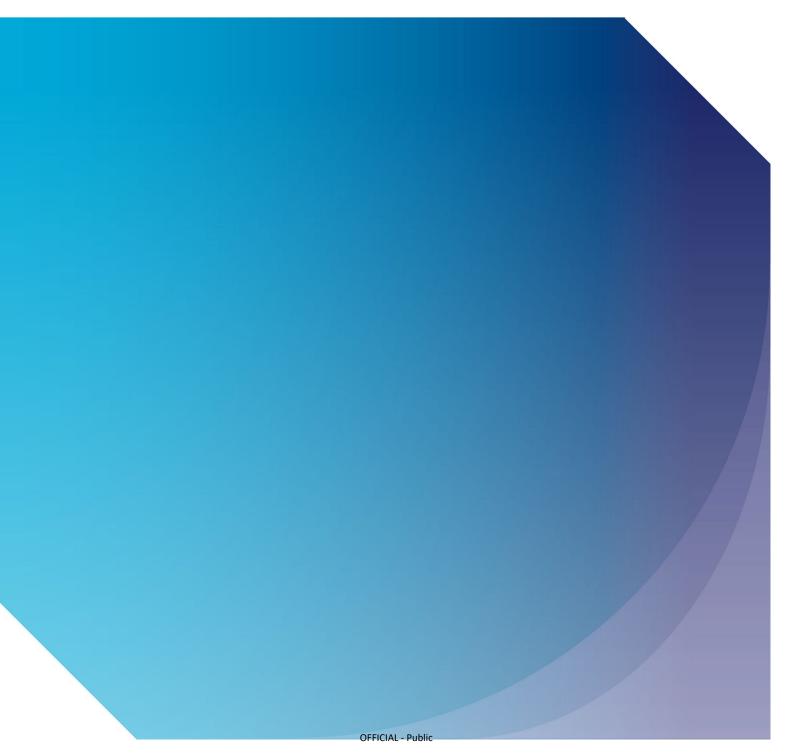


Statutory Charges FY2024/25 Consultation Response Document

CAP2979



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Executive Summary

On 20 November 2023, we set out proposals for our Schemes of Charges due to come into effect from 1 April 2024 (<u>CAP2596</u> – Statutory Charges FY24/25: Consultation Document). The 8-week charge payer consultation ended on 15 January 2024 and this document provides a summary of responses we received and our careful consideration of them. We are grateful for the engagement and feedback we received on our proposals from Stakeholders and the Secretary of State for Transport.

The CAA's approach to its Statutory Charges represents the funding requirements for the next financial year to deliver sustainable funding for the CAA to carry out its safety, security and consumer assurance role and delivery of its strategic objectives. Careful thought has been given to the ask we are making of those who pay our charges, both in terms of the impact of inflation on the cost base, and innovation activity which existing users will benefit from.

The user-pays principle through the Schemes of Charges remains the key underpinning principle of our approach to the CAA's funding model. Reflecting our objective of keeping charges proportionate whilst also providing value-for-money services and supporting innovation and growth, we have reduced our charges in real terms by 14.5% in the last decade, delivering more, or the same for less to industry (as measured against the ONS CPIH index).

After carefully considering the consultation feedback, the CAA has decided to proceed with the core general price increase of 5.3% (CPIH-1%) as consulted, but with a change to the Activity-related price increase. Reflecting on industry feedback, the CAA has reduced the increase relating to Future Flight from 3.0% to 2.4%, a 20% reduction. This is a result of the welcome financial support provided by the DfT to our Future Flight activities alongside greater clarity on the costs of our planned investment in this area. This represents a cost reduction of £0.5m in FY2024/25, with this funding requirement deferred to next FY and to be considered alongside any associated further increases that will be subsequently consulted on.

Other changes to proposals are as follows:

- A change from the current 'rounding up' rule to instead 'rounding to the nearest pound' for all charges above £20, following industry feedback on the legacy rule;
- A reduction to the maximum charging cap payable by London Heathrow Airport Limited for Price Control Conditions (H7&H8) and Additional Runway Capacity (R3) related activity from £4.7m to £2.25m, following a review of requirements in this area;
- A change to the way the Overseas Travel (T&RE) is calculated, where only the onward distance will be chargeable in cases where multiple sites of the same entity are visited on a trip.

All other proposals will be enacted as per the published consultation document, including the general price increase of 5.3% across all charges except for the Spaceflight scheme.

In recent years, our focus has been on addressing the impact the Covid-19 pandemic has had on the aviation sector, helping support the industry that we regulate, and our colleagues. Assessing where we are in 2024, industry volumes have largely recovered to levels last seen in 2019. At the same time, we see growing consumer demands on capacity and reliability of service, alongside rapid technological change and innovation, adding new dimensions to the aerospace sector and growing the demands on the CAA as regulator and enabler. Welcome financial assistance from the DfT during Covid-19 allowed our charges to be frozen for two years during the peak of the pandemic, with below inflation price increases on like for like activity delivered following this period.

The changes we now propose for FY2024/25 are necessary to ensure that we can continue to maintain a sustainable future funding structure. In parallel, the CAA is committed to delivering a 5% efficiency saving in like for like activities to generate funds to invest in our customer service programme.

The consultation period ended on 15 January 2024, by which time we had received 128 submissions from 37 stakeholders. The main points raised have been highlighted under Chapter 2 of this document.

For reference, a summary of our original proposals are listed below:

- 1. General Price Increase: A below current inflation increase of 5.3% (1% below CPIH, in line with our Arms-Length Body Review commitment), with the exception of the Spaceflight scheme which is covered under separate legislation. This increase is based on CPIH inflation in September 2023 of 6.3%, which is our standard reference point in common with previous years.
- 2. Activity-related Price Increase: To support work on the Future Flight programme, a price increase of 3.0% across safety related schemes, providing a contribution to the CAA's role in enabling innovation in the sector. This will deliver benefits to existing users through enabling the safe integration of new users, as well as to those new users who will in time be part of the aviation system and at that point make a full financial contribution to regulatory costs. This complements the funding we continue to receive from the DfT and the UKRI Future Flight Programme to support this activity.
- **3. Refinements to Existing Charges:** Minor changes to individual charges, to improve administration and efficiency with an immaterial financial impact overall.
 - A reassessment of the Flight Simulator Training Device (FSTD) selfevaluation charge.
 - A rebalancing in the level and scope of the Passenger complaint charge relating to Airlines outside of an ADR scheme.
 - An introduction of Vertical Take-Off and Landing (VTOL) categories and charging limits across relevant schemes.
 - A simplified charging structure for funding the CAA's overseas travel costs incurred when conducting regulatory activity overseas.

Reforming the CAA's Funding Structure

In the FY24/25 charging consultation document published in November 2023 we signposted our intention to launch a three-year strategic review of the CAA's regulatory funding structure, overhauling the current Schemes of Charges model. Our Funding Structure Reform (FSR) project centres around the core aims of transparency, ensuring customers can easily identify what they are being charged for and how the charge is justified, and on financial sustainability, ensuring the CAA is appropriately funded to act as an effective and enabling regulator now and into the future.

We recognise the importance of balancing the expectations of customers with the CAA's strategic aims, whilst also working within a defined Government framework, therefore it is prudent for this change to be delivered at a pace that allows for appropriate consideration and scrutiny of the complexities at the heart of our funding structure. The existing model has been in place for decades, and if we approach FSR with due care and attention, we believe we can deliver a model which endures. We also recognise the eagerness for change from our customers, and to ensure FSR receives the organisational focus necessary to deliver at the earliest possible date, it has been designated as one of the CAA's core strategic objectives for the coming years.

Recognising the balance between customer expectations and the need to allocate sufficient time to get this right, we remain committed to the timelines set out in the Arms-Length Body review report, published in July 2023, and will seek to meet the following deadlines:

- The CAA will commence consultation on a new funding structure with customers in FY2024/25.
- The CAA currently expects to commence roll out of the new funding model from 1 April 2027.

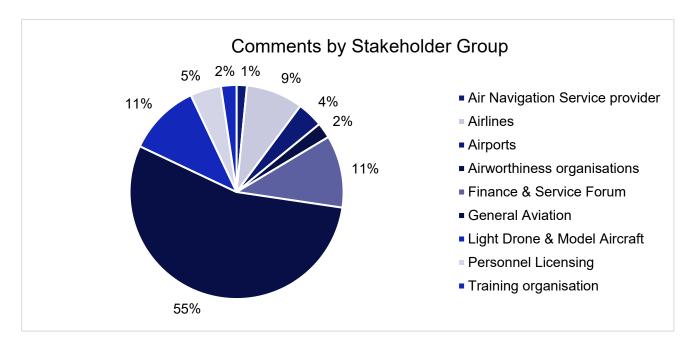
We also recognise that the Arms-Length Body review report stated that the CAA should continue to adopt the 'user pays' principle in our new funding structure and we remain committed to this principle. This is consistent with Government policy as set out in Managing Public Money, with which the CAA will be moving towards during FY2024/25. This means that those who we regulate will continue to pay for the services they receive – our commitment is to provide greater transparency as to how the charges for these services are calculated to those who we regulate.

Since our last update the FSR project has formally launched with a core team mobilised and initial deliverables and timelines established. The team have begun to collate all relevant information to support the development of a new financial framework for the organisation, on which we intend to consult with industry later this year. We believe that FSR has the potential to be transformational for the transparency and sustainability of the CAA's finances, delivering a strong foundation to allow us to continually meet our mission statement: protecting people, enabling aerospace.

Chapter 1 Consultation Submissions

Number of Responses by Stakeholder Group

- 1.1 The consultation resulted in 128 submissions being received from 37 respondents. 18 responses received were on items that were outside of the scope of the consultation, and these have not been addressed in this response document. These points have, however, been considered and discussed internally for consideration with the relevant business areas for amendments in future years or as part of the Funding Structure Reform project.
- 1.2 The responses from industry were primarily in relation to two elements:
 - i) The proposed Activity-related price increase to fund the Aviation Innovation Future Flight programme, with respondents requesting further detail on the scope and benefits of this work. There were also queries with regards to the application of this increase across the Schemes as well as how this charge aligns with the user pay principle.
 - ii) The General price increase, where the rationale for the proposed increase is understood, with a number of stakeholders also requesting consideration for this increase to be based on a more recent and lower inflationary figure.
- 1.3 Further comments were received in relation to the proposed charging refinements, as well as a response on the reduction of the maximum charging cap for price control regulatory charges that are payable by Heathrow.
- 1.4 A collective response was received by industry members of the CAA Finance & Service Forum which has been included within the figures. We welcome this opportunity to engage industry representatives first hand, listen to feedback, and provide clarifications on our proposed changes to the Schemes of Charges.
- 1.5 The pie chart overleaf shows the number of responses we received from each stakeholder group in the consultation this year.



Number of Responses by Consulted Area

1.6 The table below displays the number of responses we received by each of the areas specified in the consultation proposals.

| Consulted Area | Number of comments |
|--|--------------------|
| General price increase | 46 |
| Activity-related price increase: Aviation Innovation | 59 |
| Vertical Take-off and Landing (VTOL) Aircraft | 7 |
| Passenger Complaints Outside of the ADR Scheme | 3 |
| FSTD Self-evaluations | 2 |
| Overseas Travel (T&RE) | 1 |
| AOC Target Charges | 1 |
| Historic Changes | 9 |
| Total | 128 |
| Outside of Consultation | 18 |

Chapter 2 Our Responses to the Consultation Submissions

Main charge proposals

General price increase

2.1 We proposed: A General Price Increase (GPI) of 5.3% to combat the impacts of inflation (the equivalent of CPIH-1, in line with our average approach over the past 10 years).

| You said | Our response |
|---|--|
| Respondents understood the need for the inflation related increase with the 1% below CPIH rate figure being described as 'reasonable'. Other respondents requested clarification on why the September rate has been used and have requested a lower, more recent figure be taken instead for this increase. | The CAA acknowledges the comments made in favour of the current below inflation CPIH-1% mechanism that we have maintained in recent years. Benchmarking against a consistent month is consistent with Government's approach, for example for inflation data on the Pensions Triple Lock. The CAA has used the September CPIH rate in recent years as a basis of the GPI, with the key benefits being a consistent approach whilst removing discretion regardless of whether rates favour industry or the CAA. The use of the actual rate rather than forecast rate is in essence a retrospective adjustment to our prices made in the following year correcting for fluctuations in the prior year. Taking the past 24 months preceding Dec-23, this has resulted in the CAA's effective GPI maintaining a below inflationary position (4.4% effective rate for the GPI vs. CPIH inflation at 7.4% over the same period), with the rebalancing now continuing as the position corrects itself over the coming year. It should be noted that prior to this during FY20-21 to FY21-22 charges were not increased. At the time the consultation was open, inflation was reducing, however has since stabilised for the last 3 months at a relatively high level of 4.2%. Whilst the downward trajectory is expected to continue longer term, there is uncertainty as to when rates will reduce to pre-pandemic levels given ongoing global volatility and the potential of rising costs in the UK. Wage inflation is also expected to continue at rates seen in Q4 2023 which will impact our supplier costs and companies which we recruit from, thereby maintaining our revenue base is important to be able to keep up with industry and retain talent. It was discussed with the CAA Finance & Service Forum (FSF) that should |
| | |

| You said | Our response |
|---|--|
| | inflation on our cost base, any surplus will be reinvested into improving our systems. The current CPIH-1% delivers savings for charge payers with like for like charges 14.5% lower than inflation over the last decade representing an annual saving of £16.2m to customers. The mechanism has enabled the CAA to sustainability fund its safety, security and assurance role and delivery of its strategic objectives in recent years and will be reviewed for its appropriateness in future periods and in the context of the Funding Structure reform (FSR) project. |
| Respondents from the Light Drone & Model aircraft group requested a price freeze or fee reduction given the assumed volume increase over the years to pay for the system. | The drone registration charge is used to fund educational content to support those who fly drones or model aircraft as well as providing the public education and training service. The fee funds the operation and maintenance of the registration service and database including improvements and upgrades relating to technical development and IT hosting. In the last year the CAA took action having listened to feedback from customers to change rounding rules, so the price increases did not disproportionately affect the drone registration charge. The change was also backdated to FY21/22 giving back to the sector following a review of the revenue and costs in this area. |
| | The service is self-funding, allowing a low administrative cost to both stakeholders and the CAA, whilst also providing the necessary level of regulatory oversight in this sector. It would not be appropriate to exclude this sector from a proposed price increase, given the increase in costs as outlined earlier in this section also affecting this activity. |
| One comment requested clarification behind the inflationary rate increase in Heathrow's H7 aeronautical charges being only 3.23%, whereas the CAA is requesting an inflationary increase that is greater than this. | Our price increase on statutory charges is based on an actual inflation figure and so is a correction in arrears to our cost base. The price control work performed for Heathrow H7 is forward looking and uses forecast data and applies to future periods – 2022-2026 in this case. The 3.23% figure quoted is the predicted average inflation figure (as per the Nov-22 OBR forecasts) over the H7 period. Whilst inflation is currently high and resulting in a higher than average resulting general price increase, our below inflationary CPIH-1% mechanism will result in a lower than inflation increase when averaged over the same period. |

Activity-related price increase

2.2 We proposed: An activity-related price increase to support the Future Flight programme of 3.0% across safety related schemes, providing a contribution to the CAA's role in enabling innovation in the sector.

| You said | Our response |
|--|--|
| Stakeholders expressing that they felt the objectives of the Future Flight programme were broad and asked for further clarity on the associated plans and how this is being co- ordinated across various government departments. There were also comments in favour of this increase, and the CAA's position as an enabler for Aviation innovation recognising the wider benefits. There was an ask for consideration on the affordability of this increase from some parts of industry. | The CAA's Future of Flight (FF) Programme has been initiated at the request of the Department for Transport (DfT) to support the work they have undertaken outlined in the 'Flightpath to the future'. This is a strategic framework for the aviation sector that supports the DfT's vision for a modern, innovative and efficient sector over the next 10 years. This 10-point plan focuses on how government and industry can work together to deliver a successful aviation sector of the future. The DFT have then stood-up the Future of Flight Integration Group (the FFIG), of which the CAA is a member, to drive delivery of the Flightpath to the Future. We have listened to feedback from industry and following a review of our plans as requirements and costs become firmer, we consider the level of investment required from the Schemes of Charges can be reduced by 20% without risk to overall programme outcomes. This would reduce the uplift from 3.0% to 2.4% on safety related Schemes which equates to a saving of £0.5m to charge payers. The remaining 0.6% will be deferred to be implemented in the FY25/26 charging Schemes. Any associated further increases that are required as the scale of work grows in following years will need be consulted on, with consideration given to other funding sources at the time. |
| There was a request that all price increases were capped at inflation level given the increasing costs industry faces in the coming year due to aviation improvements and increases in passenger numbers forecast in 2024. | The CAA has delivered below inflation increases on like for like activity through efficiency measures, however, there is an additional funding requirement for the need to support new activity. It is appropriate to ask existing users for a modest contribution to this work given the benefits they will experience because of delivery of this programme with the DfT grant funding supporting this more widely. Capping charge increases to inflation and not proceeding with the FF programme will impact the progress within the innovation and development space as the activity will be solely reliant on government funding. The FSR project will consider the best options for how we fund innovation in the longer term with our charges to industry. However, in the meantime, not proceeding with the proposal will further increase the issue of cross subsidy and difference between the costs of the activity and recovery from industry. |

| You said | Our response |
|---|--|
| Other responses had questions and concerns as to how this aligns with the user pays principle and how existing industry will benefit from investing in this. | The FF programme will result in benefits to stakeholders across industry, with programmes such as Airspace modernisation securing the most expeditious flow of traffic by accommodating new demand. It will also improve system resilience to the benefit of airspace users, thus improving choice and value for money for consumers. There will be several workstreams on new and emerging technologies, with the programme largely being funded by the DfT, the smaller ask of existing industry is for the benefits they will realise which is in line with the user pays principle. |
| A few queries requested clarification as to why an increase is only to be applied on the safety schemes of Charges. | The FF price increase of 3.0% has been applied on the safety related schemes only, following careful review of the stakeholders each scheme impacts. The safety related schemes directly relate to the users that can be considered the beneficiaries of the FF programme. |

2.3 Final Price Increase Table by Scheme: The below table includes a view on our final price increases across the Schemes and the saving to industry versus our revised increases. The general price increase of 5.3% has remained unchanged.

| Regulatory Focus | Scheme Name | Aviation Innovation | General Price Increase | New Activity- related Price Increase | Total Price Increase | Saving vs. our Original Proposals |
|---|--|------------------------|------------------------------|--|----------------------------|--|
| | Air Operator and Police Air Operator Certification | Y | 5.3% | 2.4% | 7.7% | -0.6% |
| | Airworthiness | Y | 5.3% | 2.4% | 7.7% | -0.6% |
| | Personnel Licensing | Y | 5.3% | 2.4% | 7.7% | -0.6% |
| Aerodrome Licensing and ATC Services Regulation | | Y | 5.3% | 2.4% | 7.7% | -0.6% |
| Safety | General Aviation | Y | 5.3% | 2.4% | 7.7% | -0.6% |
| Aerial Application Certificates | | Y | 5.3% | 2.4% | 7.7% | -0.6% |
| | En Route Air Traffic Control Services Regulation | Y | 5.3% | 2.4% | 7.7% | -0.6% |
| | Aircraft Registration | Y | 5.3% | 2.4% | 7.7% | -0.6% |
| | Instrument Flight Procedures | Y | 5.3% | 2.4% | 7.7% | -0.6% |
| | Air Transport Licensing | N | 5.3% | N/A | 5.3% | 0.0% |
| Consumer | Regulation of Airports | N | 5.3% | N/A | 5.3% | 0.0% |
| Protection Air Travel Organiser's Licensing (ATOL) | | N | 5.3% | N/A | 5.3% | 0.0% |
| Aviation Security | Aviation Security | N | 5.3% | N/A | 5.3% | 0.0% |
| N N | Weighted Average Increase | 9 | 5.3% | 1.7% | 7.0% | -0.5% |
| Spaceflight | Spaceflight ¹ | N | 0.0% | N/A | 0.0% | 0.0% |

¹ The Spaceflight scheme is excluded from the general price increase for inflation owing to the fact that the vast majority of funding will be provided by the Government for the foreseeable future, and the conditions which currently prevent the CAA from being able to adjust prices in this scheme in the same way as it can with others. These conditions remain under review with the intention of the CAA being able to adjust and introduce charges as required, so that this area can transition to industry funding at the time Government funding ceases.

Rounding policy

2.4 We proposed: Maintaining the current rounding policy which would mean the rounding up of prices following the price increases to the nearest pound.

| You said | Our response |
|--|--|
| Respondents questioned the rationale behind the rounding up rule given this would result in a greater increase than proposed the general price increase figure. | The CAA acknowledges the comments made in relation to the price increase and the effect the current rounding up rules would have on smaller charges where the effective percentage increase on the charge may be greater than the stated general price increase figure. The rounding up rule is a legacy rule in place to ensure that the smallest charges within the charging schemes experience an increase in years where small price increases (less than 2%) are applied. The rounding rules were updated last year following feedback in the consultation where prices lower than £20 are now kept in pounds and pence to accurately reflect the actual price increase percentage. The CAA has listened to feedback and will further revise the rounding rules so that charges at or above £20 are rounded to the nearest pound (instead of up to the nearest pound) which will more accurately reflect the level of price increase applied on smaller charges. |

Refinement of Existing Charges

Vertical Take-off and Landing (VTOL) Aircraft

2.5 We proposed: (i) A wording change across the Personnel Licensing and Airworthiness Schemes, to include VTOL Aircraft wording as a means to charge for work conducted for such aircraft. (ii) The removal of maximum charging caps in specific areas of the Airworthiness Scheme to enable the full recovery of costs for activity relating to VTOL Aircraft.

| You said | Our response |
|---|--|
| Respondents welcomed the inclusion of the VTOL Aircraft category across Schemes as it gives a means to charge for such types and is more in line with the user pays principle. | The CAA acknowledges feedback received from stakeholders on the VTOL Aircraft changes. It is important for the CAA to apply targeted charges for specific activities where appropriate to ensure recovery of costs through the user pays principle. |
| Some comments suggested increasing the size of the maximum charging caps rather than the removal. | This was considered as an option but not appropriate to implement given the very nature of new and novel technologies and the limited data to inform charging caps. As knowledge grows, this will be used to inform future charging mechanisms for such activities. As ever, the CAA will continue to ensure activity that is carried out and subsequently invoiced for under the excess hours mechanism, is approached in both a proportionate and efficient way. |

Passenger Complaints Outside of the ADR Scheme

2.6 We proposed: A reduction to the complaint fee to £161 per passenger complaint, and a modification of the mechanism so that the charge is levied per individual complaint instance, rather than a singular charge per flight.

| You said | Our response |
|---|--|
| Stakeholders expressed views | Please note that this charge is only applicable to those Airlines that sit |
| that the charge should be | outside of an ADR (Alternative Dispute Resolution) Scheme. |
| reduced in cases where more than one complaint is raised against a flight recognising the efficiencies that should be realised given the reason for | The current approach is for a charge to be levied per flight. Whilst the CAA appreciates that there may be some efficiencies recognised in cases relating to the same flight, this approach does not account for the administrative burden associated with additional cases and that for cases which are not upheld. |

| You said | Our response |
|--|---|
| the complaint is likely to be the same. | The reduction in fee from £203 to £161 represents a rebalancing of the charge to ensure sufficient cost recovery per case. The approach of a charge per case is a more accurate reflection of the work undertaken and consistent with the user pays principle. Charging per case is also consistent with how ADR bodies apply their charges. Overall, the change in the way the charge is applied, and the reduction in the individual fee will result in no increase to the charges faced by industry overall. |

Flight Simulator Training Devices Self-evaluations

2.7 We proposed: An increase to the price for this service to £2,429 per application to enable sufficient cost recovery for this activity.

| You said | Our response | |
|---------------------------------|--|--|
| | | |
| A comment received stated | The CAA must ensure that approvals are priced at appropriate levels to | |
| that increasing costs in this | ensure cost recovery of the activity that is being performed. In recent | |
| area would be counter intuitive | years, there has been an increase in the number of overseas Flight | |
| and result in fewer UK | Simulator Training Devices with UK approvals. Some of these | |
| approvals being sought. | organisations have chosen to transfer across to the self-evaluation | |
| | method, and on review, the previous charge of £885 is grossly insufficient | |
| | for recovery for the activity conducted by the CAA. It should be noted | |
| | however, that the new fee of $\pounds2,429$ is on average only half as much as | |
| | the original approvals that are being transferred from, so transferring to the | |
| | self-evaluation method still represents a net saving to industry. | |

Overseas Travel (T&RE)

2.8 We proposed: to replace the existing charging mechanism with a combination of a fixed rate of £0.66 per-kilometre travelled from London Gatwick Airport to the destination Airport/Railway Station (where rail transport is used), covering travel fares and time, alongside a daily rate of £178, to recover the cost of accommodation and subsistence.

| You said | Our response |
|---|--|
| Clarification has been requested as to the charge that will be levied in cases where more than one | Overseas travel charges will only be applicable in cases where travel is required to an overseas entity with respect to oversight or approval activity. There is no travel charge levied for travel within the UK. |

| You said | Our response |
|---|--|
| overseas destination is visited on a trip for the same entity. | In cases where multiple sites of the same entity are visited on a trip, the onward distance (and any subsequent days of stay) will be charged instead of the whole distance from London Gatwick to the individual sites. i.e., charging A-B and then B-C rather than A-B and A-C. |

AOC Target Charges

2.9 We proposed: An update to wording to provide a means to levy a charge where no aircraft are reported to the CAA at the two fixed reporting dates during the assessment year.

| You said | Our response |
|--|--------------|
| One comment made in favour of this change. | Noted. |

Other Changes

Unmanned aircraft systems (UAS) – operational authorisations

2.10 Given the launch of the new PDRA01 application tool in April 2024, a change is required to table 6 of the General Aviation Scheme of Charges. The fee for all PDRA01 applications will be set at £217 (plus the price increase as stated in this document) which is at the same level of the current renewal price.

The CAA will closely monitor volumes over the coming year to ensure the charge is set at the correct level to ensure cost recovery for the service. Any subsequent changes, if required, will be consulted on with industry as part of the annual charging consultation.

Table 6:

| Application Type | Initial Charge | Renewal Charge (Note 3) |
|--|-------------------|-------------------------------|
| Column 1 | Column 2 | Column 3 |
| Specific category – Operational authorisation with pre-defined risk assessment (PDRA) (<i>Note 6</i>); | | |
| Operations defined as PDRA within CAP722H | £217 | N/A |

Chapter 3 Conclusion

- 3.1 We would like to thank all respondents for their comments to the charging proposals. Engagement with our stakeholders is essential for us to be able to understand the impact our charging schemes have and for identifying areas for potential improvement.
- 3.2 Having discussed the comments received, and due consideration having been given by the CAA Board to the points detailed above together with the views of the Secretary of State for Transport whose views we have also sought, the charges outlined in the consultation document with the amendments as specified in this document, will be enacted from the period commencing 1 April 2024.
- 3.3 All charges will continue to be reviewed against our assumptions and the external environment and amendments will be proposed in future years as deemed appropriate.
- 3.4 A small number of submissions were received in relation to subjects on which the CAA did not consult at this time. These responses included requested reviews of specific charges such as; Examiner charges, Airworthiness line maintenance charges, ATCO revalidation charges, DNXCT Screener certification and the impact of charges on smaller stakeholder groups. These points have been considered and discussed internally for consideration with the relevant business areas for amendments to the Schemes of Charges in future years or as part of the Funding Structure reform project, as appropriate.
- 3.5 As part of implementing the recommendations of last year's review of the CAA, we have initiated the Funding Structure reform project to consider how we can streamline our charging structure and make it more agile, especially to fund innovation activity before technologies and new business models are sufficiently mature to formally be part of the charging scheme funded activity. This will enable greater transparency and give greater assurance that charges are in line with the user pays principle which is fundamental to demonstrating value-formoney to industry.
- 3.6 The CAA will ensure it continues to discuss potential future changes with stakeholders via the CAA Finance & Service Forum, through future consultations and other forms of engagement as deemed appropriate.