

Statutory Charges FY2026/27

Consultation Document

CAP3184

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Executive Summary

Consultation Purpose

This consultation sets out the proposed changes to the CAA's charging schemes for the 2026/27 financial year, aligned to our strategic objectives. We welcome feedback from stakeholders in relation to these proposals, enabling us to make an informed decision on our financial plans for the year ahead.

Summary of Proposals

Our proposals for FY2026/27 will increase investment across our regulatory areas, with a focus on protecting consumers and the public, enabling innovation and growth, and enhancing our organisation. This investment will enable greater agility across our regulatory remit, deliver improvements to the effectiveness and efficiency of our services and will allow us to recruit and retain expert colleagues. We expect these proposals to increase revenue by 5.5%, equating to inflation plus 1.4%.

Over the last three years, we have generated efficiency savings which increased to over £16m per annum in FY2025/26. This equates to over 10% of our total cost base. We have achieved this through holding cost increases below inflation and removing unnecessary costs. With these savings we have:

- i. invested £5m each year in improving services, initially in personnel licensing and remotely piloted aircraft systems; and,
- ii. held like for like price increases below inflation over the last three years, leaving charges £4.6m lower each year moving forwards.

Looking ahead to FY2026/27, we are continuing to take steps to limit the costs we are passing onto industry by:

- Driving further financial efficiencies through spending well, conducting cross-CAA operating reviews and proactively managing third-party contracts to ensure they deliver maximum value.
- Avoiding cost pressures arising from non-pay inflation and lost grant funding through reprioritisation and rescoping of activities to ensure we focus on delivering value for our stakeholders.
- Investing in major upgrades and continuous improvement initiatives which will enhance the value of our customer services through regulatory effectiveness, operational efficiency, and economic benefits.

We have targeted our proposed pricing approach depending on sectoral benefit, with the increase to individual charges ranging from 4.1% (level with inflation) to 7.1% (inflation +3.0%). Some charges in the Aviation Security scheme will see increases above this level to address specific issues of under-recovery identified through our strategic review (further detail is provided later in this consultation document).

Our proposals include:

- £5.6m from Price Indexation (Consumer Prices Index including owner occupiers' housing costs (CPIH) 4.1%), funding the FY2026/27 pay award, allowing us to recruit and retain valuable resources.
- £0.6m for Legislative Reform, supporting CAA autonomy to write technical rules and regulations, enabling greater regulatory agility to respond to stakeholder needs, enhance effectiveness, maintain international alignment, and support economic growth.
- £0.8m to support Safety Service Enhancements, relieving technical resource constraints and improving customer service through the development of a multi-skilled team.
- £0.3m to further increase our Consumer Protection focus, expanding enforcement and Airline Dispute Resolution (ADR) oversight.
- A refinement to the economic regulation cost recovery charges which will split licence modification and price control charging from capacity expansion, and, at the same time, reassess funding requirements, mitigating delivery risk, and improving transparency for stakeholders.
- Recommended changes arising from our strategic review of the Aviation Security charging scheme amounting to £0.6m to be reinvested in managing new regulatory pressures and service improvements, simplifying, and standardising our charging structure, improving clarity for customers and providing a sustainable funding model.

Objectives of the annual charging consultation

Our charging consultation has been built around our core funding principles and in accordance with the Managing Public Money framework. We have proposed a charging model for FY2026/27 which meets the following criteria:

- A financially sustainable model, providing the CAA with sufficient funding to deliver on our strategic objectives in FY2026/27.
- An equitable charging model, based on the regulated entity meeting the costs of the services they consume.
- A model which allows stakeholder to hold us to account, with transparent funding proposals rooted in delivering value for money.

- A clear charging structure, with ongoing improvements to charging simplification and administrative efficiencies.

Scope of the consultation

This charging consultation covers all the CAA's statutory charging schemes, and we welcome feedback both on the proposed changes and existing fees and charges.

The Spaceflight charging scheme is unique in its alignment to dual legislation, meaning that the CAA is not able to unilaterally make changes to charges within this scheme without corresponding action elsewhere. Consequently, no changes are proposed to this scheme currently. Due to most of the funding for Spaceflight regulation being provided via Government grant, the omission of this scheme from this consultation does not have an impact on any other charge payer.

How to Provide Feedback

Consultation Questions

We highly value feedback from our stakeholders on matters addressed in this consultation. We are seeking views across the following themes:

1. **Strategic Alignment:** Do you agree that the proposed charges appropriately support the CAA's strategic priorities of safety and consumer protection, innovation and growth, and organisational enhancement?
2. **Funding Principles & Financial Model:** Do you support the proposed funding principles and financial model reforms, including CPIH-based indexation and the intention to review the financial performance target?
3. **Legislative Reform:** Do you support the proposed charge increase to fund the CAA's legislative reform programme and improve regulatory agility?
4. **Safety Service Enhancement:** Do you agree with the targeted charge increase to fund improvements in safety oversight and customer engagement?
5. **Consumer Protection & Accessibility:** Do you support the proposed funding increase to expand the CAA's Consumer Protection programme, including enforcement, accessibility, and ADR oversight?
6. **Heathrow Airport Capacity Expansion:** Do you support separating charges and revising the charging caps for the Heathrow Airport economic regulation cost recovery charges to improve transparency and cost recovery?

- 7. Funding Structure Reform (FSR):** Do you support the simplification and standardisation of the Aviation Security charging scheme as recommended by the Funding Structure Reform project?
- 8. Scheme-Specific Changes:** Are the proposed structural and pricing changes within your relevant Scheme of Charges clear, proportionate, and aligned with regulatory effort?
- 9. Customer Impact & Value for Money:** Do you believe the proposed changes deliver value for money and reflect a fair balance between cost control and service improvement for charge payers?
- 10. Digital Transformation & Customer Experience:** Do you feel the CAA's digital transformation initiatives are improving customer experience, and what further improvements would you recommend?
- 11. Future Planning & Emerging Changes:** Do you have any feedback on the CAA's forward-looking proposals for future funding areas such as Ground Handling oversight, RPAS market surveillance, and legislative reform?
- 12. Any Other Comments**

How to Respond

This consultation will be open for 6 weeks, from 10 November 2025 until 22 December 2025. During this time stakeholders will be able to submit their responses to this consultation via our [consultation portal](#)¹.

Next Steps

Your feedback will be carefully reviewed by our Funding and Value team who will work closely with industry representatives to answer any questions and understand any points of concern further. This will include a discussion of stakeholder responses and proposed next steps at our industry meeting, the Finance and Services Forum, early February 2026. Following this, stakeholder feedback and formal recommendations will be provided to the CAA's leadership (Executive Committee and Board). We will subsequently consult the Secretary of State for Transport on our recommended changes, including a summary of stakeholder feedback, before seeking formal approval from HM Treasury. A response to this consultation will be published mid-March 2026, along with the charging schemes for FY2026/27. The new charging schemes will come into effect from 1 April 2026.

¹ <https://consultations.caa.co.uk/finance/caa-statutory-charges-consultation-26-27/>

Introduction

The CAA's 2026/27 Strategic Plan

The Civil Aviation Authority (CAA) strategy is built on 5 key focus areas:

- **Protecting** Consumers and the Public;
- **Enabling** Innovation and Growth;
- **Global** Standards;
- **Environmental** Sustainability; and,
- **Enhancing** the Organisation.

The overwhelming majority of our people are focused on Protecting, Enabling and Enhancing, with a smaller subset of colleagues contributing to Global and Environmental workstreams, which also span the other three areas. As we enter the 2026/27 financial year, we have a clear strategic focus: to protect consumers and the public, enable innovation and growth, and enhance the organisation's capability to deliver high-quality, efficient regulation. These priorities guide our work and ensure alignment with government expectations and stakeholder needs.

Protecting Consumers and the Public: Estimated budget £177.2m, with 79% funded by Statutory Charges (£138.8m). The remaining 21% is funded from EnRoute (16%), Government Grants (3%) and Other Sources (3%).

At the core of our mission is the protection of passengers, the public, and the integrity of the aviation system. In FY2026/27, alongside our core regulatory responsibilities, we will focus on:

- Delivering our Safety Oversight & Policy Enhancements programme.
- Improving industry compliance with passenger rights.
- Regulating Heathrow, including capacity expansion, to further the interests of consumers.
- Supporting the sector in embedding and driving value from Next Gen security checkpoints.
- Regulatory reform to cut burdens and drive growth.
- Defining and beginning delivery of our strategic approach to oversight of sector resilience.

Whilst many of these areas of focus will be delivered using existing resources, the scope of our work in regulatory reform, consumer protection and economic regulation of Heathrow is beyond our ability to deliver without increasing our resource capacity and skills. Consequently, we have included proposals for targeted, delivery specific funding in this charging consultation.

Innovation and Growth: Estimated budget £38.2m, with 12% funded by Statutory Charges (£4.7m). The remaining 88% is funded from Government Grants (80%) and EnRoute (8%).

The UK Government has made clear its ambition for regulators to act as enablers of economic growth, aligned with our mission to ‘enable aerospace’. In coordination with our broader strategic initiatives, our activities reflect this commitment, with targeted programmes that reduce regulatory barriers, promote international alignment, and unlock new opportunities for industry. The CAA has already taken steps to support innovation in the sector in recent years, and will continue to deliver on our multi-year programmes, including:

- Airspace Modernisation next steps, delivering a more efficient and sustainable airspace network for both new and existing users.
- Delivering the next phase of the RPAS regulatory pathway, supporting commercialisation and scaling of the sector.
- Delivering the next phase of the eVTOL regulatory pathway, introducing new and novel modes of public transport to the UK.

Whilst CAA charge payers do provide a contribution to these workstreams, most of the funding is derived from government grants and airline route charges – we are not proposing any further funding through the Schemes of Charges to deliver these objectives in FY2026/27.

Enhancing the Organisation: Estimated budget £8m, wholly funded by Statutory Charges.

Delivering on these ambitions requires a modern **regulator, focused on providing value to stakeholders**. We have taken great steps forward in recent years to modernise, however there is more we can do to ensure we continue to deliver value for money:

- Delivering a new digital service for Flight Crew Licensing and concluding the initial phases of the Future Surveillance Operating Model in readiness to implement in 2027.
- Enhancing our regulatory and business operations to drive service value, including through adoption of AI tools.
- Building leadership capability to drive further improvements in CAA culture and performance.

Digitisation of our services continues to be primarily funded through historic efficiency gains, funding modernised services without significantly raising customer charges. We are also building cross-functional teams to strengthen our internal capability, improve service delivery, and ensure we can respond flexibly to emerging challenges – this is part of a broader shift in our operating model which will incrementally replace old, siloed ways of working with a more dynamic approach. To ensure continuity of service as we begin this shift, we are initially seeking some additional financial support from targeted industry contributions, as set out in this consultation.

Financial Context and Charging Consultation

Despite these efficiencies, the financial outlook for FY2026/27 remains challenging. Inflation is expected to increase our cost base by £6.7 million, due to pay awards and external contractual pressures, while revenue growth is uncertain. Without further action, this would result in an operating deficit, even before accounting for new activities or unforeseen pressures.

To address this, we are proposing a targeted approach to pricing next year, with most customers seeing increases of 4.7% (inflation plus 0.6%). Some customers will be asked to contribute more, with proposals aligned to sectoral benefit and strategic value. This funding will support delivery of our annual strategic objectives, maintain operational effectiveness, and ensure the CAA continues to meet its statutory duties while supporting government priorities.

We recognise that the CAA does not operate in a vacuum – the financial pressures that impact our operations are also felt by those we regulate – therefore, it remains critical that we seek to deliver value for money in our services and that we actively take steps to control our costs, including:

- **Focusing** our strategic aims for FY2026/27 on areas where there is a clear benefit to stakeholders – £5.2m of activities in our original plan for next year are either being deferred or funded through efficiencies or reprioritisation rather than extending industry charges.
- **Absorbing** non-pay inflationary pressures and lost government grant funding within existing budgets, alongside heightened cost scrutiny, setting £2.1m of efficiency targets for budget holders and limiting price increases for charge payers.
- **Investing** historic efficiency savings in modernising our customer services without seeking further industry funding, worth £5m annually, alongside continuous improvement of existing functions using LEAN methodology, removing hinderances and streamlining processes.

This follows steps taken over the last three years through our efficiency programme, which has delivered:

- Below-inflation increases on like-for-like costs, saving charge payers £4.6m annually.
- £15m invested to date in customer service initiatives, including introduction of the Specific Operations Risk Assessment (SORA) framework and Digitising Specific category Operations (DSCO) platform, our forthcoming Air Traffic Services (ATS) Licensing roll out and initial work on Pilot Licensing and end-to-end oversight modernisation – these initiatives will remove administrative burdens for customers and drive improvements in our efficiency and effectiveness.
- A review of our operating model and spending approach, removing £6.9m from our cost base, funding the National Insurance increase and FY2025/26 pay award.

Due to these actions, we continue to deliver a controlled cost base, equating to <£0.50 per UK passenger and approximately 0.1% of UK industry turnover.

This consultation invites feedback on our proposed approach and the strategic priorities it supports. We are committed to transparency, efficiency, and delivering measurable value to the industry and consumers we serve.

Driving Value Through Reform and Modernisation

Our regulatory perimeter has expanded significantly in recent years, increasing our customer base to over 6,000 organisations and 800,000 individuals. The integration of Space Flight regulation, new responsibilities arising from EU-Exit, strategic challenges presented by innovation and sustainability in the sector and an enhanced focus on modernising the CAA have transformed the shape of the organisation and those we regulate.

Since 2020 the CAA has increased in size by 44%, driven by new responsibilities, Government priorities and volume growth in the sector. Despite this, our revenues have only increased by 28% in real terms over the same period.

We are committed to delivering high-quality, efficient, and customer-focused services while supporting the Government's wider growth mission. The CAA is currently focused on several complementary initiatives all with a focus on delivering value to our stakeholders. Our ambitions are broad, covering legislative reform, operational modernisation and digital service transformation.

Strategic Reform to Drive Value

- **Legislative Reform:** A cornerstone of the CAA's strategy to deliver a more efficient and effective regulatory framework is the proposed Aviation Safety Regulatory Reform, which seeks to modernise the UK's aviation safety framework. Currently, the framework is enshrined in detailed legislation, making even minor updates a multi-year process. The reform would empower the CAA to create and amend

technical regulations directly, enabling faster adaptation to industry needs and international standards. This flexibility is expected to:

- Reduce delays and uncertainty in implementing safety changes.
- Minimise divergence from international systems, lowering compliance costs.
- Simplify the regulatory landscape, consolidating complex legislation into a coherent framework.

This reform is included in the proposed Aviation Bill and is a key dependency for many other initiatives aimed at reducing costs and improving service delivery.

- **GA Licensing Simplification:** Our Licensing & Training Simplification initiative has delivered clear value to the General Aviation community by streamlining licence categories, improving training flexibility, and enhancing regulatory transparency. By consolidating overlapping licences and introducing clearer pathways between licence categories, the CAA has made it easier and more cost-effective for pilots to enter and progress within aviation. Training organisations and examiners benefit from reduced administrative complexity and more consistent standards, while the alignment with International Civil Aviation Organisation (ICAO) principles ensures international credibility. Developed through extensive consultation with over 1,200 stakeholders, this initiative reflects a shared commitment to making UK aviation more accessible, efficient, and future-ready. Further changes under the initiative are being developed for implementation in 2026.
- **Mandatory Occurrence Reports (MORs):** A review is underway to assess whether low-safety-impact reports can be simplified or removed, potentially reducing the volume of reports submitted without compromising safety intelligence. We are also exploring the use of AI tools to automate elements of this process, potentially delivering operational and economic efficiencies. This builds on our previous adoption of the European Coordination Centre for Accident and Incident Reporting Systems (ECCAIRS) 2. This adoption enables CAA and our partners in Europe will continue to benefit from data sharing in this important safety area.

Enhancing Customer Experience Through Digital Transformation

The CAA is undertaking a wide-ranging Customer Experience and Modernisation Programme (CX&M) to streamline interactions with customers and improve service quality. Key initiatives include:

- **Digital Licensing Services:** Transitioning to fully digital application processes for commercial pilots and air traffic controllers, reducing application times by up to 50%. Our first service, ATS Licensing, is due to be completed by the end of the financial year and has received positive feedback from stakeholders to date.

- **Surveillance Operating Model Review:** End-to-end review of our oversight and surveillance approach, delivering standardised processes, modern systems and more efficient processes for both the CAA and our customers.
- **Tactical Customer Experience Improvements:** Introducing automated licensing features to reduce manual processing, simplifying examiner reporting to speed up report submissions and improve turnaround times, and website improvements to reduce support requests and improve user satisfaction.
- **Strategy and Approach:** Our review of how we interact with our customers and steps we can take to embed a customer service culture will deliver several improvements to those we regulate, including developing our service health reporting, embedding consistent service design standards and improving our processes for capturing and understanding customer feedback. These changes will allow us to adopt a continuous improvement approach to monitoring and enhancing the value of our services.

These changes are designed not only to reduce administrative burdens but also to enhance transparency and predictability in CAA services.

Enabling Services Improvements

- **Funding Structure Reform:** A multi-year project is in progress to replace the current Scheme of Charges with a more transparent and sustainable model through standardisation and simplification – making the complex simple is expected to save customers administrative effort through removing unnecessary points of contact, aligning billing processes and reducing the volume of customer queries and refunds originating from unclear charging structures.
- **Property Strategy:** The CAA is in the process of relocating our Gatwick head-office to leased premises. This move is designed to avoid costly upgrades and mitigating future operating cost increases which would be required to meet environmental standards – the expected cost to modify Aviation House to achieve EPC level B is in the region of £20m, with increased ongoing maintenance costs. It will also provide the CAA with greater operational flexibility to expand or contract its physical office space as our role and industry continue to change into the future and a building which is energy and cost efficient.
- **Economic Advisory Function:** The CAA is in the process of establishing an economic advisory function, an initiative which will deliver greater value for money to customers and benefits to consumers by embedding economic insight into regulatory decision-making across the organisation. By leveraging existing sector and regulatory data, the programme will enhance the organisation's ability to assess trade-offs, evaluate the costs and benefits of policy options, and identify potential competition impacts. These improvements will support more effective, transparent, and proportionate regulation, ultimately reducing administrative

burdens and enabling smarter funding models. Customers will benefit from a more responsive and economically informed regulator, better aligned with statutory goals and industry growth priorities, whereas consumers will benefit from a more effective regulatory system.

Continuous Improvement and Future Planning

The CAA recognises that delivering sustained value for money requires ongoing evaluation and adaptation. Many of the initiatives above are complementary building blocks as part of a broader strategy – they will deliver some value in isolation, but their true benefit will be realised when synthesised. Consequently, delivery of these initiatives is being tightly monitored and coordinated, to ensure the interdependencies are planned for.

In addition to the ongoing initiatives above, we will continue to deploy our continuous improvement team across the CAA to standardise and streamline processes, as well as reviewing areas where regulation may be disproportionate or drive excessive administrative burdens. We welcome feedback from our stakeholders on what further steps we can do to improve the value of our services.

Continuing to Deliver on Multi-Year Initiatives

Over recent years, the CAA's remit has grown significantly. Wherever possible we have sought to deliver more for the same, however some workstreams have required new investment in either capacity or skills we were missing. In other areas, where it aligns to our core regulatory remit, we have sought to realign the source of funding from the taxpayer to industry. As part of our planning for FY2026/27 we have reviewed each of these workstreams to ensure the ringfenced funding is still being used for the intended purpose, to understand what has been delivered to date and to explain to charge payers what they should expect to be delivered in the future. The workstreams shown below show the annual value of the CAA's statutory revenue being allocated against each workstream.

Innovation — £4.6m

Commitment: To support innovation in the sector, primarily through delivery of the Future of Flight Programme which will develop and integrate new aviation technologies into the existing aviation ecosystem. Includes work on the Airspace modernisation strategy with the aims of reducing congestion and increasing efficiency with the most efficient use of airspace.

Value Delivered: Progressed the safe integration of RPAS and emerging tech into UK airspace through Airspace Modernisation, System Wide Information Management and adopting the SORA framework, reduced approval timelines for unmanned aircraft operations through introduction of the DSCO use platform and positioned the UK as a leader in eVTOL and hydrogen propulsion readiness.

Next Steps: Advance lower airspace integration and infrastructure for complex RPAS operations through Unmanned Traffic Management, detect and avoid systems and supporting ground infrastructure, whilst continuing to build regulatory frameworks for next-generation aviation.

Environmental Sustainability — £1.8m

Commitment: Allow for the transition of this activity from government grant funding to polluter-pays, ensuring that the CAA is enabling the aviation industry to meet key environmental and net zero targets.

Value Delivered: Established the CAA's long-term environmental strategy, delivered the UK's first Aviation Environmental Review and supported sector innovation through hydrogen propulsion readiness.

Next Steps: Funding continues to support Environmental Sustainability team in implementing the strategy through regulatory oversight and stakeholder engagement and to conduct targeted research to inform policy on noise and emissions.

Rulemaking & Legislative Reform — £1.5m (includes £0.6m proposed new funding)

Commitment: Improve the efficiency and pace of legislative change delivery, ensuring the UK aviation sector remains agile, responsive, and aligned with international best practices. Create an internal legislative function which will allow the CAA to address the extensive legislative global framework set by ICAO and the changes the UK intends to make.

Value Delivered: Following EU-Exit, built internal rulemaking and legislative expertise, enabling the CAA to independently develop aviation regulations aligned with ICAO standards and tailored to UK needs, engaged with the Department for Transport (DfT) on legislative reform, supported consumer rights reform, and providing technical input, and strengthened collaboration with industry and government to ensure responsive and transparent legislative development.

Next Steps: Expand in-house legislative capacity to reduce reliance on DfT and accelerate reform delivery, continue developing and implementing regulatory frameworks for new aviation technologies and operational models and maintain responsiveness to sectoral developments, innovation, and safety priorities.

Investment Reserve to Enhance Service Value — £1.3m

Commitment: Enable us to increase the pace of delivery of value-enhancing initiatives for our customers, primarily through the modernisation of our services through CX&M Programme.

Value Delivered: Accelerated digital transformation of customer services through ATS licensing development, engaged with stakeholders to validate benefits of modernised licensing and oversight processes and supported an earlier start to our end-to-end surveillance operating model review.

Next Steps: Launch digital ATS licencing platform in Spring 2026, develop fully digital pilot licensing and expand intuitive, user-centric services across regulatory functions, including in our surveillance operating model review.

Enhancing Consumer Protection — £1.1m (incl. £0.3m proposed)

Commitment: Allow the CAA to enhance our consumer protection capability, a key ministerial priority from government.

Value Delivered: Strengthened industry oversight during periods of disruption to ensure consumers are fairly treated, delivered consumer research and developed a code of practice to underpin the development of a best practice guide, and supported DfT in exploring legislative reform to strengthen consumer protections and CMA compliance.

Next Steps: Develop and publish best practice guidance for industry, contribute to new legislation enhancing consumer rights and expand our enforcement and Airline Dispute Resolution (ADR) oversight.

Estates Strategy — £0.7m

Commitment: Allow for the CAA to relocate from Aviation House to leased premises which aligns with the CAA's future property strategy and ensuring a more efficient and sustainable property portfolio.

Value Delivered: Completed initial planning for relocation, prepared Aviation House for disposal and readiness to market, and begun search process for a new premises.

Next Steps: Continue new premises search, refining options and progressing with preferred sites and develop a transition plan to ensure continuity of service.

Core Safety Functions — £0.7m

Commitment: Allow for the transition of these activities from government grant funding to user-pays. Activities relating to lithium batteries, ground handling policy development and air-intercept enforcement will all cease to be funded by the taxpayer from next year.

Value Delivered: Progressed safety programme for lithium batteries to address significant safety risks, developed Ground Handling policy in readiness for implementation in alignment with ICAO and strengthened national security through air intercept enforcement.

Next Steps: Continue delivery of these three core safety functions.

Enhancing Safety Oversight — £0.5m

Commitment: Bolster our Dangerous Goods (DG) and Ground Handling teams for the CAA to continue to deliver the safety assurance required in these key areas.

Value Delivered: Increased regulatory capacity to improve safety assurance across both workstreams, ensured alignment with ICAO standards and developed Grund Handling oversight mechanisms to reduce incidents.

Next Steps: Continue delivery of these three core safety functions.

Artificial Intelligence — £0.5m

Commitment: Improve operational efficiency by automating mandatory occurrence reporting (MOR) and supporting the safe, responsible adoption of AI across the aviation sector.

Value Delivered: Developed and published our AI strategy focused both on sector wide engagement and internal enhancements, established a dedicated AI team and forged industry partnerships, and completed MOR automation discovery.

Next Steps: Implement AI-led safety reporting tools improving operational efficiency and enabling data driven insights to support regulatory decisions and supporting scalable and ethical AI adoption across aviation.

NATS Resilience — £0.3m

Commitment: Act on the independent review panel's recommendations so the CAA can oversee and ensure compliance with its recommendations to industry, including NATS.

Value Delivered: Developed and implementation plan including oversight and parliamentary reporting and delivered NATS performance report tracking responses to air traffic control outages and progress against long-term recommendations to ensure accountability and continuous improvement.

Next Steps: Continue to fund resources to monitoring NATS resilience improvements and consumer protections and continue engagement with stakeholders to ensure delivery against key recommendations to minimise future disruption impacts.

Funding Structure Reform

Last year we launched a strategic review of our funding structure to enhance financial sustainability and transparency with a focus on simplifying our charging model. This work was initiated in response to systemic changes across UK aviation—driven by EU Exit, the Covid-19 pandemic, and ongoing innovation—alongside recommendations from the 2023 Arms-Length Bodies Review.

In last year's consultation document, we explained that the Funding Structure Reform (FSR) project was in its information-gathering phase. This work helped us identify key issues with our charging structure, including complexity, inconsistency, and outdated approaches.

We are now in the delivery phase, starting with a review of the Aviation Security charging scheme. Our recommendations from this review are included in this consultation.

In parallel, we are simplifying all scheme documents to make them easier to use. This includes standardising their format, using clearer language, and simplifying document titles to support better customer understanding.

Development of Core Funding Principles

The funding principles below form the basis of our approach to setting charges and have been developed through the Funding Structure Reform (FSR) project. They are closely aligned with the Government's *Managing Public Money* framework, adapted to reflect the CAA's financial and operational context. These principles highlight the need to balance financial sustainability with value for money in service delivery:

- **Sustainable:** Charges should be set to recover the full cost of service provision, including overheads, depreciation, and cost of capital.
- **Equitable:** The regulated entity (the 'user') should fund the services they consume.
- **Accountable:** Charging structures must be justified with a clear rationale, aligned to the effort incurred and demonstrate value-for-money to stakeholders.
- **Clear:** Charging structures should be consistent, simple and predictable across schemes to ensure fairness and ease of understanding.

Price Indexation and Financial Targets

As part of the CAA's strategic review of its funding model, we have carried out a detailed assessment of how our financial framework supports long-term sustainability, transparency, and value for stakeholders. This review has highlighted two key areas for reform: how we adjust customer charges, and how we measure financial performance.

1. Introducing CPIH-Based Annual Price Indexation

Our first proposal is to introduce annual price indexation linked to the Consumer Prices Index including owner occupiers' housing costs (CPIH). This aims to improve transparency, consistency, and predictability in our pricing framework.

While the CAA has previously used central inflation measures as a reference point, this has not always been applied consistently. This has made forward planning more difficult for both the CAA and our stakeholders.

By linking price changes to CPIH—a nationally recognised and independently calculated index—we can ensure that adjustments are data-driven and easy to understand. This removes the need for ad hoc decisions and supports better planning. It also builds trust by showing a clear and fair approach to managing inflation.

Continuing with below-inflation price increases carries risks. It weakens our financial resilience, limits investment in service quality and innovation, and puts pressure on annual budgets, especially for pay awards. Over time, this could lead to talent loss and a decline in service standards.

CPIH is well suited to the CAA's cost base. With labour making up around 70% of our costs, CPIH—which includes housing and consumer goods—offers a more accurate reflection of the economic pressures we and our stakeholders face.

2. Reforming the Financial Performance Target

Our second proposal is to reform the CAA's longstanding financial target—a 3.5% return on capital employed—which has historically supported investment and resilience. However, the Funding Structure Reform (FSR) review has shown that this measure is no longer fit for purpose.

Recent challenges have highlighted its limitations, including the impact of EU Exit on our commercial activities, the need to invest in emerging aviation technologies such as remotely piloted aircraft systems, and the urgency of addressing legacy technical debt. Specifically:

- The single-year target limits our ability to plan over the medium term. A multi-year approach would better support financial planning.
- The real-terms contribution to reserves has declined—from 1.6% of revenue in 2016 to 1.3% in 2024—and is expected to fall further as we shift from a fixed asset model to greater operational flexibility.
- The measure is complex and difficult to explain, making it harder for stakeholders to assess performance and hold us to account.
- While technically aligned with *Managing Public Money*, it does not fully meet the framework's principles, particularly around transparency and stakeholder value.

We are not proposing to increase the target. Instead, we recommend two changes:

1. Assess financial performance over a rolling multi-year period—likely every three years—to align with our planning cycle.
2. Explore a simpler, more transparent alternative to the return on capital employed, such as a net-surplus approach.

Initial discussions with the Department for Transport and HM Treasury have been constructive. The rationale for change is well understood, and HM Treasury has invited a more detailed proposal for formal consideration. We also welcome stakeholder views as we continue these discussions with Government.

These proposals—developed through the FSR project—represent a strategic shift towards a more sustainable, transparent, and accountable financial framework. By aligning pricing

with CPIH and reforming our financial performance target, we aim to strengthen our ability to invest, deliver high-quality services, and provide clear value to stakeholders.

We welcome feedback on these proposals and look forward to working together to shape a financial model that meets the needs of the aviation sector and the public we serve.

Review of the Aviation Security Charging Scheme

The Aviation Security (AvSec) charging review has identified a set of practical and targeted recommendations to improve the fairness, transparency, and sustainability of the current funding model. The review was guided by our core funding principles: sustainable, equitable, accountable, and clear.

Findings were grouped into three categories:

- Opportunity for Improvement – where changes are recommended to better align charges with the principles.
- Imperfect but Effective – where charges do not fully align with the principles, but changes are not feasible due to operational constraints.
- Review Ongoing – where further analysis is needed before recommendations can be finalised.

This approach ensures that changes are proposed only where they are practical, beneficial, and aligned with strategic goals.

Our recommended improvements include:

- Introducing charges for services that are currently provided free of charge, to ensure all activities are sustainably funded.
- Applying enhanced oversight charges where disproportionate effort is required, to improve fairness.
- Refining charging structures to better reflect the level of effort and complexity, improving clarity.
- Standardising and simplifying processes, including billing frequency and documentation.
- Aligning core regulatory charges with the Scheme of Charges (SoC), particularly in vetting, to improve consistency and transparency.

Areas Where No Changes Are Currently Proposed

All charging mechanisms within Aviation Security (AvSec) were reviewed, recognising that some continue to function effectively despite not fully aligning with our standard design principles. In these cases, we have recommended maintaining the current approach to avoid unnecessary disruption, while still supporting our core strategic aims.

These areas include:

- **Airport per passenger charge:** Retained as a practical method for recovering oversight costs for airports and air operators. The original rationale—recovering costs incurred against air operators indirectly through airport charges—remains valid, particularly given the administrative challenges of billing overseas entities directly.
- **Cargo and cyber security regulatory activities:** Operational reviews are ongoing and expected to influence future charging structures and pricing. To minimise disruption, we have chosen to defer changes until these reviews are complete. Likely future changes include:
 - Restructuring cargo charges to better reflect effort, using a clearer tiered pricing model aligned with resource deployment.
 - Repricing cyber security charges to address current under-recovery in these areas.

Further detail on specific recommendations is provided in the following chapters of this consultation.

Cross-Scheme Simplification

In addition to the work outlined above, we have been exploring ways to make our charging schemes easier to navigate and understand. This includes reviewing the language used, the structure of each scheme, and ensuring a consistent and straightforward presentation.

Much of this work will be delivered as the Funding Structure Reform (FSR) project progresses. However, there are two specific changes where we would like to seek stakeholder feedback:

1. **Scheme document names** – simplifying document titles to support easier navigation. These changes include:

CURRENT SCHEME NAME	PROPOSED NAME
Aerodrome Licensing and Certification, Aerodrome Air Traffic Services Regulation, EU & EEA Air Navigation Service Providers	Aerodrome and Air Traffic Management Regulation
Air Operator and Police Air Operator Certification	Flight Operations
Aircraft Registration, 'E' Conditions Declarations and Registration of Aircraft Mortgages	Aircraft Registrations

Airworthiness, Noise Certification and Aircraft and Aircraft Engine Emissions	Airworthiness
Operating Licences, Air Transport Licences, Foreign Registered Aircraft Operating Permits, Third Country Operator Certificates, Alternative Dispute Resolution Scheme and Scarce Capacity Allocation Certificates	Air Operator Licensing
Regulation of Airports	Economic Regulation of Airports

2. **Supporting Notes Document:** Many of our charging schemes include notes and supporting information that are often repeated, and in some cases, applied inconsistently despite reflecting the same policies. We plan to consolidate and standardise these sections into a single reference document to improve consistency and simplify the structure of the core scheme documents. Our aim is to publish this document in time for FY2026/27; if this is not feasible, it will be introduced in FY2027/28.

Next Steps

These proposals mark the beginning of our recommended changes. Further improvements and refinements to the charging schemes will be consulted on in future years as our work progresses. Once the Funding Structure Reform (FSR) project is complete, the principles, tools, and approaches developed will be handed over to our Funding and Value team. This will support a continuous improvement approach to maintaining and updating our charging schemes, enhancing financial sustainability and increasing transparency through simplification and standardisation.

Forward Look: Further Changes Expected in Future Years

We continue to operate in an environment with structural risks and opportunities. Whilst global headwinds shape Government policy and consumer habits, the Aviation and Aerospace sector continues to innovate and adapt to meet current challenges and prepare for the future. The CAA will carry on fulfilling its role as the civil aviation regulator by keeping in-step with changes in our industry and the macro environment. Several changes are planned for the coming years which are likely to have an implication for our charging structure.

- **Heathrow Airport Capacity Expansion:** As capacity expansion progresses, so will the CAA's role in ensuring the safe and sustainable delivery of this initiative. Increased charges relating to safety oversight, consumer protection and security

may be required to allow us to deliver our remit. We will keep stakeholders updated on our plans against this strategic objective and will ensure changes in our charging structure are in accordance with our funding principles.

- **Ground Handling Safety Oversight:** The CAA is proposing to begin regulatory activities relating to the safety oversight of ground handlers in the UK from FY2027/28. This will involve surveillance activities for a sector that currently has limited direct exposure to the CAA. The work to prepare ourselves and industry for this change is ongoing, and as the regulation comes into force, we will need to make changes to our funding structure to recover the cost of these new services. We will actively engage with this customer group at an early stage to ensure they understand our funding requirements and we understand the nuances of the sector.
- **Legislative Reform:** As the CAA seeks to adopt greater legislative powers, our operating costs will increase. Whilst there is still uncertainty over the timetable for implementation, our costs are expected to rise year-on-year as the transition of powers continues. Due to the uncertainty over the implementation timeline, and to ensure we are only recovering what we need from industry at this stage, our proposal for FY2026/27 funding is limited to the part-year costs of new roles joining the CAA. We will be making a formal bid to DfT, looking at FY2027/28 and beyond, to help fund some of the time-bound and specific costs during the 4-year transition period, which if successful, would offset some anticipated future costs. However, for FY2027/28, at a minimum there will be further funding required to recover the full-year costs of new resource added during FY2026/27, plus further new roles that we expect to add to the team. We will continue to keep customers updated on this important reform and will engage early on the expected financial implications.
- **Economic Advisory Function:** In FY2026/27 the CAA is intending to launch an Economic Advisory Function, aimed at improving the quality of our regulatory decision making through economic analysis. This will allow us to better understand the impact and implications of the decisions we take on those we regulate. The initial team size will be small, providing an opportunity to design a work programme and test the concept of this function before scaling costs. In the first instance, this team will be funded internally, however if we can demonstrate that this function can add value to our stakeholders then we will consider further extensions with the potential use of industry funding. We will update stakeholders on the implementation of this team at the CAA and will provide a clear rationale to support any growth that may necessitate industry funding.
- **Funding Structure Reform:** As the review of the Avsec schemes of charges has concluded, work has already begun on our safety schemes, starting with Personnel Licensing. The project team intend to cover all functions across safety over the next 12 months, with recommendations for change to be included in the FY2027/28 charging consultation. Our review of the consumer protection charging schemes,

and any outstanding areas in Avsec will then be completed in the following year. Recommended changes will be aligned to our core funding principles, with the core aims of improving financial sustainability and transparency through standardisation and simplification.

- **RPAS Market Surveillance Authority (MSA):** From 1 January 2026 the CAA will adopt the role of the Market Surveillance Authority for the Remotely Piloted Aircraft Systems sector. The role of the MSA is underpinned by the regulatory frameworks set out in UK Regulation (EU) 2019/945 and Regulation (EC) No 765/2008 and the CAA was appointed this function by Government in March 2025. This will mean the CAA is responsible for ensuring compliance with product standards by manufacturers, importers and distributors. This is a key role in supporting public safety by ensuring drones that are sold in the UK are safe and meet regulatory requirements. Whilst this function is currently being funded by Government grant, transition to industry funding is likely as the role becomes embedded within the CAA, in accordance with our core funding principles. The CAA will over time seek to recover the cost of this function from the regulated sector and will engage with impacted stakeholders when more is known.
- **Grant Funding Review:** The CAA's core funding principles are based on recovering the cost of our regulatory activity through charges on those we regulate. We receive some additional grant funding from Government where we are directly commissioned to conduct work on behalf of Government, and/or where it is being used to fund activities where there is no available customer base to charge, either due to strategic, economic or practical purposes. Part of our annual planning process includes a review of the appropriateness of funding we receive from the taxpayer for delivery of certain activities. Some of our core regulatory functions, such as environmental research, regulatory work to enable new technologies, and international safety activities in relation to foreign operators, are currently funded by the taxpayer. However, it is expected that these functions will need to transition to industry funding in the coming years, in keeping with our core funding principles. Wherever possible the CAA will seek to find ways of delivering the same with less funding in situations such as these, however that may not always be possible to ensure service levels and maintain regulatory effectiveness.

Proposed Changes

Price indexation

The CAA is proposing to apply price indexation to its statutory charges in FY2026/27, aligned to CPIH at 4.1%, as of September 2025. This change is necessary to offset inflationary pressures on our cost base, particularly those arising from pay awards and third-party supplier contracts. Indexation is expected to generate £5.6 million in revenue, helping to fund an estimated £6.7 million in cost increases. Even with this uplift, further efficiencies will be required simply to maintain current operations—before accounting for new activities or emerging financial risks.

This proposal reflects a targeted and proportionate approach to funding, ensuring the CAA can continue delivering its core regulatory remit while supporting sector growth. Price indexation will apply universally across charges, recognising that inflation affects all areas of our operations. It supports the recruitment and retention of expert staff, ongoing delivery of frontline service reforms, and fulfilment of government priorities, including enabling innovation and reducing regulatory burden.

Importantly, this change is underpinned by the CAA's funding principles, which are aligned to HM Treasury's Managing Public Money framework. Our principles of sustainability and equity ensure that regulatory costs are recovered from users—not taxpayers—through a fair and transparent charging model.

We recognise the financial pressures facing industry and have taken significant steps to avoid passing unnecessary costs onto customers. Over the past three years, our efficiency programme has delivered **over £16** million in annual financial benefit to industry, including:

- £5 million invested in service reforms, funded entirely through internal savings.
- £4.6 million in avoided charge increases by holding like-for-like uplifts below inflation.
- £6.9 million in cost pressures absorbed through headcount reductions and contractor rebalancing, including the impact of the National Insurance increase.

In addition to this, our financial plans for FY2026/27 are built to ensure we continue to limit our charging increases to key pressures only. The first draft of our budget included a further £7.3m of financial pressures which we have decided to not pass on to industry. This will be managed through tight prioritisation of spending growth against key initiatives only and asking leadership to absorb non-pay inflation within existing budgets.

Without price indexation, the CAA would face difficult trade-offs that risk service degradation, suppressed investment in people and technology, and potential loss of skilled

personnel. Indexation enables a proportionate pay award and protects our ability to deliver high-quality, resilient services to the aviation sector.

Funding Required to Deliver Our Strategic Objectives

Legislative Reform:

The CAA is seeking to reform the UK's aviation safety legislative framework. This initiative is driven by the need to address inefficiencies in the current system, which is slow, rigid, and legally constrained. At present, implementing changes to aviation safety rules can take between two and four years, largely due to the complexity of secondary legislation and limited internal capacity. These delays hinder the CAA's ability to respond to emerging safety issues, align with international standards, and support innovation in the sector.

The reform seeks to delegate technical rule-making authority to the CAA, simplify legal structures, and modernise the regulatory framework. This will enable faster, more agile regulation, reduce administrative burdens, and improve global alignment—particularly with ICAO standards. The proposal aligns with the CAA's mission of protecting people and enabling aerospace and supports Government priorities for economic growth and innovation in the sector.

Legal deficiencies and compliance gaps will be addressed through:

- Simplification of the legal framework – consolidating fragmented laws.
- Delegation of technical requirements – enabling faster updates.
- Correction of assimilated law – removing outdated or disproportionate rules.
- Improved accountability – clearer roles for CAA and DfT, with better stakeholder engagement.

Stakeholder engagement is central to this reform. A DfT consultation in June 2025 revealed strong industry consensus on the need for change. 83% of respondents supported reform, citing structural complexity, slow responsiveness, and compliance burdens. Nearly half described the pace of regulatory change as inadequate, and two-thirds reported increased compliance costs.

Without reform, the risks are significant. The CAA may be unable to implement new powers or clear the legislative backlog, leading to non-compliance with ICAO standards, increased reliance on exemptions, legal deficiencies, and damage to consumer confidence. These issues could also disrupt key strategic initiatives, such as Airspace Modernisation and Heathrow capacity expansion, and lead to increased costs for both the CAA and our stakeholders. To mitigate this, the CAA would need to greatly increase its capacity across a range of technical roles to address the backlog and ongoing change

requirements – this approach would prove more costly than reforms to the regulatory framework as the underlying inefficiencies in the system would not be addressed.

The reform will be implemented through a phased transition beginning in April 2026 and concluding in 2031. Activities during this period will include legislative process design, prioritisation of regulations for transfer, development of a rulemaking system, staff training, and stakeholder engagement. The full transition plan will be developed once the regulatory framework is confirmed—either through primary legislation or alternative methods. Governance will be overseen by the Aviation Legislation and Policy Board, Sponsorship Group, and an industry advisory group.

To support this transformation, the CAA needs to invest in additional legal experts, economists, and policy specialists. The initial resource allocation is based on a team of 6 FTE's, with additional roles being added as the transition progresses and the CAA adopts greater responsibilities. Much of the additional resources we need to support this transition are technical specialists, however we will also ensure existing staff receive sufficient training, focused on cost-benefit analysis, options assessment, post-implementation reviews, and legal drafting. This capability-building will enable the CAA to undertake functions previously managed by Government and ensure proposals meet Regulatory Policy Committee standards.

Efficiency savings from this reform are expected once the transition is complete (likely 2031), with policy specialists spending significantly less time clarifying regulatory requirements for internal and external stakeholders—our current estimate is that this could save up to 25% of their time.

Success will be measured against the Government's target of a 25% reduction in regulatory administration costs. The CAA will establish a baseline of regulatory proportionality in consultation with industry, track savings through impact assessments and post-implementation reviews, and develop KPIs aligned with wider CAA performance measures. Benefits to stakeholders include faster regulatory changes, improved compliance and clarity, and enhanced engagement and responsiveness.

Funding requirements will be heavily determined by the pace of transition; however our current expectations are:

- FY2026/27: £0.6m (including £0.1m one-time investment).
- FY2027/28: ~£1.3m (increase of £0.7m driven by annualised salaries, 2 additional FTEs and further one-time costs).
- FY2028/29: ~£1.4m (increase of £0.1m for 3 further FTEs, offset by a reduction in one-time costs).

Through this reform, technical rulemaking will become a core regulatory function, to be recovered through user charges in line with CAA funding principles and Managing Public Money guidance. The CAA is engaging with the DfT on how best to fund the transition

element of the anticipated expenditure highlighted above, however most of these costs will be ongoing, forming a part of our operating baseline. As all safety users will be direct beneficiaries of greater agility in technical rulemaking, we propose to increase all charges across our safety charging schemes by 0.6%. As highlighted above, further increases in charges will be required in future years as the CAA takes on greater responsibilities. We will continue to engage stakeholders as the transition progresses and will consult on further funding requirements as this initiative progresses. Further detail on how these increases will be applied is included in the Detailed Change Proposals by Scheme section of this document.

This reform represents a pivotal opportunity to modernise UK aviation regulation, delivering value for money, improved safety outcomes, and a more responsive regulatory environment for all stakeholders.

Safety Service Enhancement:

Our Safety and Airspace Regulation Group (SARG) has recently completed a strategic operating model review and is seeking to implement a change in structure which will enhance the way it delivers safety oversight and regulatory services. This initiative responds to growing pressures on technical capacity, increasing complexity in customer engagement, and the need for a more integrated and sustainable operating model.

Historically, SARG operated within a framework shaped by the European Aviation Safety Agency (EASA), which emphasised domain-specific oversight—such as flight operations and airworthiness—managed through compliance audits. While this model ensured regulatory compliance, it also created silos, duplicated effort, and fragmented engagement with regulated entities. Many of the entities we regulate hold multiple approvals across group structures, often resulting in a burdensome and inefficient experience for both customers and the CAA, with multiple points of contact, overlapping audits, and limited visibility of the broader safety and compliance picture.

We are seeking to address these challenges by transitioning to a more ICAO-aligned model that promotes integrated risk management and coordinated surveillance. At its core, the proposal introduces a dedicated cross-functional team within SARG, tasked with implementing a new account management approach and strategically managing capability development across disciplines.

This team—initially composed of seven full-time colleagues—will initially work directly with a small customer group to design and test the new model. We have approached a target group of customers who would be impacted by these changes who have committed support to this initiative, recognising the potential benefits of streamlined engagement, reduced duplication, and improved oversight effectiveness.

This cross-functional team will coordinate all customer-related activities, integrating data, actions, and resources into a unified plan. This approach will reduce reliance on technical experts for administrative tasks, allowing them to focus on core regulatory functions. It will

also enable agile deployment of cross-skilled colleagues, improving responsiveness and reducing bottlenecks.

The initiative will be delivered in three phases:

- **Phase 1: Establishment (January–April 2026)** – We will design and test the new model with a small number of impacted customers, using an integrated project management approach to coordinate all elements of customer engagement.
- **Phase 2: Initial Operations (September 2026)** – The team will develop an Operational Readiness Plan and a Customer Enrolment Plan, laying the groundwork for broader rollout. This phase will also capture legislative requirements and initiate rulemaking tasks.
- **Phase 3: Operational Planning (Q1 FY27/28)** – With over a year of operational experience, the team will shift focus to long-term service excellence and customer value programmes, refining the model based on lessons learned.

This phased approach ensures scalability and flexibility, allowing the CAA to maintain continuity of service while gradually transitioning to the new model. Over time this model will be rolled out across SARG through normal turnover, with existing roles replaced cross-functional positions aligned to the framework designed by this initiative. This approach also allows us to up-skill existing capacity to meet significant regulatory changes in the years ahead, such as Information Security Management Systems (iSMS).

The proposal is grounded in a strategic review of SARG's operating model and complements other initiatives, including oversight process improvements, long-term workforce planning, and efforts to embed customer service into the organisation's culture. While alternative approaches such as differentiated service level agreements and process changes were considered, this cross-functional model offers a more holistic and sustainable solution. It aligns with ICAO principles and reflects emerging best practices in regulatory oversight, though further benchmarking with other sectors is planned.

Stakeholder feedback has played a key role in shaping the proposal. User research conducted over the past year highlighted a strong desire for single points of contact, reduced duplication, and faster service delivery. These insights have been incorporated into the design of this model, and stakeholder satisfaction will be monitored through surveys and performance metrics.

This integrated surveillance initiative offers significant benefits to stakeholders across the aviation sector. At airports, it enables a comprehensive safety and security overview from terminal to runway, streamlining oversight through joint surveillance with Aviation Security and expanding capabilities via multi-skilled teams conducting Safety Assessment of Foreign Aircraft (SAFA) ramp inspections. This approach alleviates inspector workload, supports scalable ground handling oversight, and facilitates a more sustainable operating model for the future. This approach is also to be of benefit for ATS Providers, with the case

management approach supporting organisations with complex and highly active operational demands.

For large maintenance and production organisations, cooperative audits aim to reduce regulatory burden by sharing data and resources, while targeted surveillance optimises oversight across multiple sites. The integration of Third-Country Operator safety assessments into Flight Standards enhances efficiency, and account management for cargo operators ensures their operational challenges are better represented within the UK aviation system. Airlines more generally will benefit from the cross-functional approach, particularly where multiple approvals are held across different regulatory teams. Overall, this strategy promotes smarter, more collaborative, and resource-efficient regulation.

Success will be measured through reductions in audits and engagements, improved turnaround times, enhanced oversight effectiveness, and positive stakeholder feedback. Baseline data from current programmes will be used to benchmark performance, and post-implementation outcomes will be tracked through operational metrics and customer engagement indicators. Over time, this initiative is expected to deliver improved value for money, greater oversight effectiveness, and potential economic efficiencies once fully rolled out.

To support this initiative, the CAA is requesting £0.8m in funding to cover the cost of the cross-functional team, being formed of seven FTEs, along with associated expenses including training, IT systems, and travel. In accordance with the CAA's funding principles, aligned to the Managing Public Money framework, as the initial beneficiaries of this initiative are expected to be major commercial entities in the aviation and aerospace sector, we will recover these increased costs through a 2.4% increase in targeted customer charges:

- Airport safety variable charges
- ANSP (ATS) variable charge
- Air Operator safety variable charges
- Large Airworthiness organisation annual oversight charges (including Part-21G, Part-21J, Part-145 (A1, A3, B1) and Part-CAMO)

More detail on how this proposal will be implemented can be found against the relevant charging schemes in the Detailed Change Proposals by Scheme section of this document.

In summary, the Safety Service Enhancement proposal represents a strategic step in how the CAA delivers regulatory oversight. It addresses current challenges, aligns with organisational goals, and offers a scalable, customer-focused solution that will strengthen the UK aviation system.

Consumer Protection

We are seeking views on a proposal to increase customer charges to support the continued growth of our Consumer Protection programme. This is in response to continued increases in expectations from government, the CAA Board, and the public to strengthen protections for air passengers, particularly in the areas of enforcement, accessibility, and dispute resolution. This proposal is informed by both recommendations from the Aviation Accessibility Task and Finish Group and findings from an independent review of ADR services.

The aviation sector is evolving, and so are the expectations placed on regulators to protect consumers. To meet these demands, the CAA must expand its capacity to:

- Enforce consumer rights more effectively.
- Improve oversight of accessibility for passengers with reduced mobility or other needs.
- Strengthen the regulation of Alternative Dispute Resolution (ADR) services.

Without additional funding, the CAA risks being unable to meet these expectations, potentially leading to weaker consumer protections and reputational risks.

The proposal builds on our existing programme, supporting 2.5 new full-time roles within the Consumer Protection team, comprised as follows:

- 1 role focused on improving accessibility oversight.
- 1 role dedicated to enforcement activities.
- 0.5 role to enhance ADR oversight.

These roles will help deliver key improvements, including a revised Airport Accessibility Framework, increased enforcement under UK261 and other consumer legislation and implementation of recommendations from the upcoming ADR review.

The total funding requested is £0.3m, which will be recovered through increased charges under the Air Transport Licensing and Regulation of Airport schemes. This proposal is targeted based on where effort is incurred by the CAA, largely determined by passenger volumes. This approach ensures that those benefiting from the improvements contribute proportionately to the cost.

Consumers will benefit from stronger enforcement of their rights, better accessibility when travelling and more effective and transparent dispute resolution. Aligned to this, the aviation industry will benefit from increased consumer confidence and satisfaction, which supports commercial success and reputational strength.

If the proposal is not implemented, there is a risk of under-resourced consumer protection which may result in an erosion of protections as industry activity grows. This, in turn, would impact consumer confidence and satisfaction in the aviation sector.

We will monitor the impact of this initiative using metrics such as:

- Number of enforcement actions taken.
- Accessibility compliance rates.
- Consumer satisfaction scores, including results from the CAA's Annual Consumer Aviation Survey.

We will continue to engage with stakeholders through regular meetings with industry representatives and formal consultations on revised guidance and frameworks as our work continues.

Economic Regulation of Heathrow

In January 2025 the UK Government announced its support for Heathrow Airport to explore capacity expansion as a central component in the UK economic growth strategy. The CAA has a crucial role to play in regulating capacity expansion at Heathrow Airport to meet our statutory duties, including to further the interests of consumers.

Our work on the economic regulation of Heathrow Airport Limited is funded on a ringfenced cost recovery basis – we only bill what we spend on economic regulation of Heathrow Airport Limited. Our recovery is limited by an annual charging cap, providing a funding envelope within which we can operate – that does not mean the full cap allowance is always required, however it provides a buffer to allow the CAA to respond to new and unforeseen requirements.

Under this cost recovery charging cap, the CAA is able to recover both the costs of our price control reviews, where we set airport charges for Heathrow Airport Limited, but also for work associated with capacity expansion. This consolidated charging cap was intended to provide flexibility in delivering our economic regulation work under a single team. However, we have acknowledged that having a consolidated cap may mean our approach to cost recovery is not sufficiently transparent. Consequently, we are proposing that the charging cap is split into two separate charges:

- A) A primary charge which allows for cost recovery of the Heathrow Airport Limited licence modifications and price control conditions, and;
- B) A secondary charge for capacity expansion at Heathrow Airport to be recovered from either Heathrow Airport or, where costs that we incur are directly associated with other third-party developers, these charges can be recoverable from those third parties.

We would expect these costs to be recoverable by Heathrow Airport through airport charges and will consider further the arrangements for that through our H8 process.

Earlier in the year we recognised that the existing charging cap we had in place to recover economic regulation costs from Heathrow Airport Limited was insufficient to allow for our

work on capacity expansion. This had been set at a level which would allow recovery of our price controls work ahead of the Government's announcement. Consequently, our spending forecasts on capacity expansion in the current financial year are expected to exceed the current charging cap.

To mitigate any financial and delivery risk for this strategically critical workstream in FY2025/26, we launched an extraordinary charging consultation in September 2025 which made recommendations to extend the charging cap to £8m. This figure covered our known additional financial pressures at the time, being the full 12-month cost of internal and external spend on capacity expansion. We have reviewed our plans and financial requirements for the next financial year over the past month for both workstreams. This exercise has concluded that in FY2026/27 the H8 price controls workstream is expected to cost £4.5m and the capacity expansion workstream is expected to cost up to £5.0m. These workstreams are facing increased costs in FY2026/27 for the following reasons:

- Our work on Heathrow Airport price controls is cyclical in nature, and FY2026/27 will be a busy year with publication of our initial and final proposals. Increases in costs of £0.9m are expected to be driven by the engagement of external third-party contractors to deliver elements of the programme where specialist support is required. We are not currently planning to extend our in-house resources to deliver this workstream.
- We expect a full 12 months of activity in FY2026/27 on the capacity expansion programme at Heathrow Airport and will need the required resources to meet tight timescales for decisions on areas including the regulatory framework and recovery of early costs. We expect to complete recruitment of the team in 2026, and we will need to engage external contractors on important issues including the detailed technical review of expansion plans.
- There is a high delivery pace and a degree of uncertainty over what requirements may emerge as our work continues, so we have included a small contingency allowance of £0.5m in the capacity expansion charging cap to mitigate financial and delivery risk.

Workstream	FY2025/26	FY2026/27	Movement
Price Control (H8)			
Internal Costs	1.4	1.4	0.0
Third-Party Costs	2.2	3.1	0.9
Total	3.6	4.5	0.9
Capacity Expansion			
Internal Costs	0.7	1.8	1.1

Third-Party Costs	1.2	2.7	1.5
Contingency	0.0	0.5	0.5
Total	1.9	5.0	3.1
Combined	5.5	9.5	4.0

These new cost pressures for FY2026/27 necessitate a further £1.5m extension in our consulted figure for FY2025/26, taking the aggregate cap across both workstreams to £9.5m. This work is critical to the CAA's statutory duties and supporting the UK Government's growth agenda and the additional cost is not significant compared with the overall costs and benefits of efficient economic regulation of Heathrow Airport.

For context, the year-on-year increase from a cap of £4.5m to the proposed cap of £5.0m equates to approximately 0.3% of Heathrow's annual operating costs, or approximately 6p for each passenger using Heathrow Airport.

Recognising our responsibilities to deliver value for money in discharging our duties, we have sought to drive efficiency in our economic regulation work through the following actions:

- We deliver as much of our economic regulation programme as possible using in-house resources.
- Where we use consultants, this has a clear purpose, for example providing assurance on technical matters, and we use competitive tender processes in accordance with procurement legislation and the Managing Public Money framework, ensuring that we receive value for money in the services we procure.
- We actively manage resourcing and external spend to ensure the programme is operating in a proportionate and targeted manner. Where roles or external costs are no longer required these are removed from budgets.
- The ringfenced cost recovery charging mechanism means that we only bill what we spend, there is no under or over recovery of costs in this work.
- We discuss our consultancy work and programme progress with Heathrow Airport Limited and other stakeholders at regularly scheduled meetings to provide transparency over our resource utilisation.

Over the coming months the CAA will continue to develop its financial and delivery plans for FY2026/27 and beyond. We will provide stakeholders with an update in our decisions on the charge's consultation, due for publication in March 2026.

Funding Structure Reform – Aviation Security Review

Over recent months, the Aviation Security Scheme has been thoroughly reviewed by the CAA's Aviation Security department, working in collaboration with the Funding Structure Reform (FSR) project team. This joint effort, part of the wider FSR programme, focused on identifying practical improvements that reflect both industry needs and the regulatory effort involved.

The proposed changes aim to simplify and standardise the scheme, ensuring charges are **clear, proportionate, and equitable**, with a strong emphasis on financial sustainability and appropriate cost recovery. Each proposal is supported by a clear rationale, and we welcome stakeholder feedback as we work together to build a more transparent and future-ready framework.

While these proposals introduce meaningful changes, they represent the beginning of a broader reform process. Further improvements across our safety and consumer protection charging schemes are expected in the coming years.

The recommended changes from the FSR review of the Aviation Security charging scheme are expected to generate approximately £0.6 million in additional revenue, primarily to address AvSec-specific financial pressures. These include:

1. **New charges** for third-country security permissions and exceptional oversight effort, generating an estimated £0.2 million. This ensures a more equitable structure by funding previously unfunded services.
2. **Refinement of the airports variable charge**, introducing a fixed fee for airports currently excluded under the 100k passenger exemption, and updating billing frequency and reference periods. This is expected to generate £0.1 million and improves consistency and clarity.
3. **Restructuring of the Cyber Security charging scheme**, introducing higher rates where additional oversight effort is required. This is expected to generate £0.1 million and ensures charges better reflect regulatory effort.
4. **Repricing of charges for Regulated Cargo Agents**, addressing budgetary shortfalls and generating £0.2 million. This supports financial sustainability in this area.
5. **Inclusion of CAA vetting charges** within the statutory charging scheme to improve consistency, transparency, and alignment with charging policy.

Some areas within the Regulated Cargo Agents charging scheme have been identified for future improvement. However, changes will be implemented once the current operational review is complete. Similarly, further changes to the Cyber Security charging scheme may be required to address cost recovery concerns, but these will follow a review of our regulatory oversight approach in this area.

Detailed Change Proposals by Scheme

Aerial Application Certificates

Pricing Changes

All charges in this scheme will be increased by 4.7%, made up of price indexation (4.1%) and funding towards legislative reform (0.6%).

Structural Changes

There are no proposals for change in this consultation.

Aerodrome Licensing and Certification, Aerodrome Air Traffic Services Regulation, EU & EEA Air Navigation Service Providers

Pricing Changes

The variable charges for Aerodromes/Vertiports and Air Navigation/Air Traffic Service Providers will be increased by 7.1%, made up of price indexation (4.1%), funding towards legislative reform (0.6%) and funding for safety service enhancement (2.4%). The new rates for these charges will be:

- 3.3 Aerodrome/vertiport licence or certificate variable charge: 2.02p
- 4.8 ANSP (ATS) variable charge: 1.90p

All other charges in this scheme will be increased by 4.7%, made up of price indexation (4.1%) and funding towards legislative reform (0.6%).

Structural Changes

Restricted Airspace (Temporary) [RA(T)] Applications

Under the Aerodrome/Vertiport Licensing and Certification, Aerodrome Air Traffic Services Regulation, and EU & EEA Air Navigation Service Providers Scheme, the CAA does not currently levy charges on the sponsors for the regulation, drafting, and notification of Restricted Airspace (Temporary) [RA(T)] within the UK Flight Information Regions (FIRs).

We are proposing to introduce a fee structure for RA(T) applications to:

- Recover costs associated with CAA staff time for regulatory review, drafting, notification, and support.
- Cover the administration and publication of the associated Statutory Instrument (SI), including applicable fees.

- Ensure sustainable funding and scalable resources in response to the increasing volume of RA(T) applications, particularly from the Unmanned Aircraft Systems (UAS) sector.

We proposed the following fee structure:

Number of Areas	Initial Assessment Fee (non-refundable)	Approval Charge	Amendment or Revocation Charge
1-2	£110	£419	£220
3 or more	£110	£717	£319

For example, an application for a single RA(T) would cost £110 on submission, with a further £419 payable once the initial assessment had been completed, costing £529 in total. When the RA(T) is subsequently amended or revoked, a further £220 would be payable.

The proposed charges are proportionate to the complexity and scope of the application. This structure reflects the resource demands placed on the CAA and will ensure that this process is in the correct way by stakeholders, enhancing efficiency and safety across the system.

These changes will support cost recovery for the CAA staffs dedicated to the RA(T) process and ensure the long-term sustainability of the service.

ANSP's that provide meteorological services (MET)

Under the current Aerodrome/Vertiport Licensing and Certification, Aerodrome Air Traffic Services Regulation, EU & EEA Air Navigation Service Providers (Section 4.6.1) we are proposing to include a charge of £314 for ANSP certification for Aeronautical meteorological stations same as for Communication, Navigation or Surveillance.

The inclusion of this charge here will mean that ANSP's that provide a bundle of services, for example, FIS, CNS, and MET are all treated the same and the highest charge applies,

Air Operator and Police Air Operator Certification

Pricing Changes

The variable charges for Air Operators will be increased by 7.1%, made up of price indexation (4.1%), funding towards legislative reform (0.6%) and funding for safety service enhancement (2.4%). The new rates for these charges will be:

- 4.2 Variable charges:

- I. 3.73 pence for every 1,000 available seat-kilometres flown by that aircraft; and,
- II. 21.32 pence for every 1,000 cargo tonne (1,000 kg) kilometres flown by that aircraft.

All other charges in this scheme will be increased by 4.7%, made up of price indexation (4.1%) and funding towards legislative reform (0.6%).

Structural Changes

Dangerous Goods Training Approvals

Under the Air Operator and Police Air Operator Certification scheme (Section 5.1.6) the CAA is proposing an update to Table 12 to address a misinterpretation of the Scheme of Charges.

We have identified that application fees were incorrectly applied to all training providers, including those with existing approvals. This was not the original intent of the Scheme of Charges.

The correct interpretation is as follows:

- Application fees apply only to first-time applicants.
- The renewal charge is applicable to existing approval holders applying for renewal of an approval, subject to the application being made prior to the expiry of the approval.
- The FY2025–26 Scheme of Charges mistakenly increased fees based on the incorrect interpretation.

To rectify this:

- The CAA will revert to the FY2024–25 fee rates, applying an 8.5% uplift to reflect inflationary adjustments.

The proposed fees for FY2026/27 are shown in the table below. This clarification ensures consistency, fairness, and transparency in the application of fees for Dangerous Goods training approvals.

Company training programme type	Initial Application charge	Renewal charge
Column 1	Column 2	Column 3
Training shippers and cargo agents only	£1,780	£1,272

Training of acceptance staff only	£1,780	£1,272
Lithium batteries training course	£1,780	£1,272
Training of both shippers and cargo agents and acceptance staff	£2,669	£2,042
Training in connection with radioactive materials	£666	£316
Approval of online training provision	£1,235	£862
Other	Charge	
Examination pass certificate number	£10.38 per number	

Air Travel Organisers' Licensing

Pricing Changes

All charges in this scheme will be increased by 4.1%, made up of price indexation (4.1%).

Structural Changes

These proposals introduce minor amendments to the ATOL Scheme of Charges designed to enhance the efficiency of the renewal process and encourage early, accurate submissions. While not intended to increase overall charges for ATOL holders, the changes aim to support more effective working practices by aligning fees with the actual work undertaken, correcting structural inconsistencies, and improving transparency around applicable charges. By incentivising timely applications and addressing areas of under-recovery, the proposals help ease pressure on CAA resources and promote a fairer, more consistent charging structure.

Early and Late Submission Incentives

Currently there is an inconsistent approach to providing customers discounts to incentivise timely application submissions. Notably, there are two identified issues which are contributing to application bottlenecks around renewal dates:

- There is no early submission discount offered to small franchises (less than or equal to 1,000 available seats).
- There is no disincentive for applications received after the renewal date across all categories (i.e. late applications).

To support the timely submission of applications to reduce these operational bottlenecks, the following changes are proposed:

1. Introducing discounted early application charges for small franchises ($\leq 1,000$ available seats) of £630.
2. Introducing late submission application fixed charges and amending the discounted early application fixed charges for all categories as shown in the table below:

Application Category	Application Timing	Fixed Charge (not paid by Direct Debit)	Fixed Charge (paid by Direct Debit)
Standard	On or before 1/Aug or 1/Feb	£1,373	£1,211
	After 1/Sep or 1/Mar	£2,240	£1,960
Small Business ATOL ($<£1m$, ≥ 500 passengers)	On or before 1/Aug or 1/Feb	£962	£798
	After 1/Sep or 1/Mar	£1,542	£1,421
Franchise ($> 1,000$ Passengers)	On or before 1/Aug or 1/Feb	£1,373	£1,211
	After 1/Sep or 1/Mar	£2,240	£1,960
Franchise ($\leq 1,000$ passengers)	On or before 1/Aug or 1/Feb	£630	£630
	After 1/Sep or 1/Mar	£869	£869

Applications received in the normal renewal window (i.e. those which are neither early nor late) will continue to be charged at the standard rate.

Correcting Fee Anomalies

Currently, it is cheaper to renew a Small Business ATOL (SBA) and subsequently vary the approval to a standard ATOL than it is to apply directly. The same is true for converting from a small to large franchise ATOL. We propose to remove these structural anomalies by adjusting the associated variation charges to ensure parity in the fee structure. The following new rates will apply from FY2026/27:

- Application by an SBA holder to transfer from an SBA to a Standard ATOL during the current licence period, £489.

- Application by a Franchise Member ATOL holder with a Licence Limit of $\leq 1,000$ passengers/seats to increase its Licence Limit to $\geq 1,001$ passengers/seats during the current licence period, £885.

Introducing charges for unfunded activities

On review, there are a small number of activities identified in the ATOL team which are currently provided without a charge. This is not consistent with our funding principles of sustainability and equity; therefore we propose to introduce the following charges from FY2026/27:

- **Re-Issuing Offer Letters:** Revisions to new applications (e.g. due to business plan changes) create extra work, but no extra fee. We propose to introduce a fee of £85 for re-issuing offer letters to reflect additional effort incurred.
- **Adding New Directors:** The CAA performs fitness checks for new directors of approved entities but doesn't charge for the additional effort incurred. We propose introducing a fee of £171 which is same as the variation fee to cover the work involved in these checks.

Clarify Charges for Trading Names

There is currently misunderstanding amongst some ATOL holders about charges for new trading names added at renewal. We will update scheme wording to clearly state that charges apply in these circumstances.

Aircraft Registration, 'E' Conditions Declarations and Registration of Aircraft Mortgages

Pricing Changes

All charges in this scheme will be increased by 4.7%, made up of price indexation (4.1%) and funding towards legislative reform (0.6%).

Structural Changes

There are no proposals for change in this consultation.

Airworthiness, Noise Certification and Aircraft and Aircraft Engine Emissions

Pricing Changes

The annual charges for major approved organisations will be increased by 7.1%, made up of price indexation (4.1%), funding towards legislative reform (0.6%) and funding for safety service enhancement (2.4%). The new rates for these charges will be:

- 3.10.2 (column 3) Part-21 DOA i) Type certificates: £12,887
- 3.10.5 (column 3, turnover in excess of £2,250,000) Part 21 Subpart G Including A and/or B: £20,120
- 3.10.5 (column 3, turnover in excess of £2,250,000) Part 21 Subpart G C and/or D only: £15,089
- 3.10.5 (column 3, turnover in excess of £2,250,000) Part 145 A1, A3 (for Complex Motor-Powered Aircraft), B1: £20,120
- 3.10.5 (column 3, turnover in excess of £2,250,000) Part-CAMO: £10,059

All other charges in this scheme will be increased by 4.7%, made up of price indexation (4.1%) and funding towards legislative reform (0.6%).

Structural Changes

Proposal to Introduce an Administrative Fee for Amendments to Organisation Approval Certificates

Under the current Airworthiness, Noise Certification and Aircraft and Aircraft Engine Emissions scheme (Section 3.10.5.c.ii), there is no fee for administrative changes to organisation Approval Certificates, such as the removal of sites, sub-contractors, approval ratings, or aircraft types.

We propose to introduce a £153 administration fee for processing change applications related to amendments on organisation Approval Certificates. This fee reflects the administrative effort required by the CAA's Shared Service Centre (SSC) to issue a revised certificate, following approval of the change by the organisation's allocated surveyor.

These changes are aligned to the CAA's funding principles and ensures the CAA can recover the costs associated with processing these change requests and aligns to the charging structure across all types of Approval Certificate amendments on a consistent basis.

USA Part 145 Bilateral Approvals – Renewals

Under the Airworthiness, Noise Certification, and Aircraft and Aircraft Engine Emissions Scheme (Section 3.10.6, Table 17 – Part 145 Bilateral and Working Agreement Charges), the CAA proposes to introduce a clarifying note regarding the renewal charging structure for organisations located in the United States holding UK Part 145 approvals under Bilateral Agreements (BA) and Working Arrangements (WA).

To improve clarity and reduce administrative effort for both applicants and the CAA, we propose the renewal fee will be charged biennially at the point of renewal. The fee will be set at £1,432 (uplifted for the annual price increase for this scheme), equivalent to twice

the previous annual charge, therefore having no impact on the customer. This change aligns payment with the application process.

Part-ML Licensed Engineer – Overseas Travel

Under the Airworthiness, Noise Certification, and Aircraft and Aircraft Engine Emissions Scheme (Section 3.10.7) we are proposing to add the following wording to address issues of under-recovery associated with this activity:

“Where Independent Certifying Staff (ICS) are based outside the United Kingdom, any oversight activity conducted by the Civil Aviation Authority, including audits, inspections, or compliance visits, will be subject to a charge, as set out in section 4.4 of this scheme.”

Aviation Security

Pricing Changes

Regulated Cargo Agents

Our pricing review of services in Avsec has identified that the Regulated Cargo Agents sector is expected to under recover by approximately 13% in future years. This is mainly driven by a 12% under recovery against oversight charges which make up 98% of the revenue in this area. The remaining smaller charges of initial applications are currently recovering roughly half of their service cost for non-screener applications and a third for screener applications.

Regulated Cargo Agents Sites	£m
Current Revenue	1.4
Projected Cost Base from FY2026/27	1.6
Deficit	(13%) / (0.2)
Price Increase Impact	0.2
Break-Even	0% / 0.0

To ensure this service is sustainable and self-funded, we propose making two changes to the prices in this area:

- Increasing the prices of regulated cargo agents' oversight by 12%:
 - Regulated Agent - screener of cargo: £6,167
 - Regulated Agent - non-screener of cargo: £1,312

- Aligning the application charges for screeners and non-screeners with the oversight charges to reflect effort incurred
 - Regulated agent – screener of cargo – initial application and additional site charge: £6,167
 - Regulated agent – non-screener of cargo – initial application and additional site charge: £1,312

Due to future regulatory and operational changes to In-Flight Supplies and Known Consignor activities we will review pricing again once the outcomes of these changes are clearer.

All Other Charges

All other charges in this scheme will be increased by 4.1%, made up of price indexation (4.1%).

Structural Changes

The Aviation Security team, in collaboration with the CAA's Funding Structure Reform (FSR) project team, have focused on delivering practical improvements to the charging scheme that better reflect both regulatory effort and industry needs. This year's volume of proposed changes reflects our commitment to simplifying and standardising the scheme — making it clearer, more consistent, and easier to navigate.

Variable Charge – low volume exemption

The variable charging mechanism currently only applies to directed airports with departing passenger volumes more than 100,000 per annum. There are 15 airports that currently fall into this category; however, they still consume the same degree of CAA oversight as other airports who are subject to the per passenger charge. To ensure equity in our charging structure we propose to introduce a fixed annual charge for directed airports with passenger volumes who are not currently subject to the variable charge of £5,000. To mitigate the impact of this charge on smaller airports we have chosen a rate which is a step below the entry point for airports paying the variable charge, which is over £7,000.

Variable Charge – reference point and billing frequency

To both improve financial predictability for the CAA and our customers, and to reduce administrative burdens, the CAA proposes a change to the way the variable charge is calculated and recovered. This is a change to the administrative processes associated with the charge, not a change to the associated rates.

We propose reducing the billing frequency to a single invoice for the year, covering all movements from the previous 12 months, rather than billing monthly. This will enable customers and the CAA to know the amount that will be due at the outset of the financial year, rather than dealing with fluctuations during the year. This essentially increases the

period between operator activity and CAA invoicing, allowing more time for both operators and the CAA to mitigate unexpected market disruption.

We recognise that this would mean invoicing 12 months of invoices in one, therefore we would offer customers a choice of either paying the full invoice within 30 days of issuance or collecting customer payments in 10 equal instalments over the course of the year, with a 1% surcharge applied.

In the first year of implementation the passenger volumes for FY2025/26 will be used to raise a single customer invoice in early FY2026/27, once all statistical returns have been completed. A worked example is included below:

- Airport X handles 1m departing passengers between 1 April 2025 and 31 March 2026. This will be the volume metric used to calculate their FY2026/27 invoice.
- The proposed rate for FY2026/27 is 7.59p per departing passenger, meaning the annual invoice for FY2026/27 is £75,900.
- If Airport X chooses to pay this invoice via 10 instalments over the course of the year a further 1% surcharge will apply, adding £759 to the invoice, taking the total charge to £76,659.

This supports financial planning and reduce administration for both customers and the CAA, with fewer invoices and payments to process. It also offers customers options to manage cashflows more effectively, removing the seasonal variability in these charges. Based on feedback received in this consultation, and the implementation of this proposal, the intention will be to roll this change out across the safety and consumer protection variable charging mechanisms for consistency.

Enhanced Oversight

A new charge will be included in the Aviation Security charging scheme, to recover the costs incurred in performing enhanced oversight. At the point where repeated deficiencies have been identified and the route to achieve compliance requires additional oversight support beyond normal rectification will be subject to an additional oversight charge. At this stage, the CAA will be required to significantly increase its level of activity in overseeing these entities, incurring additional oversight, travel and compliance advice. To recover this excess effort, the CAA will charge entities £219 per hour for all effort incurred whilst the entity requires enhanced oversight. Invoices will be raised monthly in arrears with the time incurred detailed on the invoice. This charge will apply to all oversight activity, covering the following areas:

- Directed Airports
- Directed Airlines
- Regulated Cargo Agents (Cargo Operators) and Known Consignors

- Regulated Suppliers of In-Flight Supplies
- The Cyber Programme
- Registered Training Providers

Air Carrier Listing

A new fixed fee will be payable on submission of a request to become a security directed air carrier who wishes to operate to the UK. A one-off fixed charge covers the cost of all administrative activity associated with the processing of the request and any ongoing changes to details in the future. We will charge £719 for this service.

Transfer Screening Exemptions

A new charge will be added to the Aviation Security scheme, to charge in the cases where air cargo carriers that wish to be exempt from screening cargo when transferring through a UK airport. The fixed fee of £369 will be applied upon receipt of an exemption request and/or re-approval of an existing exemption. This fee covers the cost of administration and specialist review in providing advice to the DfT on these applications.

ACC3 Designation

A new fee is required in the Aviation Security scheme to recover the effort incurred in cases where air carriers require authorisation to fly cargo or mail from certain third countries into the UK. Carriers do not require ACC3 designation for flights from countries which are listed as exempt in the UK Nation Aviation Security Programme (NASP). On submission of a completed UK ACC3 Validation report a fixed fee of £369 will be payable to the CAA, this charge covers the costs of administration and specialist review in providing advice to the DfT on these applications.

RA3 and KC3 Designation

We propose that a new charge is introduced to recover the effort incurred in cases where a regulated cargo agent or known consignor sending cargo or mail from certain third countries apply for a UK designation. Regulated agents and known consignors do not require RA3 or KC3 designation if located in countries which are listed as exempt in the UK Nation Aviation Security Programme (NASP). On submission of a completed UK RA3 Validation report a fixed fee of £369, this charge covers the costs of administration and specialist review in providing advice to the DfT on these applications.

Known Consignors

The Aviation Security scheme of charges currently includes both an initial and annual charge for Known Consignors, priced equally. In practice, the Known Consignor approval lasts a maximum of 12 months before the entity needs to reapply for this to be renewed. Therefore, to streamline administrative processes for Known Consignors, we propose to

remove the annual charge and retain the application charge, which will be payable at the point of initial application and renewal. The fee will remain unchanged.

National Aviation Security Programme (NASP) Cyber Oversight Charge

We propose to amend the NASP oversight charge to be more reflective of the effect incurred. The current charging approach assumes a flat basis for incurring oversight effort from CAA staff. Working with the Avsec team, there is a tiered approach to determining the level of resources applied to entities regulated under this regime, with customers falling into the following categories consuming twice the level of CAA time than the baseline allocation due to the complexity of their operations and supporting systems:

- Airports with more than 10 million annual passenger movements per annum.
- Airlines operating long haul flights.

Consequently, we will introduce a tiered charging structure for the Cyber NASP charge, with the higher tier being double the standard charge, in line with the additional effort incurred. The consolidated charge that is in place for small airport groups remains aligned to our deployment of resources and will therefore be retained. The updated charging structure, inclusive of price indexation, for FY2026/27 will be:

- Airports with more than 10 million annual passengers or airlines operating long haul flights: £12,890
- All other regulated entities: £6,445

Our review of the Cyber Security services has revealed that this function is currently running at a deficit. When the charging structure for Cyber Security was introduced, the charges were calculated based on the incremental cost to the CAA at the time. This made no allowance for support or overhead costs, nor a contribution towards the CAA's financial target. The nature of the work has also changed significantly since inception. Third-party assessors were initially utilised and paid directly by regulated entities to demonstrate compliance, however those roles are now employed by the CAA to ensure standardisation and drive efficiency.

Our Cyber Security team are currently conducting a review of the regulatory framework and operating model; therefore we will not be making any further changes to address the Cyber Security deficit until this work has been completed, however stakeholders should expect further changes in future years.

Recognition of Firearms and Explosives (RFX) Courses

We propose introducing a new charge to cover the cost of administration and a review of training documentation for RFX courses. For initial approval the fee will be £1,696 and for re-approval £678. This change is proposed to ensure the sustainability of the service and an equitable approach to recovering our costs from the users of our services.

Free Running Detection Dogs (FREDD) Courses

We propose introducing a new charge to cover the cost of administration and a review of training documentation for FREDD courses charged at a fixed fee of £1,018. This change ensures financial sustainability of the service, covering the costs of the detailed work required, and represents an equitable approach to charging, with the users of services covering the costs they incur.

Overseas Training Courses

A new is proposed to cover the cost of administration approval work for overseas training courses, charged at a fixed fee of £291. This charge will ensure a sustainable and equitable approach to charging by recovering the full cost of the service from its users.

Aviation Security Vetting

Our charges for security vetting applications, reflecting Accreditation Checks (AC), Counter Terrorist Checks (CTC), and Security Checks (SC), are currently outside of the Schemes of Charges. This reflects a historic decision that was made to provide the CAA with greater flexibility to amend the price to reflect changes in the underlying cost due to a reliance on third-party contractors to deliver parts of the service. In recent years however, the underlying costs have been relatively stable, and the steps taken to consult with industry on changes outside of the annual charging consultation is inconsistent with CAA's central financial policy, leading to different approaches in service pricing. Therefore, to improve both sustainability and transparency of these charges, we propose to bring these charges back into the Aviation Security Scheme of Charges.

As these charges currently fall outside of the Schemes of Charges, they are subject to VAT. Moving them into a statutory charging structure will mean these services will fall outside the scope of VAT, and therefore we will be unable to recover the VAT on third-party costs. This is expected to increase the CAA's cost base by c. £0.2m in non-deductible VAT. Despite this increase in costs, we are proposing to limit the increase in prices for these services by the central price indexation of 4.1%. Consequently, the charges for FY2026/27 will be:

- AC: £10.15
- CTC (Routine): £115
- SC (Routine): £150

En Route Air Traffic Control Services Regulation

Pricing Changes

All charges in this scheme will be increased by 4.7%, made up of price indexation (4.1%) and funding towards legislative reform (0.6%).

Structural Changes

There are no proposals for change in this consultation.

General Aviation

Pricing Changes

All charges in this scheme will be increased by 4.7%, made up of price indexation (4.1%) and funding towards legislative reform (0.6%).

Structural Changes

3-Year Approval Option for Speed Limitation SERA.6001 Exemptions

We proposing to introduce a 3-year approval option for the SERA.6001 exemption under the General Aviation Scheme (Section 3.7). Currently, SERA.6001 exemptions are typically granted for shorter durations – offering a three-year renewal would reduce administration for some customers. A similar 3-year option already exists for Aircraft Type Rating Exemption (ATRE) under Section 3.18, which has proven beneficial for both applicants and the CAA.

We propose that applicants will be able to apply for a 3-year SERA.6001 exemption, aligning with the ATRE model. The suggested fee structure for these charges is:

- **Initial Grant** **£199**
- **Renewal** **£97**
- **36-month renewal** **£214**

This change is intended to reduce administrative burden, improve efficiency, and offer greater flexibility to applicants.

Wording Change to Part-SPO Continuation Fee

Under the current General Aviation scheme (Table 6 – General Aviation Scheme), there is no continuation fee for Part-SPO operators of non-complex aircraft. However, a continuation fee is applied to all other aircraft operating under Part-SPO. This inconsistent approach does not reflect the effort we incur in regulatory oversight and is not in line with our principle of charging equity.

The level of regulatory oversight required for both complex and non-complex aircraft operating under Part-SPO is equivalent. The primary distinction lies in the responsible oversight team: complex aircraft are overseen by Flight Operations, while non-complex

aircraft fall under the remit of the General Aviation Unit (GAU). Notably, some non-complex aircraft operators managed by GAU present a higher risk profile than certain complex aircraft operators overseen by Flight Operations.

Given that the regulatory requirements and oversight efforts are comparable, the proposed change ensures consistency and fairness in the application of continuation fees across all Part-SPO operators.

We propose amending the wording of the SPO continuation charge from:

“all other complex motor-powered aircraft”

to:

“all other aircraft”

As a result, an annual continuation fee of £494 (being the current rate of £472 + the 4.7% price increase applied to this scheme) will be payable by Part-SPO operators of both complex and non-complex aircraft.

Exemption Charge for Pilot Display Authorisations (DA)

Under the current General Aviation scheme (Section 3.2), the processing of an exemption from the requirement to hold a Pilot Display Authorisation (DA) requires significantly more effort compared to processing a standard DA. Despite this, the fee for granting a DA is £414, while the fee for an exemption is only £312.

We propose to introduce a new, separate charge for exemptions from the requirement to hold a DA, reflecting the actual processing effort involved of £653. We will clearly differentiate this exemption from the standard DA grant within the Scheme of Charges.

This proposal addresses under recovery of this service as the current exemption fee does not reflect the significantly higher resource input required. Additionally, there have been examples of customers using the exemption route inappropriately, as a simplified alternative to obtaining a temporary DA. Introducing a distinct and appropriately costed charge supports our commitment to sustainable, equitable and accountable charging, while ensuring the integrity of the authorisation process.

Pre- and Post-Event Charges for Air Displays – Over 18 Display Items

Under the current General Aviation scheme (Section 3.1), the charging structure for air displays featuring more than 18 display items are the same for pre- and post-event charges regardless of the scale of the event.

We propose to amend the tiered pricing structure for air displays with more than 18 display items, resulting in reduced charges for larger-scale events to encourage growth and innovation. No change to the current charges for air displays with 18 or fewer display items are considered necessary, maintaining support for smaller and community-based events.

This change is designed to remove the disincentive for air displays to include more than 18 items, whilst ensuring the charging structure remains proportionate to the scale and complexity of the event. The new charges applied to applications of more than 18 items are set out in the table below:

Number of Items	Pre-Event Charge	Post-Event Charge
19-24	£4,692	£2,340
25-30	£6,220	£4,214
31 or more	£8,192	£7,591

Instrument Flight Procedures

Pricing Changes

All charges in this scheme will be increased by 4.7%, made up of price indexation (4.1%) and funding towards legislative reform (0.6%).

Structural Changes

There are no proposals for change in this consultation.

Operating Licences, Air Transport Licences, Foreign Registered Aircraft Operating Permits, Third Country Operator Certificates, Alternative Dispute Resolution Scheme and Scarce Capacity Allocation Certificates

Pricing Changes

All charges in this scheme will be increased by 7.1%, made up of price indexation (4.1%) and funding towards consumer protection (3.0%).

Structural Changes

There are no proposals for change in this consultation.

Personnel Licensing

Pricing Changes

All charges in this scheme will be increased by 4.7%, made up of price indexation (4.1%) and funding towards legislative reform (0.6%).

Structural Changes

Reduced Fee for Special Event Unit Endorsements

There is currently no separate fee for Special Event unit endorsements. Standard unit endorsements are valid for 12 months and are charged at £1,137.

We propose introducing a new reduced fee of £170 for Special Event unit endorsements, which have a shorter validity period than standard endorsements.

Update Location: Table 53, Section 8.1.c

This fee reflects the reduced effort required by the Shared Service Centre (SSC) team, as no new licence is issued—only an assessment and record update are performed. However, the effort required from the Airworthiness and Aircraft Approval (AAA) Inspector remains equivalent to that of a standard unit endorsement.

Revalidation Fee for Assessor, On-the-Job Training Instructor (OJTI) and Synthetic Training Device Instructor (STDI) Endorsements

There is no separate fee for revalidating endorsements for roles such as Assessor, OJTI, or STDI. We propose a **new revalidation fee** will be introduced for these endorsements, recognising the **assessment and licensing work** required by the Safety Standards and Compliance (SSC) team.

Update Location: Table 53 – 8.1.h and the fee to be same as the renewal fee of £125

This charge will cover the administrative and regulatory effort involved in revalidating these endorsements, consistent with our charging principles and managing public money.

Annual Recertification Charge for Aeromedical Examiners (AME) - AME refresher training

Under the Personnel Licensing Scheme (Section 9.2, Table 55), in line with AMC1 MED.D.030, the CAA is required to provide or supervise refresher training for Aeromedical Examiners (AMEs). This training ensures AMEs stay up to date with best practices, regulatory changes, and sector-wide standardisation. This training is a requirement for AME recertification. Since the implementation of CAA refresher training seminars in 2022, this has been provided free of charge, despite the CAA incurring costs by providing training over each three-year cycle to all AMEs.

The CAA proposes to increase the Annual Recertification Charge by £298 to include the refresher training that is mandatory for recertification as an AME.

This ensures the CAA can recover the cost of delivering high-quality, regulatory-compliant training. supports the continued provision of essential training and resources and the cost will be distributed across all AMEs, each of whom is required to attend one training session every three years.

Consultant File Review and Validation Charge

Under the Personnel Licensing Scheme (Section 9.6 Table 57), the CAA does not currently recover costs associated with file reviews and validations of certification.

This service is currently creating roughly £40k of unrecovered costs for the CAA each year. The proposed changes will address this under recovery, in line with our sustainability and equity principles. This interim review also reduces the need for in-person appointments, providing an efficiency for both applicants and the CAA.

To support growing demand and streamline the process, the CAA proposes introducing the following charges:

- A charge of £219 for a file review conducted by specialist nurses and a consultant, including administrative work for certificate validation.
- A charge of £75 for a documentation review by specialist nurses prior to any follow-up consultant appointment.

Flight Information Service Officer (FISO) and Radio Operator's Certificate of Competence (ROCC) Charges

Under the Personnel Licensing Scheme (FISO-Section 10 & ROCC-Section 11), this proposal recommends the introduction of new charges within the CAA's Scheme of Charges to support regulatory changes to the Flight Information Service Officer (FISO) licence and the Radio Operator's Certificate of Competence (ROCC). These changes are necessary to enhance safety oversight, align with the Airspace Modernisation Strategy, and to address recommendations from the Air Accident Investigation Branch (AAIB) following fatal incidents. The proposal introduces:

- Charges for new FISO licence endorsements.
- A fee structure for ROCC examiner certification and oversight.

These changes will enable the CAA to recover costs for activities currently delivered at no charge and ensure compliance with the Air Navigation Order (ANO) 2016.

FISO Licensing: The current FISO licence structure does not support licence endorsements. These endorsements, such as Area/Aerodrome, Unit Endorsements (UE), English Language Proficiency and Advanced Endorsements for OJTI/Assessor, and Flight Information Display (FID), are required to meet regulatory and safety standards for a FISO licence. These activities are currently delivered without a charge to the applicant, meaning the CAA is bearing the cost of this work. In alignment with our funding principles of sustainability and equity, we propose the following changes:

- Introduce charges for:
 - Licence endorsements for (Area/Aerodrome, Unit Endorsements (UE), English Language Proficiency and Advanced Endorsements for OJTI/Assessor and FID).

- Revalidation of FISO unit endorsements and associated endorsements.
- Align FISO licence charges with the Air Traffic Control Officer (ATCO) licensing structure to reflect increased oversight and training requirements.

The proposed charges for these activities are set out in the table below:

Ref	Application type	Charge
f)	For the initial issue and renewal of an advanced endorsement including FID/OJTI/Assessor and ELP	£170
g)	For the revalidation of an advanced endorsement including FID/OJTI/Assessor and ELP	£125
h)	When making an application for appointment as an FIS assessor authorised to conduct assessments for the FISO licence	£918
l)	When making an application for the verification of an individual's FISO licence details	£61

ROCC Oversight: ROCC holders currently operate without formal oversight, despite AAIB recommendations following fatal accidents. The CAA has introduced a ROCC examiner certification process, which is currently being delivered free of charge. The lack of oversight presents a potential breach of the ANO and limits the CAA's ability to respond to safety recommendations.

To support oversight of ROCC, we propose introducing a proportionate fee for ROCC examiner certification and oversight. The fee structure will be based on the existing Flight Radio Telephony Operator Licence (FRTOL) examiner fee. We will include provisions for Senior ROCC Examiner oversight, which is not covered under current structures. The proposed charges are set out in the table below:

Ref	Type of certificate	Charge
e)	ROCC Examiner - For certification or re-certification as a ROCC examiner	£158
f)	When making an application for the verification of an individual's ROCC certificate details	£35
g)	For the initial assessment of competence for appointment as an authorised ROCC examiner	£451
h)	For the assessment of competence for recertification of an authorisation as an ROCC examiner	£337
i)	For appointment as a Senior ROCC examiner (following an assessment of competence)	£451
j)	For the reissue of an authorisation a senior ROCC examiner (following an assessment of competence)	£337

These changes enhance the competency framework for licence and certificate holders, supporting safer operations in increasingly complex UK airspace and addresses potential non-compliance with the ANO 2016 and implements AAIB safety recommendations. Industry benefits from improved safety assurance and regulatory clarity, supporting the Airspace Modernisation Strategy.

Proposed Amendment to Training Programme Fee

Under the Personnel Licensing Scheme (Table 27), the current fee for reviewing a training programme—whether a new submission or a minor amendment—is £1,209. This fee does not distinguish between a full programme review and a minor amendment, despite the significant difference in regulatory effort required.

We are proposing to introduce a reduced fee of £484 for amendments to existing approved training programmes, reflecting the lower level of review effort. The fee for new training programme submissions will remain unchanged, subject to the price increase applicable to this scheme.

This change supports the objectives of the General Aviation Pilot Licensing and Training Simplification Review, which aims to reduce administrative burden and promote growth in the GA sector. Minor amendments typically require around two hours of review by a subject matter expert, significantly less than a full programme assessment. The current flat fee may discourage updates which may lead to training programmes not offering safety initiatives or changes to regulations or lead to dissatisfaction among training providers. This change aligns with government and CAA objectives to reduce regulatory burden and foster innovation within the General Aviation community.

Licensing & Training Simplification (LTS)

The GA Licensing and Training Simplification Project (“the GA Licensing Review”) commenced in 2022 and consisted of a wide-ranging review of all secondary legislation relating to the licensing and associated qualifications of GA pilots. The result was amendments to both the assimilated European Regulations and the Air Navigation Order. For more information see [Licensing & training simplification | UK Civil Aviation Authority](#).

CAA leadership gave approval to consult publicly on the broad policy approach in 2022, and the Aviation Legislation and Policy Board also approved the task mandate to amend legislation that same year. The outcomes of the review received broad support from the GA community as they developed between 2022-2025.

The GA Licensing Review simplified and optimised pilot licensing, and in many cases will lower costs and simplify compliance for individuals undertaking training qualifications. Particularly the increased credit for flight experience and training on microlight aeroplanes will likely save pilots in the order of £25-£35 per flying hour.

It was always envisaged, and understood by the GA community, that applicable changes to regulation would require updates to the Scheme of Charges. The GA Licensing Review

included the amendment and adoption of Regulations pertaining to UK balloon and sailplane qualifications, requiring new fees to be included:

- a. A fee for the issue of a Sailplane Licence to a pilot without prior experience under the former British Gliding Association (BGA) qualification system; and
- b. Fees to cover additional flight examiner (FE) qualifications for testing and administering the new licensing requirements.

The broad approach to fees and charges has been discussed with the BGA (who represent the UK sailplane flying community), initially in a meeting with the then CAA Chief Executive in 2022 and more recently with the General Aviation Unit leadership team and policy specialists. The UK ballooning community, largely represented by the British Ballooning and Airship Club (BBAC) are also aware that some new charges will be introduced.

In the process of determining the new fees referenced above, and included in the Scheme of Charges submission, regard was given to similar existing fees for pilot licensing transactions and parity across the different aircraft categories. It seemed that historic inconsistency was present, with some fees appearing lower than others, despite requiring the same amount of time by CAA staff to administer. The discount applied for when applications are initially processed by a delegated pilot licensing body was also inconsistent.

The April 2025 fee of £251 for the Private Pilot's Licence (PPL) application fee was used as a reference point when considering other fees since it is the process most frequently administered (the CAA issue around 1,500 a year) compared to other similar licence types. This parity consideration resulted in some further proposed changes, for example to the National Private Pilot's Licence (Aeroplanes) application fee being raised.

Whilst no fee increase is likely to be welcome, it should be seen in the context of the associated regulatory changes that will deliver significant benefits and cost savings to the GA community. Consistency across similar transactions is also important in the community's perception of the scheme.

What will change:

1. **Licence Type Removals:** These changes reflect the removal of outdated or no longer offered licence types:
 - **Remove Light Aircraft Pilot Licence (LAPL) (A)** from:
 - Table 1 a) i) bb) & ii)
 - Table 4 d)
 - Table 44 d)
 - **Remove LAPL (S)** from:
 - Section 3.2 Header

- Table 2 a), b)
 - **Remove PPL (Balloon and Airships) from:**
 - Table 4 e)
 - **Remove National Private Pilot Licence (NPPL) (Helicopter or VTOL Aircraft) from:**
 - Table 4 i) & j)
 - **Remove Radio Telephony (RTF) from:**
 - Table 27 b)
 - **Remove multiple LAPL-related upgrade/extension courses from:**
 - Table 32 (e.g. LAPL to PPL upgrade, LAPL(S) to SPL upgrade, etc.)
 - **Remove Sailplane Cloud Flying Rating, Basic Instrument Rating, En-route Instrument Rating, Sailplane Towing Rating, Balloon Tethered Flight Extension from:**
 - Table 32
 - **Remove Section 3.7** – Licence and identity verification for FAA (no longer offered)
 - **Remove Section 3.15** – Change of State of Pilot licence issue (not applicable post-EU exit)
2. **Fee Amendments:** These are updates to existing charges:
- **Table 4 b)** – Balloon/Sailplane Licence fee increased to £263
 - **Table 4 f)** – PPL (Gyroplanes) fee increased to £263
 - **Table 4 h)** – NPPL (Aeroplane) fee increased to £263
 - **Table 6 f)** – Sailplane instructor rating fees amended:
 - Issued by CAA: £170 (initial), £125 (variation/renewal)
 - Supported by BGA: £91 (initial), £63 (variation/renewal)
3. **New Licence Types or Charges:** These are additions to the scheme:
- **Table 4 c)** – Sailplane Licence £131 (initial issue supported by BGA)
 - **Table 4 i)** – NPPL (Aeroplane) via Recommendation £131
 - **Section 3.5** – Add Note 4 for SPL applications via BGA
 - **Table 15 c)** – Add:
 - Flight Examiner (Balloons): £475 (initial/re-certification), £137 (CAA authorised)
 - Senior Examiner (SE) (Balloons): same rates
 - **Table 15 d)** – Add Sailplane Senior Examiner:
 - Via CAA: £475 (initial/re-certification), £131 (CAA authorised)
 - Via BGA: £299 (initial/re-certification), £87 (CAA authorised)
 - **Table 16 d)** – Add:

- FE for SPL: £475
 - FE for SPL via BGA: £299
 - **Table 18 b)** – Add:
 - Flight Instructor (Sailplane) (FI(S)) and Basic Instructor (Sailplane) (BI(S)) via BGA recommendation: £299
 - **Table 32** – Add:
 - Competency-based PPL training course
4. **Editorial Updates:** These are minor but important textual edits:
- **Table 4** – Edit Note 3 to include Single Engine Piston (SEP)/Touring Motor Glider (TMG)
 - **Table 15 a)** – Edit title to include Sailplane

Regulation of Airports

Pricing Proposals

All charges in this scheme will be increased by 7.1%, made up of price indexation (4.1%) and funding towards consumer protection (3.0%).

Structural Changes

As described above, we propose to amend the economic regulation of Heathrow Airport Limited charge in the following ways:

1. To improve transparency in the charging structure, we will split out the capacity expansion element of the charge as an independent cost recovery mechanism.
2. To ensure equity in our approach, the capacity expansion charge will be applicable to any entity seeking to develop Heathrow Airport.
3. To ensure financial sustainability and to mitigate delivery risk, we will set the charging caps for the two charges at the following levels for FY2026/27:
 - a. The existing charging cap covering price controls and licence modifications will be set at £4.5m.
 - b. The new capacity expansion charging cap will be set at £5m.

Remotely Piloted Aircraft Systems (RPAS)

Pricing Changes

All charges in this scheme will be increased by 4.7%, made up of price indexation (4.1%) and funding towards legislative reform (0.6%).

Structural Changes

Specific category operational authorisation – Specific Operations Risk Assessment (SORA)

Aligned to the introduction of the SORA framework earlier in 2025, we introduced a series of changes to the RPAS charging scheme last year. Through the first year of operation, we have gained experience in customer behaviours and operational processes associated with the SORA system, which has enabled us to review the effectiveness of the charging structure. Broadly, this is working in the manner that had been intended; however, we have identified a few areas for improvement. Based on insights gained since the scheme's implementation on 23 April 2025, we propose the following adjustments to simplify the charging structure and ensure the charges reflect effort incurred:

- Standardise the excess hour charging mechanism across all Specific Assurance and Integrity Level (SAIL) categories, setting this at £346 per hour (including the price increase applicable to this scheme).
- Revise the baseline assessment hours, initial application fees and renewal fees to better reflect actual time required for application reviews under the current SORA platform – this will mean minor increases for SAIL I and II applications, with more significant reductions for SAIL III and above.
- Introduce an hourly charging mechanism for SAIL I applications (initial and renewals with a technical change), due to the exceptional nature of a small number of applications received. Most applications are expected to be completed within the allocated hours, with the excess charging mechanism ensuring the price payable for more complex applications is reflective of the effort incurred. The hourly charge will be £346 per hour and will be payable for time incurred more than 7 hours.

SAIL Level	Initial and Technical Renewal Baseline Hours – time incurred above this will be charged at £346 per hour	Initial and Technical Renewal Fee (inclusive of scheme price increase)	Renewal Fee (non-technical renewal) (inclusive of scheme price increase)
SAIL I	7	£2,422	£2,422
SAIL II	11	£3,806	£3,806
SAIL III	30	£10,380	£6,910
SAIL IV	40	£13,840	£9,214
SAIL V/VI	50	£17,300	£11,517

SAIL Level	Initial and Technical Renewal Baseline Hours – time incurred above this will be charged at £346 per hour	Initial and Technical Renewal Fee (inclusive of scheme price increase)	Renewal Fee (non-technical renewal) (inclusive of scheme price increase)
Alternative Means of Compliance	7	£2,422	£2,422

CAA regulatory advice, guidance and supporting activities

From FY2026/27 we will broaden the applicability of the existing regulatory advice and guidance charge to also extend to any further supporting activities within the remit of Remotely Piloted Aircraft Systems regulation which are not covered by other charges contained within this scheme. Stakeholders engaging with the CAA will be informed of the potential applicability of this charge prior to any charges being levied. Stakeholders will continue to receive 90 minutes of free advice in relation to these activities, with any subsequent effort incurred being subject to an hourly rate of £346.

Spaceflight

Pricing Proposals

There are no proposals for change in this consultation.

Structural Changes

There are no proposals for change in this consultation.

Overseas Travel

Pricing Proposals

All charges in this scheme will be increased by 4.7%, made up of price indexation (4.1%) and funding towards legislative reform (0.6%).

Structural Changes

There are no proposals for change in this consultation.

Changes applicable to all schemes

Structural Changes

Clarification of Third-Party Charging Mechanisms

CAA occasionally engages third-party providers—such as test flight organisations or engineering consultants—to fulfil regulatory obligations, particularly within Design & Certification (D&C) and General Aviation Initial Airworthiness. This is typically due to limitations in internal capacity or capability.

While the CAA is legally permitted to recover these third-party costs from applicants through mutual agreement, this mechanism is **not currently stated** in the Scheme of Charges. As a result, there has been internal uncertainty and inconsistent application.

We propose to introduce a generic clause across all Scheme of Charges documents to formally clarify the CAA's ability to recover third-party costs from applicants, subject to prior agreement.

Proposed Clause:

“Where the CAA is required to engage third-party services to fulfil its regulatory obligations due to limitations in internal capacity or capability, the associated costs may be charged to the applicant, subject to prior agreement. These charges will be in addition to any standard fees listed in this Scheme of Charges.”

This clause does **not introduce new charges automatically**; it simply formalises an existing cost recovery mechanism, ensuring transparency, consistency, and fairness across all regulated entities. It enables the CAA to recover costs for work that directly benefits applicants, helping to reduce financial exposure and support sustainable service delivery. It ensures applicants are informed and aligned on expectations when external services are required.