

Airspace Modernisation Strategy Support Fund

CAP 2258

The lower half of the page is dominated by a large, abstract graphic composed of overlapping, semi-transparent blue shapes. These shapes, which include circles and polygons, create a sense of depth and movement, with colors ranging from a bright cyan to a deep, dark blue. The overall effect is modern and dynamic.

Published by the Civil Aviation Authority, 2021

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First published 2021
First edition

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CHAPTER 1

Airspace Modernisation Strategy Support Fund

Purpose of this document

- 1.1 This document sets out the Terms of Reference for the Airspace Modernisation Strategy (AMS) Support Fund. It describes the governance structure of the fund, including the application and approval process for funding proposals submitted to the Civil Aviation Authority (CAA).

Background

- 1.2 The AMS Support Fund (ASF) is intended to aid projects in support of the delivery of airspace modernisation where delivery benefits multiple stakeholders or research will enable wider industry deployment.
- 1.3 It follows on from the 2015-2019 Future Airspace Strategy (FAS) Deployment Facilitation Fund¹ (specifically the Small Gaps element), but is broader in scope and has a new advisory function within its governance. It provides the opportunity for recognised UK legal entities², other than NATS (En-Route) Plc (known as “NERL”) and the CAA, to seek financial support to deliver against the initiatives within the Airspace Modernisation Strategy (AMS) (CAP1711)³ where the required work cannot be funded by other means. If required, either NERL or the CAA can be subcontracted by another organisation to provide services to a project that receives funding support.
- 1.4 The ASF is funded through the UK State overflight charging mechanism (en-route unit rate) for commercial air transport. It was established as part of the UK RP3 performance plan, and we expect provision to continue in to a new UK performance plan for the period 2023 to 2027, known as “NR23”.⁴ The fund will be collected through the CAA element of the en-route unit rate and administered by the CAA through suitable governance arrangements (described below).
- 1.5 The dedicated Fund of £2 million per annum in the UK RP3 performance plan is collected monthly in arrears through the Eurocontrol mechanism and remitted to the CAA approximately three to four months after collection. The CAA will only commit funds to projects based on the monies collected to-date; not on any forward expected

¹ The Terms of Reference for the Future Airspace Strategy (FAS) Deployment Facilitation Fund (CAP1249) can be found [here](#).

² Legal entities must be UK aviation industry engaged in modernising the UK airspace.

³ CAP1711 can be found [here](#).

⁴ In light of changes to the regulatory framework brought about by the UK exit from the EU and the impact of covid-19, we expect to establish a new UK performance plan for the period 2023 to 2027, known as “NR23”, which will supersede the RP3 performance plan.

income. On this basis, the process of allocating funds will be based on bi-annual calls for project proposals.

- 1.6 If, for any reason, the ASF ceases to function, the CAA will not be liable for any forward commitments to projects.
- 1.7 The current set of initiatives in the AMS are broad in their description and will evolve with further iterations of the strategy.⁵ The initiatives may not cover every example of work related to airspace modernisation, but any funding proposal ambition should support the ends (the outcomes) a modernised airspace must deliver, as described in the AMS.
- 1.8 The CAA has committed to reviewing and revising the AMS in 2021, to reflect impacts of the covid-19 pandemic on the aviation industry, outcomes of the UK-EU Transition and to capture requirements of emerging new stakeholders. Whilst the main focus of the review will be on the overarching vision and objectives, CAA anticipates that some rationalisation of the current initiatives, in terms of their form and format in the AMS, may also need to occur; but no changes will be made that could undermine modernisation activity already underway.

Governance

- 1.9 Each funding proposal will require engagement with industry stakeholders prior to a funding application, and endorsement by the ASF Advisory Board who will review and give feedback on the proposal prior to submission to the ASF Decision Board.
- 1.10 The Advisory Board is comprised of the CAA Airspace Modernisation Oversight (AMO) team and CAA technical specialists. The Advisory Board will assess the funding proposal in accordance with the assessment criteria set out in section 2.4 below before they advise the ASF Decision Board on its contribution to and alignment with the AMS objectives and make a recommendation on the prioritisation of the proposal. They will consider if the funding proposer has engaged with and gathered support from relevant industry stakeholders and look at the overall completeness and quality of the proposal before it is submitted to the Decision Board.
- 1.11 It is not the responsibility of the ASF Industry Advisory Board to approve funding proposals.
- 1.12 The Chair of the ASF Advisory Board will brief the Chair of the ASF Decision Board on the proposals to be considered by the Board. The role of the ASF Decision Board is to act as an objective and independent decision-maker to provide advice to the Chair of the group on the approval or rejection of proposals to the ASF.

⁵ The Airspace Modernisation Strategy (AMS) CAP 1711 can be found [here](#).

- 1.13 The ASF Decision Board is comprised of the internal CAA AMS Assurance Group⁶ and representatives from the Airline Associations.
- 1.14 The ASF Decision Board will meet bi-annually, to discuss and decide whether to approve or reject funding proposals, as part of the agenda at the CAA's AMS Assurance Group meetings.
- 1.15 In making decisions to allocate funds, the ASF Decision Board will take into account the assessment criteria in section 2.5 below. It will take due consideration of the Advisory Board's views and may discuss the proposal with the applicants directly to seek further clarification where needed. The ASF Decision Board will raise any concerns and highlight any conflict of interest that may be identified.
- 1.16 Decisions on funding allocation will be based on a simple majority vote. To achieve this, a quorum of five members is required, two of which should be from the Airline Associations' representation.
- 1.17 Where consensus on the prioritisation of proposals and/or allocation of funds cannot be reached by the ASF Decision Board, the matter will be escalated to the Joint DfT/CAA AMS Co-Sponsor Programme Board for a recommendation to approve or reject the proposal. The ASF Decision Board will then make a final decision based on the Joint DfT/CAA AMS Co-Sponsor Programme Board's guidance.

Administration

- 1.18 The ASF will be managed and administered by the CAA's Airspace Modernisation Oversight (AMO) team and regular status updates will be reported to the Joint DfT/CAA Co-Sponsors Programme Board.
- 1.19 Successful applicants must develop a Statement of Works (SoW) which forms part of the Grant Funding Agreement (GFA) and sets out:
- the project's scope and benefits it will deliver in line with AMS objectives
 - the project's deliverable milestones
 - total funding, including 10% risk, and time required, including a payment schedule to allow for demand planning of the total fund allocated on approval.
 - Request for release of funds should include VAT costs, where applicable, but CAA will only reimburse costs exclusive of VAT.⁷
- 1.20 Requests for release of approved funds will be submitted to the CAA's AMO on airspace.modernisation@caa.co.uk for validation against the baseline SoW and

⁶ The AMS Assurance Group is an internal cross CAA AMS Technical Policy and Regulation group which is established to help coordinate, prioritise and monitor against AMS initiatives where the CAA has a prime task to enable the deployments.

⁷ Any VAT registered entity can recover VAT from HMRC, so CAA is requesting net invoices to prevent entities from making a double VAT claim.

payment approval, subject to review and acceptance of any supporting evidence (such as progress report and release of funds requests).

Reporting

- 1.21 The performance of successful applicants against the submitted SoW will be tracked and reviewed by the AMO team, in accordance with the SoW, and in close collaboration with other relevant CAA departments, such as Finance, Procurement and the Safety and Airspace Regulation Group (SARG).
- 1.22 Project closure will be based on submission of a Project Completion Report, in line with the funding proposal documentation and the SoW.

CHAPTER 2

Process and assessment criteria

AMS Support Fund

- 2.1 Proposed funding applications will require a UK aviation industry sponsor to lead the project and will be required to contract with CAA procurement, to enable funding payments. The sponsor leading the proposal can engage or contract third parties, within the aviation industry as necessary, to achieve the desired project outcomes.

Process

- 2.2 The process for applying for funds will be in accordance with the governance set out above (1.9 - 1.17).⁸
- 2.3 The ASF Decision Board decides on whether to approve or reject the project proposals to receive the funding, or, where consensus cannot be reached, base its decision on a recommendation by the Joint DfT/CAA Co-Sponsor Programme Board.

Assessment criteria

- 2.4 In order for the proposal to be supported and prioritised by the ASF Advisory Board, the following assessment criteria will have to be met:
- The sponsor is a recognised legal entity with a UK bank account.
 - The funding proposal is in support of one or more AMS initiatives, or it covers research that could inform future AMS iterations and initiatives
 - The proposer must have engaged with and gathered support from relevant stakeholders.
- 2.5 The Decision Board's judgements are based on the following assessment criteria:
- The financial support requested by the applicant falls within the fund's budget.
 - The funding proposal enables performance and delivery of the AMS initiatives.
 - A sufficient level of information has been presented to demonstrate the proposal meets the criteria in section 2.4.
 - The proposal delivers benefits which are identifiable and measurable.
 - The funding proposal includes a reasonable cost estimation and spend profile which will be included in the Statement of Works (SoW) upon project approval.

⁸ A flowchart that describes the process at a high level can be accessed [here](#)

Unused funds

- 2.7 Any unused funds will be returned to airlines through an adjustment to the UK unit rate in a future regulatory period. In light of the truncation of the UK RP3 performance plan and development of a NR23 performance plan, we currently envisage this adjustment taking place at the end of the NR23 period but will keep this under review.

Applications

- 2.8 Further information on the ASF Governance and Application process can be found at: [Airspace Modernisation Strategy Support Fund | UK Civil Aviation Authority \(caa.co.uk\)](https://www.caa.co.uk/air-space-modernisation-strategy-support-fund)