renewals which involve changes in either documentation or operating requirements will be charged as Variations.

¹⁷ Reinstigation of expired permissions will be charged at the full rate as if they were new permissions.

The charges for National Qualified Entities (NQEs) have been increased to better reflect the average time taken to process these applications.

Application type – initial	Current charge (£)	Proposed charge (£)
NQE – Full	1,290	2,380
NQE – Restricted	430	1,785

Application type –variation	Current charge (£)	Proposed charge (£)
NQE – Full	129	340
NQE – Restricted	129	170
Conversion of a restricted to a full NQE	860	1,360

Application type – renewal	Current charge (£)	Proposed charge (£)
NQE – Full	602	1,785
NQE – Restricted	304	1,339

All charges above are quoted at 2016/17 prices.

The overall increase in income generated for 2017/18 is expected to be approximately £100k.

iii. Navigational approvals

With the introduction of Part-NCC and in relation to Part-SPA, of the Air Operations Regulation (EU) No. 965/2012, we propose the following changes to the associated navigational approvals:

a. **All Weather Operations (AWOPS) or Enhanced Visual Systems (EVS) operations**

We propose the categories of approvals and associated charges to be as follows:

Application type – initial	Current charge (£)	Proposed charge (£)
AWOPS (take off only)	N/A	680

Application type –variation	Current charge (£)	Proposed charge (£)
Addition of EVS ops to an AWOPS approval	6,277	680
AWOPS cat II upgrade to cat III minima	N/A	680

b. North Atlantic High Level Airspace (NAT-HLA)

The Minimum Navigation Performance Specification (MNPS) approval has been re-named as the North Atlantic High Level Airspace (NAT-HLA) approval.

c. Reduced Vertical Separation Minimum (RVSM)

Application type – initial	Current charge (£)	Proposed charge (£)
Aircraft with RVSM compliant equipment	2,774	680

d. Required Navigation Performance Airspace (RNAV 10 / RNP-10 or P-RNAV approval)

These approvals will be deleted from this Scheme as Part-FCL will incorporate these within the pilot training courses undertaken by ATOs i.e. part of pilot training rather than a separate add-on approval.

e. Required Navigation Performance Authorisation Required (RNP-AR)

Under Part-SPA the RNP-AR approval will become applicable to Part-NCC holders. We propose the following new charges:

Application type – initial	Current charge (£)	Proposed charge (£)
Generic specific approval	N/A	2,550
Procedure specific approval:		
Without already holding a Generic Specific approval	N/A	2,550
Already holding a Generic Specific approval	N/A	425

f. Required Navigation Performance (RNP 0.3) for Helicopters

Under Part-SPA, the RNP 0.3 approval for helicopters will become applicable to Part-NCC holders. We propose the following new charges:

Application type – initial	Current charge (£)	Proposed charge (£)
Generic specific approval	N/A	2,550
Procedure specific approval:		
Without already holding a RNP 0.3 approval	N/A	1,700
Already holding a RNP 0.3 approval	N/A	340

These specific charges are only in relation to non-AOC holders. With the requirement under Part-NCC, the increase in income generated under the General Aviation Scheme is expected to be approximately £50k.

All charges above are quoted at 2016/17 prices.

Pricing proposals

We propose the following pricing changes.

i. Air display post event charge

In accordance with [CAP 1388](#), CAA response document to the 2016/17 CAA statutory 2016/17 proposed charges consultation, we stated that the air display post event charge would be introduced using a phased

approach over three years (2016/17 to 2018/19) and provide transitional support of £100k for the first year of the regulatory changes. Therefore, we intend to increase the post event charges by 50% on the 2016/17 prices.

ii. [Minimum Equipment List \(MEL\) approvals](#)

We have reviewed the work required concerning the activity described under paragraph 3.17 of the 2016/17 General Aviation Scheme of Charges relating to the issue and renewal of Minimum Equipment List approvals. As a result of amendments to the process, we have already adopted reduced charges as follows:

- Initial application to reduce from £4,768 to £1,785 (10.5 hours) (2016/17 prices) for an approval with a three year validity period;
- Renewal application to reduce from £1,733 to £595 (3.5 hours) (2016/17 prices).

iii. [Ex-military aircraft type rating exemptions \(CAP 632\)](#)

Currently, we make a charge of £56 for initial application and £26 for renewal application from pilots of ex-military aircraft types to hold a licence exemption under Article 14 of Regulation (EC) No. 216/2008 or under Article 266 (ANO 2016) to train or fly as Pilot In Command in a [CAP 632 aircraft](#). However, these charges do not cover the average time taken to process such applications.

We propose to increase the charge for initial application for an exemption to £132 (2016/17 prices) and an annual renewal application to £66 (2016/17 prices) for an aircraft type rating exemption. The additional income generated from this increase is estimated to be approximately £8k.

[You can find full details of the proposals for this Scheme in the Enclosure.](#)

Aviation security scheme

Structural changes

i. Regulated suppliers of in-flight supplies (IFS) annual charge

Currently, there is an annual charge of £2,850 per annum for each regulated IFS site with no differentiation, from a charging perspective, being applied on the size of the site or the volume of in-flight supplies passing through the site. IFS providers have provided information, by site, on a number of quantifiable categories which has enabled us, from the submissions received, to validate IFS categories and clearly define the amount of effort needed for each site which will be between one to four site visits per annum.

We do not propose to change the total cost of provision of this activity and therefore, similarly, the total income generated. However, the output of the above exercise will allow associated costs to be more fairly apportioned to reflect complexity of site, the associated risk and the amount of effort required by compliance staff. The principle will be for the new annual charges to reflect Auditor time against each categorisation.

The following data was used to determine the appropriate charge categories, with each of the three data sets being further sub-divided into bands that relate to each charge category:

- Number of staff on site in peak periods;
- Number of access points to IFS secure area(s) – to include truck loading bays; and
- Number of trucks (over 3,500kgs GVW) per site involved in carriage of secure IFS to air carrier.

Size	Sites	Vehicle fleet
Small	Bespoke operations with minimal staffing levels – limited access points commensurate with staff numbers and vehicle fleet.	Up to 4 trucks despatching in-flight supplies (IFS) to airports.

Size	Sites	Vehicle fleet
Medium	Bespoke operations at hub airports or larger catering organisations at regional airports – limited access points commensurate with staff numbers and vehicle fleet.	5 to 10 trucks despatching IFS to airports.
Large	Major catering organisations employing large numbers of staff and supervisors at hub airports. Building formatted in such a way as to have multiple despatch bays at truck height.	11 to 25 trucks despatching IFS to airports.
Super large	Major catering organisations employing considerable numbers of staff and supervisors at hub airports. Building formatted in such a way as to have a significant number of despatch bays at truck height commensurate with high capacity airline operations.	26 or more trucks despatching IFS to airports.

As a result the following is proposed:

Charge category	Category description	No. of site visits per annum (£)	Unit charge	Total annual charge per site (£)
Super A	Super site	4	1,565	6,260
A	Large site	3	1,565	4,695
B	Medium site	2	1,565	3,130
C	Small site	1	1,565	1,565

Each IFS Provider will be advised as to the category that we propose to apply to each site that it operates. Each IFS Provider will have secured a bespoke letter from the CAA Director AvSec explaining the basis for any change in category and any specific underlining proposed changes.

ii. **Charges for national security vetting clearance**

Due to the uncertainty surrounding the vetting volumes and the Defence Business Services (DBS) charge, which is the primary cost to the CAA for

the vetting service, we propose to remove the charge from the Statutory Scheme.

The removal of vetting services from the Statutory Charges will allow us to reflect variations of costs and volumes in-year if required, ensuring that full cost recovery will be met. The removal of vetting services from the Statutory Charges Scheme will make the vetting charge liable to VAT.

The charge will be based on the DBS charge, plus our administrative costs divided by the number of vetting cases expected.

Pricing proposals

Subject to the above proposed structural changes, we propose that all existing charges within this Scheme will increase by 1.5% on the 2016/17 prices. In addition, the variable charge unit rate payable by aerodromes will further increase as a direct result of the proposed increase in FTEs as explained in chapter three above.

The proposed change to the respective variable charge rate under this Scheme, is:

- 5.3 pence (2016/17: 4.9 pence) per departing passenger.

[You can find full details of the proposals for this Scheme in the Enclosure.](#)

Airspace scheme

Please note that the title of this Scheme will change from 'Instrument Flight Procedures' to 'Airspace' Scheme to better reflect the addition of the above structural change.

Structural changes

- i. [Airspace Change Proposals \(ACP\)](#)

See chapter three above.

Pricing proposals

Subject to the above structural changes, we propose that all remaining existing charges within this Scheme will increase by 1.5% on the 2016/17 prices.

We propose a new variable charge to recover 50% of the cost relating to the new activity relating; Airspace Change (detailed in chapter 3):

- 0.17 pence per Work Load Unit.

The remaining 50% is proposed to be levied on NERL via an annual charge of £457,500.

[You can find full details of the proposals for this Scheme in the Enclosure.](#)

Consumers and markets schemes of charges and economic regulation of NATS

Air transport licensing scheme

Structural changes

i. Alternative Dispute Resolution (ADR) – Aerodromes

The UK implementation of the European Alternative Dispute Resolution (ADR) Directive in 2015 resulted in changes to our approach to consumer complaint handling. As such, from 1 April 2016, where airlines were not signed up to an approved ADR entity, they are currently charged £150 per complaint (under EC regulations 261/2004 and 1107/2006).

We now propose to extend this charge to airports (unless signed up to approved ADR entities) for EC regulation 1107/2006 and disability related issues, dealt with by the Passenger Advice Complaints Team at a charge of £150 (2016/17 prices) per complaint.

This new charge is expected to generate income of approximately £20k.

Economic regulation of NATS

It is noted that although not a CAA Scheme of Charges, the proposal for the CAA Licence Fee payable by NERL for the economic regulation of NATS will be directly consulted on with NERL and therefore will be outside of this Charges Consultation, as the Licence Fee is required to commence as from 1 April 2017.

Air Travel Organisers' Licensing (ATOL) scheme

Structural changes

To ensure cost recovery is achieved from the applicant who has caused those costs to be incurred, we propose the following three new charges:

i. **New or existing trust accounts, trusts or trustees used by an existing ATOL holder or accredited body**

A charge of £500 would be payable at the time the ATOL holder or Accredited Body applies to the CAA to put in place or change a trust, trust account or trustee for the purpose of their ATOL and/or their Accredited Body accreditation. Excess charges would be payable by the applicant at £170 per hour up to a maximum of £80,000. It is estimated that this new charge will generate £17k per annum. Charges quoted at 2016/17 prices.

ii. **Specified regulatory compliance visit to an existing ATOL holder**

Where an external visit is required by the CAA to an existing ATOL holder for specified regulatory compliance purposes, the ATOL holder would be liable to pay the sum of the number of hours spent by our staff on the pre-visit assessment, visit and post-visit report multiplied by £170 up to a maximum of £80,000. It is estimated that this new charge will generate £10k per annum. Charges quoted at 2016/17 prices.

iii. **Non-online ATOL application using CAA staff**

Where an existing ATOL holder or new applicant uses our staff to input their data into the ATOL system in order to complete their application, the ATOL holder or new applicant would pay the sum of the number of hours spent by the CAA staff inputting the application data multiplied by £170 up to a maximum of £80,000. It is estimated that this new charge will generate £2k per annum. Charges quoted at 2016/17 prices.

Chapter 5

Existing payments by direct debit and monthly variable charge deposit invoicing

We propose to extend the direct debit facility for the following Schemes in relation to their respective variable charges:

- Air Operator and Police Air Operator Scheme of Charges, UK ORS5 No. 308, para 4.2 refers;
- Aerodrome Licensing and EASA Certification and Aerodrome Air Traffic Air Traffic Services Regulation Scheme of Charges, UK ORS5 No. 311, para 3.3 and para 4.8 refer;
- Aviation Security Scheme of Charges, UK ORS5 No. 306 para 3.2 refers;
- Air Transport Licensing Scheme of Charges, UK ORS5 No. 316 para 2.2 refers;
- Regulation of Airports Scheme of Charges, UK ORS5 No. 317 para 3.1 refers;
- New Airspace Scheme (new charges).

We are also proposing to extend the practice of issuing deposit invoices based on the prior year statistics, with a balancing payment calculated on actual statistics once a year. We propose to apply this method of invoicing to the following Schemes:

- Aerodrome Licensing and Aerodrome Air Traffic Services Regulation Scheme of Charges, UK ORS5 No. 311, para 3.3 and para 4.8 refer;
- Aviation Security Scheme of Charges, UK ORS5 No. 306 para 3.2 refers;
- Regulation of Airports Scheme of Charges, UK ORS5 No. 317 para 3.1 refers;
- New Airspace Scheme (new charges).

Chapter 6

Conclusion

Full details of all the proposed revisions to the existing Schemes are contained in the enclosures, the links to which are shown below (PDF):

Safety and Airspace Regulation Schemes of Charges

- [Air Operator and Police Air Operator Certification Scheme](#)
- [Airworthiness Scheme](#)
- [Personnel Licensing Scheme](#)
- [Aerodrome Licensing and Aerodrome ATS Regulation Scheme](#)
- [General Aviation Scheme](#)
- [Aerial Application Certificates Scheme](#)
- [En Route Air Traffic Control Service Regulation Scheme](#)
- [Aircraft Registration, Registration of Aircraft Mortgages and Aircraft Dealer Certification Scheme](#)
- [Airspace Scheme](#)
- [Aviation Security Scheme](#)

Consumers and Markets Schemes of Charges

- [Air Transport Licensing Scheme](#)
- [Regulation of Airports Scheme](#)
- [Air Travel Organisers' Licensing Scheme](#)

Appendix A

Regulatory operating results

Regulatory sector income statement	Year 2016/17	Year 2017/18
	Budget £'000	Target budget £'000
Revenue		
Safety and Airspace Regulation Group	57,370	59,896
Consumer and Markets Group	15,566	17,190
Aviation Security	8,922	9,444
Shared Service Centre	1,690	1,085
Total revenue	83,548	87,615
Operating costs		
Employment costs	46,239	48,060
Services and materials	1,150	1,014
Repairs and maintenance	182	182
Research and development	253	253
Depreciation and disposals	1,079	2,043
Irrecoverable VAT	2,769	2,844
Other operating and general	8,847	10,808
Intra-group charges	21,808	20,952
Total operating costs	82,327	86,156
Operating profit	1,221	1,459

Appendix B

Summary of safety and airspace regulation operating results by charges scheme

	Year to 31 March 2017 budget			Year to 31 March 2018 target budget		
	Income £'000	Costs £'000	Profit / (Loss) £'000	Income £'000	Costs £'000	Profit / (Loss) £'000
Safety regulation activities						
Air Operator Certification	21,968	21,453	533	23,164	22,206	958
Airworthiness	11,189	11,190	(1)	11,449	11,267	182
Personnel Licensing	10,262	11,324	(1,062)	9,919	11,307	(1,388)
Aerodrome Licensing	8,573	7,592	981	8,823	7,661	1,162
En Route ATS Regulation	3,880	3,739	141	3,938	3,765	173
General Aviation and AAC	679	885	(206)	834	986	(152)
Total safety regulation	56,551	56,165	386	58,127	57,192	935
Other activities						
Aircraft Registration	526	452	74	558	455	103
Other activities	248	248	0	250	249	1
Airspace and IFP	45	45	0	961	944	17
Total other activities	819	745	74	1,769	1,648	121
Total	57,370	56,910	460	59,896	58,840	1,056

Appendix C

Summary of safety regulation operating results by charges scheme

	Year to 31 March 2017 budget			Year to 31 March 2018 target budget		
	Income £'000	Costs £'000	Profit / (Loss) £'000	Income £'000	Costs £'000	Profit / (Loss) £'000
Airworthiness scheme						
Series/Exports, modifications and prototype	3,825	3,334	491	3,947	3,357	590
Renewals – C of As	1,613	1,511	102	1,637	1,521	116
Permits to Fly	225	951	(726)	228	958	(730)
Total certification	5,663	5,796	(133)	5,812	5,836	(24)
Total approval	5,526	5,394	132	5,637	5,431	206
Total airworthiness scheme	11,189	11,190	(1)	11,449	11,267	182
Personnel licensing scheme						
Professional	6,868	7,595	(727)	6,534	7,583	(1,049)
Private	765	818	(53)	749	817	(68)
Air Traffic Controller	449	736	(287)	467	735	(268)
Simulator Approvals	448	463	(15)	459	462	(3)
Engineer Licensing	1,732	1,712	20	1,710	1,709	1
Total personnel licensing scheme	10,262	11,324	(1,062)	9,919	11,307	(1,388)
General aviation scheme and AAC						
Aerial Applications	11	10	1	17	10	7
Flying Displays	217	470	(253)	296	473	(177)
Parachuting Regulation (incl. ad hoc charges)	28	17	11	28	17	11
Other permissions and exemptions	423	388	35	493	486	7
Total general aviation scheme	679	885	(206)	834	986	(152)

Appendix D

Summary of CMG operating results by charges scheme

	Year to 31 March 2017 budget			Year to 31 March 2018 target budget		
	Income £'000	Costs £'000	Profit / (Loss) £'000	Income £'000	Costs £'000	Profit / (Loss) £'000
Regulatory policy activities						
Air Transport Licensing	2,335	2,169	166	2,251	2,152	99
Passenger Complaints	775	635	140	280	505	(225)
Economic Regulation of Airports	3,756	3,698	58	3,912	3,669	243
Airports Charges Review	777	777	0	777	777	0
London Runway Review	1,459	1,459	0	3,270	3,270	0
Total regulatory policy	9,102	8,738	364	10,490	10,373	117
Consumer protection activities						
Air Travel Organisers' Licensing	5,220	4,823	397	5,292	5,006	286
Air Travel Trust	349	349	0	349	349	0
Total consumer protection	5,569	5,172	397	5,641	5,355	286
Other activities						
Economic regulation of NATS	895	895	0	1,058	1,058	0
Surveys	1,690	1,690	0	1,085	1,085	0
Total other activities	2,585	2,585	0	2,143	2,143	0
Total	17,256	16,495	761	18,275	17,872	403

Appendix E

Summary of aviation security operating results by sector

	Year to 31 March 2017 budget			Year to 31 March 2018 target budget		
	Income £'000	Costs £'000	Profit / (Loss) £'000	Income £'000	Costs £'000	Profit / (Loss) £'000
Aviation security sectors						
Airports and airlines	6,294	6,111	183	6,840	6,689	151
Cargo	1,376	1,527	(151)	1,352	1,522	(170)
In-flight service providers	197	216	(19)	197	215	(18)
Vetting and other ¹⁸	1,055	1,068	(13)	1,055	1,017	38
Total aviation security	8,922	8,922	0	9,444	9,444	0

¹⁸ Vetting has been calculated on existing charges and costs. Due to be extracted from the Scheme of Charges as from 1 April 2017.