

# Statutory Charges FY2026/27

## Consultation Response Document

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## Executive Summary

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This document explains the outcome of the Civil Aviation Authority's consultation on proposed changes to statutory charges for the financial year 2026/27. The consultation ran from 10 November to 22 December 2025 and received 75 responses from airlines, airports, general aviation, RPAS operators, travel companies, and individual participants.

Our proposals for 26/27 were designed to ensure the CAA can continue to carry out its safety, consumer, and security responsibilities effectively, while also modernising our services and supporting innovation across the sector, supporting both established and emerging markets. These proposals focused on four areas: inflation-linked (CPIH) adjustments to charges, targeted investment in key regulatory priorities, improvements to the charging framework, and continued ringfenced funding for work relating to Heathrow (both price controls and capacity expansion).

### What we heard

Most respondents agreed with the need for predictable, inflation-linked adjustments and supported our efforts to improve transparency in how charges are set. Many welcomed our focus on modernisation and improving customer experience. Some stakeholders—particularly smaller organisations and recreational users—raised concerns about wider affordability pressures, while others asked for clearer information on how additional funding will deliver real improvements. Stakeholders acknowledged the steps taken to improve our demonstration of service value, whilst making it clear they would like to see further improvements in our value reporting.

### What we will do

After considering all feedback, the CAA will implement most of the proposals set out in the consultation, with some changes in response to stakeholder views. This includes:

- Applying the 4.1% inflation uplift to ensure we can continue delivering safe, effective and sustainable regulatory services.
- Introducing targeted funding for programmes that strengthen consumer protection, progress reform of the UK's safety regulation framework, and enhance safety oversight for major commercial operators.
- Continuing direct cost recovery for Heathrow regulation, ensuring that Heathrow Airport Limited and relevant developers—not the wider industry—fund work relating to Heathrow price control and capacity expansion.
- Improving the charging structure to make it clearer and easier to understand, but withdrawing the proposed surcharge for customers choosing to pay certain charges monthly rather than annually.

- Withdrawing proposed changes to medical charges and reviewing these as part of our wider Funding Structure Reform work, following stakeholder concerns.

### **How we are responding to feedback**

Stakeholders asked for clearer evidence of the benefits delivered by increased funding. In response, during 26/27 we will publish our first Value & Impact Report, improve reporting on service performance, and provide more information on how specific programmes are progressing.

We also recognise concerns raised by smaller operators and non-commercial users. While the CAA must recover its costs in line with the Civil Aviation Act and Managing Public Money, we will engage with these groups in the year ahead to better understand their experiences and consider affordability as part of the future development of our charging framework.

### **Our commitment to transparency and improvement**

The CAA will continue to ensure that the aviation sector benefits from:

- Safe and proportionate regulation
- Modern, user-friendly services
- Strong consumer and passenger protections
- Clearer information on how charges are set and how funding is used

The feedback received through this consultation has been invaluable in shaping our approach for 26/27 and beyond. We remain committed to working closely with industry, consumers and government to maintain a regulatory system that is fair, transparent and supports the long-term success of UK aviation.

## Legal and Policy Basis for our Statutory Charges

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The CAA's statutory charges are developed and maintained in accordance with the Civil Aviation Act (1982/2012), HM Treasury's Managing Public Money framework and our own aligned charging principles. Further information has been provided about each of these below:

### Civil Aviation Act 1982/2012

This provides statutory authority to levy charges and consult stakeholders, in accordance with the following conditions:

- **Levy Charges for Regulatory Services:** The Act empowers the CAA to impose charges for services it provides in exercising its statutory functions. These charges can cover activities such as licensing, certification, oversight, and other regulatory functions necessary to maintain safety and compliance in civil aviation.
- **Recover Costs on a Full-Cost Basis:** Charges must be designed to recover the costs incurred by the CAA in delivering its services, ensuring financial sustainability. The CAA cannot use these charges to generate profit beyond financial targets set by the Department for Transport; they are strictly for cost recovery.
- **Consult Stakeholders Before Implementing Changes:** The Act requires the CAA to consult affected stakeholders—including regulated entities and the Secretary of State—before introducing or varying charges. Consultation must be meaningful, providing stakeholders with sufficient information to understand the rationale for changes and an opportunity to provide feedback.
- **Publish Charges and Give Notice:** The CAA must publish any new or revised charges and provide a minimum notice period (typically 14 days) before they come into effect. This ensures transparency and predictability for those subject to charges.
- **Ensure Charges Are Lawful and Proportionate:** Charges must be consistent with statutory powers and cannot exceed what is necessary to recover costs. They must be applied fairly and equitably across customer groups.

### Managing Public Money (MPM)

MPM sets out the standards for financial governance in public bodies. For the CAA, these principles underpin how charges are designed, approved, and implemented. The framework must ensure:

1. **Full Cost Recovery:** Charges should normally be set to recover the full cost of providing the service, including:
  - Direct costs (staff, materials)
  - Indirect costs (overheads, depreciation)
  - Any attributable capital costs

This ensures taxpayers are not subsidising services that benefit specific users.

2. **No Profit-Making:** Public bodies should not aim to make a profit unless explicitly authorised by legislation or policy. The goal is cost neutrality, not commercial gain.
3. **Transparency:** Charging policies must be clear, published, and accessible. Users should understand what they are paying for and why.
4. **Fairness and Equity:** Charges should be fair and proportionate, avoiding discrimination between users. Any differential pricing must be justified (e.g., based on cost differences).
5. **Statutory Authority:** Charges must comply with legal powers. If legislation prescribes a fee or method of calculation, that takes precedence.
6. **Periodic Review:** Charges should be reviewed regularly to ensure they still reflect costs and policy objectives. Adjustments should be made for inflation or changes in service delivery costs.
7. **Exceptions:** In some cases, charges may be set below full cost for policy reasons (e.g., promoting access or public benefit). These exceptions must be explicitly approved and funded from elsewhere.

### Core Funding Principles

The CAA's charging structure should be designed in accordance with the following core principles:

- **Sustainable:** Charges should be set to recover the full cost of service provision, including overheads, depreciation, and cost of capital. This ensures:
  - Financial sustainability of the CAA.
  - That regulatory costs are borne by regulated entities, not taxpayers.
  - Alignment with HM Treasury's Managing Public Money principles.
  - Our regulatory and customer service standards are not impacted by financial constraints.
- **Equitable:** The regulated entity (the 'user') should fund the services they consume. However, the following factors should be considered:
  - Full cost recovery may have negative consequences, hindering compliance or distorting markets.
  - There may be strategic or practical reasons which prevent full cost recovery.
  - Grant funding may be an appropriate source for some activities.
- **Accountable:** Charging structures must be:

- Aligned to the effort incurred and demonstrate value-for-money to stakeholders.
- Developed through meaningful consultation with stakeholders.
- Justified with clear rationale, impact assessments, and deliverables.
- Reviewed periodically to ensure efficiency, fairness, and alignment with policy.
- **Clear:** Charging structures should be consistent, simple and predictable across schemes to ensure fairness and ease of understanding:
  - Consistent design, with charging mechanisms aligned to the service provided.
  - Non-discriminatory, with price differences reflecting service complexity and effort.
  - Predictable, to reduce financial volatility for both the CAA and customers.
  - Simply presented, with a clear and accessible format to aid ease of use.

## Consultation Background and Summary of Responses

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### Our Consultation Proposals

The CAA's charging proposals have been developed to support the CAA's delivery plan for 26/27 and the years ahead, with the following aims:

- To ensure the CAA has the necessary capacity and capability to deliver its statutory functions;
- To support targeted investment in key strategic initiatives, including Legislative Reform, Safety Service Enhancement, Consumer Protection, and Heathrow capacity expansion;
- To continue modernising our services through the Customer Experience & Modernisation (CX&M) programme and wider digital transformation initiatives;
- To maintain compliance with Managing Public Money and ensure costs are recovered from those who benefit from our regulatory activities.

The recommended changes to the CAA's Schemes of Charges for 26/27 comprise four main components:

1. **Price Indexation (4.1% CPIH): £5.8m** – We proposed uplifting all charges by 4.1%, aligned to CPIH in September 2025, to partially offset inflationary pressures on pay, contracted services and operational delivery costs. This uplift does not fully recover inflation; remaining pressures will be met through continued efficiency measures.
2. **Funding for Strategic Priorities: £1.8m** – Additional ringfenced funding was proposed to support:
  - a. Legislative reform activities
  - b. Safety Service Enhancement (cross-functional oversight improvements)
  - c. Strengthened consumer enforcement and ADR oversight

Sector-specific impacts range from 0.6% for most users (including GA) to 3.0% for major commercial operators, reflecting the distribution of regulatory effort and direct benefit.

3. **Funding Structure Reform & Continuous Improvement: £0.6m** – This included:
  - a. Implementation of charging reforms from the Aviation Security charging review,
  - b. Minor scheme amendments to improve clarity, consistency and sustainability,
  - c. Early steps to align charging models ahead of the multi-year Funding Structure Reform programme.
4. **Heathrow Cost Recovery: £1.5m increase to funding caps** – Work on Heathrow's H8 price controls and capacity expansion continues to be funded via ringfenced, full

cost recovery. Proposals also sought to improve transparency by segregating workstream funding.

### Consultation Feedback Received

The consultation received 75 responses from representative groups and individual entities across a broad cross-section of industry. Feedback was broadly constructive and demonstrated increased engagement with the CAA’s charging principles and steps to improve transparency, whilst highlighting a desire to see further steps taken in future years. Included below is a graph showing which sectors responses were received from.



Other respondents included an air traffic service provider, an emergency services operator, a gliding association, a vertiport operator and an uncategorised response.

#### Areas receiving support:

- Our charging principles, aligned to Managing Public Money, were well received by stakeholders, particularly our commitment to accountability.
- Price indexation was seen as a progressive step to provide greater certainty over changes to CAA charges in future years, albeit with some feedback seeking assurances over continued commitments to efficiency.

- The intent of strategic initiatives was broadly supported, albeit with requests for further information on delivery plans and questions over financial support for legislative reform.

### **Areas of opposition:**

- Some stakeholders, most notably smaller operators and non-commercial users, raised concerns over affordability, citing broader economic pressures and successive increases in CAA charges in recent years.
- Proposals to amend medical charges to address specific sustainability issues were perceived as counter-productive.
- Proposals to introduce a surcharge to encourage customers to adopt annual billing to reduce administration were strongly objected by respondents.

### **Requests from stakeholders and our commitments:**

- Stakeholders recognised steps to improve transparency, but sought further steps in future years. We will commit to publishing a Value and Impact report in 26/27 as a direct response to this feedback.
- Evidence demonstrates that stakeholder concerns over affordability reflect broader factors in the aviation sector beyond the CAA's charges. We will commit to meeting with groups who raised affordability concerns to understand these pressures in greater depth.
- Stakeholders requested that we withdraw specific proposals which are perceived to be unjustified or would have unintended consequences. We have reviewed feedback and where appropriate we will withdraw proposals.

## **Our Plans for FY2026/27**

This section provides charge payers and stakeholders with an overview of the CAA's financial and strategic context for 26/27. It summarises how the organisation plans to use charges to deliver its statutory functions and strategic priorities in the year ahead, including the allocation of resources to the Annual Strategic Objectives (ASOs) agreed through our corporate planning process.

For 26/27, the CAA has planned revenue of £237.0m (25/26: £206.3m) and expenditure of £234.8m (25/26: £204.1m), resulting in an operating profit of £2.2m, in line with our financial targets (3.5% return on capital employed providing £1.8m, plus £0.4m surplus from En-Route activity). Planned staffing for the year is 1,765 FTE (25/26: 1,730 FTE), enabling delivery of both our core statutory obligations and the defined set of ASOs. Changes in funding are comprised of inflationary pressures, strategic initiatives and changes in available grant funding. In 26/27 the CAA's statutory funding is estimated to remain below £0.50 per UK passenger flight and less than 0.1% of UK aerospace industry turnover.

The CAA's financial budget for 26/27 is structured as follows:

<b>FY2026/27 Budget by funding source</b>	<b>Statutory (Schemes of Charges)</b>	<b>En-Route</b>	<b>Government Grant</b>	<b>Other</b>	<b>Total</b>
Revenue	£163.0m	£30.1m	£42.2m	£1.7m	£237.0m
Expenditure	£161.2m	£29.7m	£42.2m	£1.7m	£234.8m
Profit/(Loss)	£1.8m	£0.4m	-	-	£2.2m

As part of our commitment to modernising regulatory services, significant investment continues to be directed into our Customer Experience & Modernisation (CX&M) programme, including digital licensing and oversight transformation, with ringfenced funding of £6.3m allocated, of which £5m has been driven by our efficiency and reinvestment programme.

Some areas of activity—particularly those linked to innovation and sustainability—remain partly supported by UK Government grant funding. Whilst this supports delivery in 26/27, variability in grant funding represents a medium-term sustainability consideration for future planning, particularly in relation to permanent CAA roles that are funded through government grants. The CAA has taken steps to ensure workstreams are funded by the correct source in recent years, with the underlying principle that core regulatory functions should be funded by regulated entities rather than the taxpayer. We will continue to review our grant portfolio and work with the Department for Transport to ensure essential functions have a sustainable source of funding, which may necessitate further changes to stakeholder charges in future years.

Charges collected from regulated entities are used to fund the CAA's statutory regulatory functions and the additional priority areas for the year ahead. Funding allocated to our Annual Strategic Objectives make a little over 20% of the CAA's 26/27 budget, with roughly half of this funded by Government grant and half from industry charges and En Route allocations.

This means that while ASOs highlight targeted, time-bound priorities, most statutory revenue supports essential ongoing regulatory activity ensuring aviation safety, consumer protection, security and resilience. The ASOs convert the CAA's long-term strategy into a defined set of deliverables for the year ahead. They reflect the highest-priority areas where additional focus, coordination or change activity is required. Some of these workstreams continue from previous years, whereas others are due to commence.

Each of our key Strategic Focus Areas are set out below showing the additional ASO deliverables for 26/27.

### **Protecting Consumers & the Public:**

- **Heathrow regulation, including capacity expansion:** Delivery of H8 initial and final proposals and oversight of expansion-related assessments.
- **Passenger rights, enforcement and accessibility:** Strengthened enforcement capability, a refreshed accessibility framework and enhanced ADR oversight.
- **Legislative reform:** Implementation of the new rulemaking operating model and development of priority technical rules.
- **Safety oversight & policy enhancements:** Deployment of a more integrated oversight model, improving responsiveness and coordination.
- **Sector resilience:** Targeted resilience improvements across selected sectors.
- **Next-Generation security checkpoints:** Support for deployment and embedding of new screening technologies.

### **Innovation & Growth:**

- **RPAS regulatory pathway:** Progressing lower-airspace integration, complex operations frameworks and SORA-aligned processes.
- **Airspace Modernisation:** Delivery of the next phase of the Airspace Modernisation Strategy.
- **eVTOL regulatory pathway:** Advancing the regulatory framework required for piloted eVTOL operations.
- **AI and digital regulatory tools:** Continued development of AI-supported tools to improve regulatory efficiency and risk assessment.

### **Global Standards & International Influence:**

- **International engagement & CAAi support:** Strengthening global regulatory relationships and delivering international cooperation programmes.

### **Environmental Sustainability:**

- **Hydrogen propulsion regulatory pathway:** Developing regulatory pathways to support safe future hydrogen-powered flight.

- **Environmental reporting enhancement:** Improvements to environmental data, reporting and transparency across the aviation sector.

### Enhancing Our Organisation:

- **Digital FCL, FSOM readiness and service-ownership development:** Continued modernisation of licensing services (including ATS Licensing go-live) and development of the Future Surveillance Operating Model.
- **Leadership capability development:** Building organisational leadership capability aligned with our People Strategy.
- **Employee Value Proposition improvement:** Enhancing the organisation's ability to attract and retain specialist talent.
- **Value reporting and analytics:** Embedding stronger value-measurement and insight across operations.

The CAA's portfolio of work for 26/27 seeks to progress all areas of key strategic focus, whilst continuing to deliver high quality regulatory services to our stakeholders. The charging proposals set out in our consultation are central in enabling the delivery of our core regulatory work alongside our annual strategic objectives. We will provide stakeholders with further updates on the progress made against our 26/27 business plan later in the year.

### Our Ongoing Efficiency and Reinvestment Plan

In 2023 the CAA underwent an arms-length body review by the Cabinet Office, assessing the effectiveness of the organisation. Part of the findings of the review focused on the need for the CAA to modernise its systems to provide improved customer service. The review recommended the development of an efficiency and reinvestment plan, funded through a 5% reduction in operating costs, with additional consideration given to ensuring there is a sustainable source of funding for ongoing system investment in maintaining and developing out systems.

The CAA was able to remove £5m from its cost base in 23/24, diverting this into systems investment. This cost reduction provides a recurrent annual contribution to fund reinvestment in the CAA, including our multi-year Customer Experience and Modernisation programme – a systematic review and modernisation of our customer services, primarily through digitalisation. In 25/26, recognising customer feedback seeking a greater delivery of service improvements, we consulted on a universal 1% uplift of CAA charges, with the increase ringfenced annually to provide additional funding for reinvestment. This brings the current annual contribution up to £6.3m.

### Customer Experience and Modernisation (CX&M)

CX&M is rooted in Government Digital Services principles – our focus is on how we solve the problems raised by the customer. This is demonstrated by the work we have done in our development of the Air Traffic Services (ATS) Licensing solution. Through extensive user research, design and refinement, we have developed a product which has been well received by customers in testing. Addressing issues such as organisational user accounts provide an example of a design feature which focuses on customer needs, not just the CAA's requirements. The delivery of modern, digital systems will inevitably result in some CAA process efficiency benefits and we will seek to maximise those without compromising service delivery. Our intention is to improve the value of the service through making the customer journey more efficient and effective.

The programme also adopts an Agile methodology, meaning that whilst we have a structured forward plan in place at any given time, this is subject to change based on learnings and feedback as work progresses. This approach ensures we continually challenge ourselves to focus on the right priorities at the right time, and allows for a better quality output, with solutions designed to reflect ongoing learnings.

The CX&M programme initially consisted of four elements:

1. **Modernising Aviation Services Licensing & Oversight (MASLO)** – Providing end-to-end digital licensing journeys for our customers, including:
  - a. **Air Traffic Services (ATS) Licensing** – Used as the 'pilot' initiative, delivery expected 26/27. Subsequent services will be developed on the same digital platform using the same design standards to ensure consistency and delivery efficiency. This initiative will deliver core 'platform' components, such as improved Identity Verification and payment facilities, that will be reused across all subsequent deliveries, standardising customer journeys and lowering integration effort over time.

#### **What customers will experience:**

- Faster, more predictable journeys with application tracking and estimated completion dates, reducing the need to contact the CAA.
- Fewer holds and rework as digital forms and guidance reduce incorrect submissions.
- Instant or faster issue of some licences/certificates; digital records make audit preparation easier and prevent lost-licence disruptions.
- Organisation visibility of employee licence status and audit history, reducing local manual tracking.

#### **What this delivers for value:**

- Benefits realised progressively as digital licensing scales; customer time-saving benefits (admin-burden reduction) begin to accrue as the service moves from beta to live.
- b. **Commercial Pilot Licensing** – Starting in 26/27, targeting delivery by 28/29.

**What customers will experience:**

- The same modern, tracked, digital journey as ATS, extended to professional flight crew licensing; reduced repeats, clearer guidance, and fewer clarifications.
- Data re-use (identity/payment) across journeys on the common platform.

**What this delivers for value:**

- Expected reduction in manual CAA processing time, potentially freeing up resource reallocations or reductions depending on need. Supports internal productivity gains; benefits expected to phase in once delivered.
- Possible CAA cost reductions following delivery and expected significant customer time-savings once at scale (benefits exploration ongoing, further information to be shared with stakeholders once available).

- c. **Private Pilot and Engineer Licensing** – Expected to start in 28/29

**What customers will experience:**

- Extension of modernised journeys to private pilots and aircraft maintenance licences, aligned look-and-feel and common components (identity, payments).
- Qualitative benefits mirror ATS and commercial pilot licensing (reduced time/effort, fewer errors, improved tracking).

- d. **Organisation Approvals** – See Future Surveillance and Oversight Model (FSOM) below.

2. **Strategy and Approach (S&A)** – Creating fundamental background artefacts to support embedding the customer experience vision into the CAA. These include; securing agreement to GDS alignment; creation of the CAA Design System to bring consistency of look and feel to all CAA on-line services over time; a culture change programme, embedded in the CAA's People Plan, to change the way we think about the way we regulate. This project will end in 25/26 but will leave the legacy of these deliverables and hand over to our new Service Governance Team to continue to develop and embed concepts such as service performance measurement and ownership.

**What customers will experience:**

- A consistent look-and-feel and simpler journeys across CAA services as the CAA Design System and GDS alignment are embedded.
- Service ownership and measurement via the Service Governance Team—clearer accountability for end-to-end service performance.

**What this delivers for value:**

- A common blueprint and standards that reduce redesign costs, enable re-use, and speed up delivery of subsequent digital services—forming the basis for cashable/non-cashable efficiencies and cost-avoidance across MASLO and FSOM.
3. **Website Strategy** – Working closely with the website team to deliver enhanced search, simplified architecture and implement the CAA Design System to provide an improved look and feel.

**What customers will experience:**

- Less time to find the right information; clearer signposting to applications and guidance.
- Fewer support contacts to the CAA as navigation improves and content is easier to understand.
- Demonstrable action on ALB review findings (usability/transparency).

**What this delivers for value:**

- Expectation of reduced user effort and fewer queries, contributing to the Government's 25% administrative-burden reduction.
4. **ATOL Modernisation** – The ATOL team delivered a modernised online ATOL Claims Portal, first element of a fully modernised suite of services. Current efforts are focused on tactical improvements to existing CAA ATOL systems; additional funding will need to be secured for a full modernisation of remaining ATOL Services to be undertaken.

**What customers will experience (delivered to date):**

- A modernised online ATOL Claims Portal as the first element of a wider service refresh—faster, clearer claims processes for consumers and businesses interacting with ATOL.

**Next steps and value:**

- Tactical improvements continue to be implemented on current ATOL systems; additional funding is required to complete full modernisation (bringing the same benefits seen in MASLO: tracked digital journeys, coherent design, reduced rework).

The programme also supported the delivery of the Digitising Specific Category Operations (DSCO) platform and the Specific Operations Risk Assessment (SORA) framework to support remotely piloted aircraft systems (RPAS) users through 23/24-24/25, providing a new digital application portal to support the newly adopted regulatory framework. The initiative has resulted in faster application processing, with pre-defined risk assessment (PDRA) self-serve applications averaging 27 minutes and the first SORA application completed in 55 days, down from the previous average of 90. The change has also improved transparency and predictability for customers. Operational improvements continue to be implemented as adoption of the system scales.

In 25/26, the FSOM project was added to the remit of CX&M. FSOM seeks to streamline the fragmented oversight model into a modern, integrated solution. This involves extensive stakeholder engagement, both inside and outside the CAA, with investment in new tools for both CAA colleagues and customers. To fund this the CAA reallocated £1.6m of its own reserves in 25/26, with the intention of recovering this funding from future annual investment contributions in 27/28 and 28/29. Organisational engagement and approvals will be supported by FSOM's end-to-end oversight tooling and data integration, reducing multiple hand-offs and duplicated requests.

**What customers will experience:**

- End-to-end oversight with clearer application routes, status visibility and timelines; easier access to guidance and support and fewer duplicate data requests.
- Fewer complaints linked to poor journey comprehension (where to start, what to submit, when to expect outcomes).
- Automated alerts that support faster closure of findings; improved service-health scores from internal user surveys.

**What this delivers for value:**

- Expected reduction in manual effort as processes, casework and data are integrated in one model (benefits timing dependent on solution option and go-live).
- Potential cost reductions arising from internal efficiencies and significant expected customer time-saving once fully adopted (exact timelines and quantification of benefits to be determined as solution design emerges).

## Using Efficiencies to Fund Modernisation

The efficiency reserve is expected to deliver reinvestment worth £43.8m between 23/24 and 29/30, split between the primary workstreams:

- DISCO/SORA: £7.8m (23/24-24/25)
- S&A: £1.0m (24/25-25/26)
- MASLO: £19.0m (24/25-29/30)
- FSOM: £10.3m (25/26-29/30)
- Delta to be allocated based on emerging requirements: £5.7m (28/29-29/30)

The efficiency and reinvestment reserve over this period is set out below:

Financial Year	Funding*	Investment	Investment Reserve Balance**	Deliverables
23/24	£5.0m	£3.9m	£1.1m	DSCO/SORA development
24/25	£5.0m	£5.5m	£0.6m	DSCO/SORA launch and MASLO discovery
25/26	£6.3m	£8.5m	(£1.6m)	ATS Licensing development and FSOM discovery
26/27	£6.3m	£6.4m	(£1.7m)	ATS Licensing launch, Commercial Pilot Licensing discovery and FSOM development
27/28	£6.3m	£5.6m	(£1.0m)	Commercial Pilot Licensing test launch and FSOM delivery
28/29	£6.3m	£5.3m	£0.0m	Commercial Pilot Licensing full launch and discovery phases for Private Pilot Licensing and Engineer Licensing

Financial Year	Funding*	Investment	Investment Reserve Balance**	Deliverables
29/30	£6.4m	£6.4m	£0.0m	Development of Private Pilot Licensing and Engineer Licensing

\*Funding comprised of £5.0m per annum in efficiency savings from 23/24, plus a 1% contribution from statutory charges from 25/26.

\*\*Investment reserve supplemented with CAA cash reserves in 25/26 to allow FSOM project to commence, recovered from funding in later years.

As the CX&M programme progresses there will inevitably be further calls for investment in the CAA. We will consider over time whether the ongoing annual efficiency contribution of £5m continues to be best utilised in providing a source of self-funding for improvements to the value of our services. We will be transparent with stakeholders as new cases for investment emerge over time.

Alongside the CX&M programme, the CAA continues to deliver tactical fixes to existing systems and processes. Examples include automated licence stamp & signature and faster examiner report ingestion in our existing licensing platform, PIMS—saving up to 1 day per issued licence, improving “right-first-time” accuracy and shortening case completion times. Further information on the steps the CAA has taken to drive efficiencies and deliver value enhancements to stakeholders will be included in our Annual Report and Accounts, due for publication in Summer 2026.

### Delivering Benefits from Efficiency and Reinvestment

Collectively, these workstreams shift the focus from cost alone to a wider definition of value—measured in customer time saved, predictable turnaround times, and better regulatory outcomes. As part of our medium-term financial plan, we will embed recurring investment for CX&M and FSOM and report on cashable / non-cashable efficiencies, cost-avoidance, and external admin-burden reductions as benefits are realised and independently validated through KPIs and user feedback.

Benefits from reinvestment of efficiencies into modernising the CAA’s systems include:

- **Internal (combination of cashable, non-cashable and cost-avoidance):** Possible FTE release from MASLO and FSOM workstreams supports productivity gains; reusable components and the design system reduce future build costs; earlier investment in end-to-end journeys avoids later rework and duplicated tooling.

- **External (contributing to the 25% admin-burden reduction):** Digital tracking, fewer holds, clearer guidance and website improvements reduce customer effort and queries; tactical fixes (e.g., automated stamping) shorten end-to-end licence timelines; DSCO/SORA evidence shows meaningful time reductions at scale.

## Supporting Government Priorities: Growth, Innovation and System Efficiency

The CAA plays a central role in enabling the safe, sustainable and competitive growth of the UK aviation and aerospace sectors. Our mission — “Protecting people, enabling aerospace” — reflects our dual responsibility: maintaining high standards of safety, security and consumer protection while creating the regulatory conditions for innovation, efficiency and economic growth. We continue to support delivery against the Government’s agenda and sector priorities, ensuring the regulatory system protects consumers and the public while enabling the aviation industry to innovate and thrive.

### Supporting Sector Growth

The Government’s Regulatory Action Plan (RAP; March 2025) set out clear expectations for regulators, including the need to support productivity, reduce administrative burdens, and enable new technologies. The RAP included several public commitments about specific CAA activities, all of which we have delivered against as follows:

- **UK Airspace Design Service (UKADS):** In 2025, the CAA and DfT confirmed plans to establish UKADS, supported by new regulations and multiple consultations on required process changes.
- **Airspace Modernisation:** The CAA opened consultation on revisions to the CAP1616 airspace change process in September 2025, alongside parallel DfT consultations on Air Navigation Directions and Guidance.
- **Drone and RPAS Innovation:** With continuing Government grant funding, we have enabled over 1,300 RPAS trial flights across four Government priority missions, including beyond-visual-line-of-sight (BVLOS), and we have published a SORA-based roadmap for BVLOS operations.
- **Market Surveillance Authority:** The CAA was formally nominated as the UK’s Market Surveillance Authority for drones, enabling a more efficient pathway for manufacturers to demonstrate compliance with safety criteria.
- **Digital Licensing:** The first phase of a new digital licensing platform for Air Traffic Controllers will launch in Spring 2026, with subsequent phases and the pilot licensing digital service in development.
- **Hydrogen Propulsion Trialling:** With DfT support, we expanded safe-trial sandbox activity for hydrogen propulsion to 13 participants in July 2025, and have continued to lead working groups with industry, academia and other aviation authorities to help inform the design of the necessary regulatory framework.

Building on the above public commitments, the CAA is also focussed on several other critical work areas which will support economic growth:

- **Heathrow Expansion:** We continue to regulate the price control and planning activities that support timely delivery of airport capacity increases in the interests of consumers.
- **Future of Flight:** Subject to continued Government funding, the CAA will further enable the integration of BVLOS, Advanced Aerial Mobility (AAM) and innovative airspace operations.
- **Artificial Intelligence:** In 2026, the CAA will pilot AI-enabled automation (including in Mandatory Occurrence Reporting) and provide guidance for safe adoption across industry.
- **Spaceflight Regulation:** With the Regulatory Innovation Office (RIO), we will introduce new performance metrics and pilot approaches to streamline licensing, reduce processing pinch points, and improve predictability.

The CAA will publish its annual Growth Duty Report in summer 2026 and will continue to provide quarterly updates on key performance metrics.

The CAA is also contributing to Government's 25% administrative burden reduction target, and we are committed to ensuring we fulfil our duties in an efficient way without compromising our statutory duties. Examples of CAA initiatives that contribute to a reduction in the administrative burden incurred by businesses include investment in systems modernisation (including MASLO, DSCO and FSOM), the recent update to the Airspace Coordination and Obstacle Management Service (ACOMS) platform and the General Aviation licensing and training simplification programme.

Beyond these near-term commitments, the CAA is embedding an outcome-focused culture that supports sustainable growth across the aviation ecosystem. We are strengthening regulatory capability, enhancing our digital foundations, and investing in modern ways of working to ensure we can regulate an increasingly complex and technologically advanced sector.

Our multi-year Customer Experience & Modernisation (CX&M) programme is central to this transformation. By modernising high-volume services, improving transparency, and reducing administrative burdens, this programme will help industry operate efficiently while allowing the CAA to deliver consistent, high-quality services.

Being an enabling regulator means understanding the sector's future ambition and current context. To support this, we have created a small strategic research and intelligence function which aims to help us better understand industry's ambition, government's focus and consumer behaviour to better deliver our mission. Recent work has focussed on deep dives in how quantum technology will affect aerospace; understanding how mega trends will impact across society; and considering how new generations' behaviour and expectations as consumers could influence aviation. Continuing to conduct horizon-

scanning and maintain open-mindedness will allow us to prepare our regulatory approach for future opportunities and challenges to enable aerospace.

### **Enabling Innovation**

As highlighted above, our role extends beyond safety oversight: the CAA is a proactive enabler of innovation, helping industry bring forward new technologies safely, efficiently and responsibly.

This includes substantial regulatory work on AAM and eVTOL aircraft, where we collaborate with manufacturers, operators and innovators to support the development of cleaner, quieter and more efficient transport options. By clarifying regulatory pathways, shaping certification approaches and offering early engagement, we help de-risk investment and strengthen the UK's leadership in next-generation aviation technologies.

Most of our innovation activity is funded through Government grants, with CAA customers currently contributing only around 10% of total innovation funding. This small, proportionate contribution from user charges supports:

- long-term regulatory capability,
- fairness across beneficiaries,
- continuity of skills and expertise,
- and the ability to respond consistently and proportionately to new technologies.

Given that Government grants are time-limited and project-specific, this modest contribution helps provide stability and ensures the CAA can continue evolving in line with technological change.

Innovation activity delivers benefits far beyond emerging sectors such as drones and AAM. Traditional operators—including commercial airlines, airports, business aviation and recreational flyers—directly benefit from:

1. A safer, more predictable and better-integrated airspace
  - a. Reduced operational risk and clearer separation standards
  - b. More predictable planning horizons
  - c. Reduced likelihood of unregulated or unmanaged integration pressures
2. Protection of finite resources such as airspace and infrastructure
  - a. Structured integration of drones and AAM
  - b. Modernised airspace frameworks that benefit all users
  - c. Improved surveillance and digital systems enhancing situational awareness
3. Long-term resilience and international competitiveness
  - a. Helping the UK attract aviation investment
  - b. Coordinated evolution of airspace and infrastructure
  - c. Maintaining alignment with global standards

d. Supporting industry-wide skills development

This work benefits the entire aviation community and acts as system-wide insurance—a modest investment that prevents significantly larger operational and regulatory challenges in the future.

**Our Aim**

The CAA continues to deliver on Government priorities, enable growth, and support industry innovation while maintaining its core duty to protect the public. Through targeted regulatory reform, digital modernisation, efficient oversight and proportionate investment in future capabilities, the CAA is committed to delivering value-for-money, reducing administrative burdens, and helping the UK maintain a world-leading and forward-looking aviation system.

## Our Responses to the Consultation Submissions

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### Price Indexation

**We proposed:** Applying price indexation to all statutory charges, using the September 2025 CPIH rate of 4.1%<sup>1</sup>. This reflects a key recommendation from the Funding Structure Reform (FSR) programme to provide greater predictability for customers and support a sustainable funding model. Indexation is required to manage inflationary pressures on our cost base, particularly pay and supplier costs.

The uplift is expected to generate £5.8m towards an estimated £6.6m in like-for-like cost increases, including areas where the CAA has chosen to absorb additional costs. The remaining £0.6m shortfall is being addressed through efficiencies identified in operating model reviews over the last 12 months.

**You said:** Stakeholders generally understood the rationale for price indexation, with general support for the predictability this brings. Some raised concerns about affordability, especially for smaller operators and charities. Some questioned whether further efficiency improvements or digital investments should reduce the need for inflation-linked increases. Respondents also challenged the choice of CPIH and the use of a single-month index, expressing concern that indexation could weaken incentives to continue improving efficiency.

Specific points of feedback included:

- 1 Single month indexation:** Some respondents were concerned that using a single month's CPIH may create "winners and losers" due to inflation volatility and suggested using an annual average to avoid potential distortions.

**Our response:** We agree that an indexation approach must be fair, predictable and resilient to short-term fluctuations. As part of the FSR programme, we assessed a range of alternatives — including annual averages and smoothed indices — to determine whether they would provide greater stability while still meeting transparency and accountability requirements.

Following this assessment, we concluded that using September CPIH remains the most appropriate approach. It aligns with established practice across government departments with similar cost structures and provides a timely reflection of inflationary pressures on our cost base. Because CPIH itself is calculated on an annual basis, it already incorporates smoothing across the year.

To support confidence in this approach, we will assess the appropriateness of CPIH indexation on an annual basis, aligned to pressures on both pay and non-pay inflation. If evidence emerges that CPIH indexation is no longer appropriate we will present this

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<sup>1</sup> Consumer Prices Index including owner occupiers' housing costs as published by the Office for National Statistics - [Consumer price inflation, UK - Office for National Statistics](https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/september2025) (<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/september2025>)

to stakeholders with proposals for change. However, based on our current expectations, CPIH indexation is likely to remain the most appropriate mechanism to manage inflationary over time.

- 2 **The use of CPIH for inflation indexation and efficiency expectations:** Some stakeholders questioned whether CPIH is the most appropriate measure for indexation, suggesting CPI (Consumer Prices Index) or RPI (Retail Prices Index) as alternatives. Several noted that adopting CPIH indexation may remove an implicit efficiency challenge and stressed that indexation should not reduce the pressure on the CAA to demonstrate productivity improvements.

**Our response:** CPIH remains the most relevant and robust measure of inflation affecting the CAA's cost base. This is because CPIH closely reflects financial pressures on households, which are a central factor in determining annual pay awards. Pay inflation represents the largest component of our cost base (c. 70%), making CPIH the most appropriate benchmark for transparent and predictable indexation.

We recognise concerns that CPIH indexation could reduce the visibility of efficiency expectations. The CAA operates within the Managing Public Money framework, with value for money and financial efficiency central to our financial management. Efficiency is delivered through a combination of:

- **Top-down financial controls**, including requiring budget holders to absorb non-pay inflation within existing budgets in 26/27; and
- **Bottom-up reviews**, such as active vacancy management and targeted efforts to remove inefficiencies from the cost base.

In addition, the CAA is progressing multiple strategic initiatives that will support ongoing financial efficiencies, including:

- Relocating our head office from Aviation House to a more energy-efficient, size-appropriate and flexible leased space. This avoids significant upgrade costs associated with legal energy-efficiency requirements and reduces ongoing maintenance expenditure.
- Continued development of modernised licensing services, providing customers with digital application routes, resulting in administrative efficiencies for both our colleagues and our customers.
- A strategic review of our surveillance operating model, focusing on improving end-to-end efficiency and delivering a better customer experience while reducing costs for both industry and the CAA.
- Exploring the utilisation of artificial intelligence solutions within existing working practices, such as processing of Mandatory Occurrence Reports – the expectation is that financial efficiencies will be realised as the technology advances and practical use cases emerge.

Taken together, these measures demonstrate that while CPIH provides a transparent basis for inflation indexation, it does not replace the need for continual efficiency improvement, which remains a core part of the CAA's financial management approach.

- 3 **Compound impact of programme-specific uplifts:** While the inflationary uplift is 4.1%, many respondents noted that programme-specific uplifts result in total increases of up to 7.1%, which they consider significantly above inflation. Stakeholders requested more detail on what these workstreams will deliver and questioned whether historic ringfenced increases continue to be used for their original purpose.

**Our response:** We recognise the need for programme-specific uplifts to be clearly justified, proportionate and transparent. As outlined in the charging consultation, the ringfenced increases applied in recent years support sustained or multi-year programmes, and continued funding is required to deliver these workstreams as intended. All previous proposals for ringfenced funding were developed based on sectoral benefit, including some cross-industry initiatives.

Because most programme funding relates to employment costs for designated staff, it is appropriate to apply price indexation to these activities, as they face the same inflationary pressures as the wider cost base.

We have sought to provide sufficient detail to support both the ongoing use of previous ringfenced funding and the proposed additional activities in 26/27. To increase transparency, this document includes dedicated summaries for key workstreams in the appendix, setting out their purpose, timelines and expected outcomes.

Funding requirements for these workstreams are reviewed regularly to ensure alignment with their objectives and to confirm that they continue to represent value for money.

- 4 **Affordability concerns for smaller operators and recreational users:** General aviation participants, RPAS users, charitable organisations and smaller operators highlighted that broader financial pressures are creating affordability concerns, and that the CAA's proposed price increases add to these challenges.

**Our response:** We appreciate that affordability concerns relating to the cost of aviation participation are genuine, and we take this feedback seriously. We recognise the financial pressures faced by smaller organisations and recreational users, particularly given the rising cost of aviation participation in recent years. However, the CAA's ability to respond to these pressures is defined by our statutory obligations. Under the Civil Aviation Act 1982/2012, we are required to recover the cost of our regulatory activities from those we regulate. In doing so, we must also comply with Managing Public Money, which requires effort-based cost allocation and minimising cross-subsidisation.

Our charging schemes are designed to reflect differences in regulatory effort arising from factors such as operational complexity, scale and risk. This ensures that each customer group pays a fair and proportionate share of the costs associated with its oversight. We must ensure we recover the costs of delivering our regulatory duties from those that we regulate, and we are not able to set charges according to market

outcomes or participation levels other than in exceptional circumstances with explicit permission from HM Treasury.

Across almost all customer groups, CAA charges represent only a small fraction of the total cost of participating in aviation. As part of each annual charging consultation, we consider whether proposed changes are likely to influence customer behaviour. For 26/27, we concluded that the scale of the proposed increases is not at a level that would materially affect participation.

Where there is evidence of higher price sensitivity, we undertake more detailed assessments. For example, our review of RPAS charges in 25/26 concluded that CAA charges were highly unlikely to determine participation decisions. To ensure resources are used effectively, we focus detailed reviews where evidence and feedback suggests a potential impact.

We also recognise that the wider cost of aviation participation is significant, and we continue to ensure that regulatory requirements remain proportionate and administrative burdens are reduced wherever possible. Adjusting CAA charges would not be an effective or appropriate mechanism to address the broader cost pressures faced by participants.

Through the Funding Structure Reform programme, we are continuing to test the effectiveness of our charging structure and pricing approach. Your feedback plays an important role in helping us refine our approach. Where evidence suggests changes are needed, we will communicate this to stakeholders at the earliest opportunity.

We will be engaging respondents directly in the coming months to explore the concerns raised in more detail and to ensure they are fully understood.

**Conclusion:** After reviewing all feedback from the consultation, the CAA will implement the 4.1% CPIH inflation uplift to statutory charges for 26/27, as originally proposed. This ensures we can continue delivering safe, effective and financially sustainable regulatory services. We recognise the concerns raised by stakeholders—particularly smaller organisations, charities and recreational users—and we are committed to addressing them. In response to the consultation, we will:

- Continue providing financial transparency by publishing clearer information on how inflation affects our costs and how indexation is applied.
- Continue being accountable for driving financial efficiencies, including reporting on the savings and service improvements delivered through our ongoing modernisation work.
- Provide clearer explanations of the programmes funded through specific uplifts, including what they deliver and how they benefit the sector – as set out in the appendix.
- Continue to monitor affordability impacts, carrying out detailed assessments where there is evidence that charges may influence participation.

- Engage directly with those who raised affordability concerns to understand their experiences and ensure they inform future developments in our charging structure.

## Legislative Reform

**We proposed:** The CAA is seeking to reform the UK's aviation safety legislative framework. This work is necessary to address inefficiencies in the current system, which is slower, more rigid and more dependent on secondary legislation than we think is ideal for the rapidly changing sector. At present, implementing changes to aviation safety rules can take between two and four years, limiting our ability to respond to emerging safety risks, align with international standards and enable innovation. Reform is therefore essential to ensure the UK's regulatory framework remains effective, agile and future-focused. We are seeking a contribution from all charge payers reflecting the universal benefit of this initiative, equating to a 0.6% increase on existing safety charges.

**You said:** Stakeholders generally understood and supported the rationale for legislative reform, with strong endorsement from commercial aviation for accelerating the programme. However, many objected to industry funding the activity—particularly the initial transition costs—arguing that these should instead be met by taxpayers or absorbed through CAA efficiencies, where currently much of the work is undertaken.

Specific points of feedback included:

- 1 **Suitability of industry funding the activity:** Respondents from across stakeholder groups—including airlines, trade bodies, pilots, aeromedical examiners (AMEs), airshows, general aviation organisations and RPAS operators—argued that legislative reform is fundamentally a Government function and therefore questioned why charge payers should fund any agreed multi-year programme of this nature.

**Our response:** Under the Civil Aviation Act 1982/2012 and in line with Managing Public Money principles, the CAA is required to recover the cost of its regulatory activities from those it regulates, rather than through general taxation. As the CAA's statutory remit evolves, the costs of discharging these responsibilities must, as a starting point, be recovered through our user-funded model. Wherever possible, we seek to absorb the cost of new or expanded functions through internal efficiencies. However, the scale and duration of this transition programme mean it cannot be delivered within existing resources without impacting other essential regulatory activity.

Recovering costs from charge payers ensures the CAA can maintain a core regulatory function and deliver the agility required to update UK aviation safety rules in a timely and effective manner. This work is central to supporting safety, enabling innovation and maintaining the UK's international alignment—key pillars of the CAA's role as an enabling regulator.

Legislative reform is a multi-year programme and discussions with the DfT continue regarding scope, timelines and long-term funding arrangements. We will keep stakeholders updated as this work progresses.

- 2 **Greater workstream details sought:** Respondents commented that the consultation did not provide sufficient detail on what the workstream deliverables and tangible examples of how the reforms will support regulatory agility.

**Our response:** We recognise the need for greater visibility of scope, outputs and benefits. A summary of the reform workstreams is provided in the appendix, including objectives, milestones and expected outcomes. The aims of reform include:

- Enabling CAA to set up a new internal function, streamlining the rulemaking process.
- Address increased demand for existing rulemaking and policy changes, notably arising from EU-Exit and innovation in the sector.
- Deal with legislative deficiencies in the existing framework.

A principal driver for this programme is the increased volume of rulemaking since EU Exit, combined with a process that is currently split between the CAA and the Department for Transport (DfT) and constrained by limited legislative opportunities. Most safety regulation updates are written in secondary legislation which are required to be laid before Parliament – this extends the time and complexity in the rulemaking process when delivering a technical update. Under the present model, substantive changes to aviation safety rules can take multiple years, slowing the UK's ability to respond to emerging safety issues, align with international standards and enable innovation.

A clear example of the benefits that timely, CAA-led rulemaking can unlock is the recent Fuel Planning and Management update, which modernised UK reserve-fuel and fuel-planning requirements to align with International Civil Aviation Organization (ICAO) standards and allow more efficient, risk-based fuel schemes. The DfT's Impact Assessment estimates annual savings for related industry of ~£7.6 million, demonstrating how modernised rules can maintain safety while reducing unnecessary cost. Despite these benefits, the UK adopted these updates three years after comparable European reforms—illustrating the inefficiencies of a model dependent on DfT-led secondary legislation and limited parliamentary time. Moving to a framework in which the CAA completes most of the rulemaking would allow beneficial changes like this to be delivered faster and more predictably. Our industry partners have told us that delaying updates to international safety regulations creates unintentional and unwanted divergence that in turn causes operational and compliance inefficiencies to UK aviation industry.

Without reform, the same post-EU Exit growth in rulemaking volume would still need to pass through the current, legislation-dependent pathway. To keep pace, the CAA would have to significantly expand legal and policy capacity to draft, shepherd and coordinate secondary legislation through constrained parliamentary slots—still requiring additional funding from industry, but without addressing the structural causes of delay. By contrast, reform that enables the CAA to undertake most of the rulemaking process removes key bottlenecks, accelerates alignment with ICAO/EASA-based standards, and delivers regulatory agility that translates into earlier, bankable benefits for charge

payers—exactly as evidenced by the fuel-planning change example and its validated savings.

While legislative reform requires targeted investment, it reduces long-run friction by removing structural inefficiencies and supporting quicker, more proportionate and internationally aligned decision-making. We will report progress regularly, including milestones and realised benefits, so stakeholders can track delivery and outcomes over time. We will also keep stakeholders updated on our requirements for increases in funding in future years as the timeline for reform becomes clearer.

### 3 **Concerns about Added Bureaucracy, Divergence Costs and Resource Pressures:**

Respondents questioned whether reforms may create new bureaucracy, duplicate international requirements, increase UK specific divergence, or divert CAA resources away from core regulatory services.

**Our response:** We recognise the importance of ensuring that reform genuinely increases flexibility and responsiveness rather than adding unnecessary complexity, while continuing to deliver a safe and secure aviation ecosystem for users and consumers. Our approach will prioritise simplification, clarity, and alignment with international standards wherever appropriate, and we will avoid divergence that creates additional compliance burdens without clear, evidence-based benefits.

We also acknowledge stakeholder concerns that reform activity could divert CAA resources away from core regulatory services. To address this, industry funding for legislative reform enables the development of capacity and capability within the CAA through a dedicated programme team and new permanent roles, including legal, policy and analytical specialists. This approach ensures that the resource required for reform is additional to, and not drawn from, the teams responsible for day-to-day operational delivery. This model allows us to safeguard core regulatory capacity while progressing critical legislative work at pace.

We will continue to manage the programme tightly and engage transparently with stakeholders as work progresses. We are committed to working closely with industry on the development of policy changes through ongoing consultation and participation. We intend to engage on the safety rules changes as they are developed before policy change commences as well as during the establishment of the requirements, strengthening our engagement with UK Industry.

While we are putting in place the resources required to maintain momentum, the pace and sequencing of certain elements may depend on broader government and system-wide factors. Throughout the reform period, we will protect operational resilience by maintaining sufficient capacity for frontline regulatory activity, ensuring high standards of safety, effective oversight, and continuity of service.

### 4 **Impact on smaller operators:** Some respondents argue that legislative reform charges disproportionately affect small organisations, charitable bodies and low turnover or non-commercial operators, and that the charges do not differentiate between commercial and non-commercial activities.

**Our response:** Legislative reform delivers system-wide benefits that extend to non-commercial pilots, flying clubs, charitable bodies and smaller operators. A clearer and more coherent regulatory framework will reduce unnecessary duplication, simplify processes and enable a more proportionate oversight approach. For non-commercial users in particular, the reforms will support reductions in administrative burden, quicker processing of approvals, and a more responsive regulatory environment that can adapt rapidly to new technologies and emerging safety issues.

We recognise, however, the affordability concerns raised by smaller and non-commercial organisations. We will continue to review the funding requirements of the legislative reform programme and, where changes to charges are necessary, we will apply the CAA's established funding principles—ensuring that any future adjustments are supported by clear evidence of financial need, delivery progress and demonstrable efficiencies. This includes explaining the rationale for cost recovery in transparent terms and ensuring value for money is maintained throughout the life of the programme.

Legislative reform is essential to maintaining a modern, safe and effective aviation system, and its benefits are shared across the entire aviation community. In this context, it is appropriate that all users contribute a small amount toward supporting this work. As an illustration, the 0.6% uplift across safety schemes required for the programme equates to approximately £2 on the cost of a Private Pilot Licence—representing a modest and proportionate contribution relative to the wider improvements the reforms will help unlock.

Legislative reform provides the opportunity for CAA and aviation industry to streamline the rulemaking process and remove unnecessary delays. It will also enable us to unify some requirements, improve their clarity and reducing fragmentation across different regulatory frameworks. The new structure will make it easier to locate applicable rules, understand intent, and demonstrate compliance.

For example, in terms of airspace requirements, the UK Rules of the Air (2015) and the Assimilated Standardised Rules of the Air (SERA) Regulation, supplemented by several General Exemptions, makes understanding the requirements potentially complex and time consuming. A consolidated ruleset, with flexibility as to language and format and the ability to make changes supporting safety improvements and efficiencies more speedily than at present will contribute to easier understanding of the requirements, supporting safety in the air for all.

**Conclusion:** We appreciate the feedback received from stakeholders in relation to the Legislative Reform proposals. Taking account of the benefits that legislative reform will provide to the aviation sector, its participants and the general public, we will implement the proposed 0.6% increase in safety charges from 1 April 2026. We have sought to answer the questions posed by stakeholders above and will continue to engage openly and transparently with stakeholders as the reform programme progresses. As our timeline for implementation becomes clearer we will be able to more confidently update our funding requirements for future years and will provide updates to charge payers at the earliest opportunity.

## Safety Service Enhancement

**We proposed:** 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. This initiative will first support larger corporate entities with multiple CAA touch-points, and consequently we have sought funding from increases of 2.4% to major commercial charges.

**You said:** The initiative is generally supported by impacted stakeholders, with airlines, airports and air navigation service providers broadly in favour of an integrated, proportionate, risk/performance-based oversight model. Stakeholder feedback focused on how the measure will be implemented and how success will be measured.

Specific points of feedback included:

1. **Need for Measurable Service Improvements, Clear Key Performance Indicators (KPIs) and Strong Accountability:** Respondents broadly supported the ambition to improve safety oversight, but raised concerns about the effectiveness of previous initiatives and the need for clear evidence that increased charges will deliver visible improvements. They emphasised the importance of measurable service gains particularly reductions in delays, duplication and administrative burden and called for transparent KPIs, baselines and regular reporting to ensure accountability.

**Our response:** We recognise the importance of ensuring that any increase in charges is accompanied by tangible, demonstrable improvements in the quality, speed and consistency of our regulatory services. The Safety Service Enhancement programme is specifically designed to address the issues raised by stakeholders, drawing directly on customer feedback and the evidence base set out in SARG's strategic operating model review.

The programme introduces an ICAO aligned, integrated oversight model which will deliver practical, measurable benefits for regulated entities. These include:

- **Reduced duplication of audits and touchpoints:** By moving from siloed oversight to integrated surveillance teams (e.g., for management systems, occurrence reporting and nominated persons), the model eliminates unnecessary repeat audits and consolidates engagement for entities holding multiple approvals.
- **Faster processing and more consistent decision-making:** The new cross functional team will coordinate all customer related activity—integrating data, actions and resourcing—to reduce bottlenecks, limit handoffs and ensure cases progress more efficiently.

**A more proportionate and risk based oversight regime:** ICAO aligned integrated risk management will reduce avoidable oversight activity for high performing operators while ensuring CAA resources focus on the areas of greatest safety value.

- **Improved customer experience and simpler engagement:** A single coordinated account management approach replaces fragmented interactions across domains, giving organisations one central route into the CAA and improving consistency of communication.
- **Better use of digital tools to support capacity and capability:** New digital systems for competency management and account management will strengthen planning, case coordination and data quality, ensuring a more resilient and responsive oversight function.

The designed approach is based on key account management principles and will look to establish a dedicated account for each customer that will include an agreed account management plan, providing transparency on all account activities and their status, supported by regular liaison sessions to actively discuss and track progress. The account management plan will provide a holistic view of customer strategic objectives, specific CAA actions assigned to the customer and all service catalogue activity initiated by the customer (applications, variations, etc), to enable the achievement of tangible service improvements. A dedicated team will implement, maintain and continuously improve the account management framework to achieve consistent performance and scalable growth through progress customer enrolment.

As part of the expanded function, we will introduce a structured approach to service performance monitoring, tracking and continuous improvement. This will begin with establishing baseline measures for key aspects of safety oversight, including turnaround times, backlog levels, audit duplication and case cycle times. Once baselined, we will monitor ongoing performance against these measures—for example, changes in timeliness, consistency of decision-making, responsiveness to customer queries, and reductions in duplicated oversight activity.

We will share performance updates with stakeholders, providing clear visibility of progress and areas for improvement. This work will be closely aligned with the development of our service health reporting under the CX&M programme, and the outputs will be incorporated into the CAA's Value and Impact Report, ensuring transparency and accountability across the programme.

We are committed to ensuring that the Safety Service Enhancement programme delivers visible, measurable and independently verifiable improvements to the way safety oversight is delivered. The programme will:

- deliver a more agile, proportionate and customer focused oversight system;

- reduce administrative and operational burdens through streamlined processes;
- reinforce the CAA's financial and operational sustainability; and
- provide demonstrable value for money through transparent reporting of outcomes.

These commitments reflect the central principle raised by stakeholders: that any uplift in charges must be tied to clear performance improvements. We agree, and the measures above will ensure that the benefits of this programme are both **delivered and evidenced**.

2. **Reducing administrative and oversight burdens:** We recognise stakeholders' strong support for reducing duplicated oversight, accelerating regulatory decisions, and ensuring effort is directed where it delivers the greatest safety value. Respondents also asked the CAA to reaffirm its commitment to Performance Based Oversight (PBO), particularly for organisations that already demonstrate mature safety management and strong accountability.

**Our response:** The Safety Service Enhancement programme will strengthen our ability to apply oversight in a proportionate, risk and performance-based manner. While we are not expanding PBO beyond established ICAO-aligned principles, we are improving the conditions needed for PBO to operate consistently and credibly across the system. This includes introducing an integrated oversight model that reduces siloed activity, removes unnecessary duplication, and enables more coherent assessment of an organisation's safety performance and system maturity.

A core objective of the programme is to reduce administrative and regulatory burden in line with the government's 25% industry burden-reduction ambition. The new model will streamline engagement through coordinated account management, reduce reliance on multiple audits for organisations with several approvals, and minimise handoffs by integrating safety data, casework and customer interactions across disciplines. These changes are designed to free technical specialists to focus on higher-value activities and support quicker, clearer regulatory decisions.

Periodic account management review meetings with each customer will aim to provide active feedback conditions, so the tangible improvements can be observed and discussed dynamically.

To ensure this has demonstrable impact, we will establish and publish clear baselines and metrics covering duplication levels, turnaround times and case cycle performance, and measure improvements year-on-year. Together, these measures will support a more proportionate, risk-focused oversight system—reducing burden for consistently high-performing operators while concentrating CAA effort where safety benefit is greatest.

**Conclusion:** We appreciate the support from stakeholders for the intent of the proposed change, whilst also acknowledging questions posed regarding how change will be implemented and success measured – we have sought to answer these questions in this document and will provide ongoing updates to stakeholders as the change is rolled out, whilst also seeking ongoing feedback from our customers to ensure we continue to adapt and improve our service offering. Consequently, we will be implementing the proposed price increases to fund this workstream from 1 April 2026.

## Consumer Protection

**We proposed:** We are seeking to further strengthen our Consumer Protection team 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 Alternative Dispute Resolution (ADR) services. To fund this initiative, we have proposed increases of 3.0% on consumer protection, airline licensing and economic regulation charges.

**You said:** Stakeholders generally accepted the proposal but requested clearer justification for the increased focus and how it will deliver tangible benefits to industry. Some respondents felt the CAA could achieve the same objectives through better use of existing powers and resources.

1. **More evidence of the case for change and deliverable benefits:** Respondents asked for a clearer justification for the increased focus on consumer protection, including stronger evidence of rising expectations and a clearer articulation of how additional funding will deliver measurable benefits for consumers and industry.

**Our response:** There is a clear and growing expectation from government, the CAA Board and the public for the CAA to play a more proactive role in strengthening consumer protection. The Secretary of State's priorities for 25/26 emphasised the importance of consumer protection, explicitly setting expectations that the CAA will "modernise your consumer focus so as to put the consumer first," including enhanced enforcement, clearer passenger rights information, improved accessibility performance, and effective oversight of dispute resolution mechanisms. These priorities reflect rising expectations that the CAA should intervene more firmly and visibly when consumer rights are not upheld.

We will use the additional funding for new dedicated roles in the Consumer Protection team, creating additional capacity to increase our oversight activity in relation to accessibility and ADR, as well as increasing our enforcement activity. This increased action will support improved compliance with both general consumer law and aviation-specific consumer protection legislation which is in place to protect aviation consumers.

We will measure the impact of this additional funding through monitoring metrics such as the number of enforcement actions taken (noting that, in line with the CAA's guidance on consumer enforcement, the CAA will often use other measures to bring airlines into compliance before commencing formal enforcement action); the volume of complaints taken to ADR by consumers, publication of our annual airport accessibility report; and monitoring consumer satisfaction, including results from the CAA's annual Consumer Aviation Survey.

This approach ensures that the proposed investment responds directly to government priorities, and provides a transparent, measurable basis for assessing the benefits delivered.

- 2. Proportionate and evidence-based enforcement:** Airlines support consumer protection in principle but emphasised that consumer protection must be delivered through a regulatory approach that is proportionate, evidence-based and focused on genuine non-compliance. They also questioned how this principle translates into the CAA's charging model.

**Our response:** We agree that proportionate, evidence-based and targeted enforcement is essential. Our regulatory approach is grounded in the need to take action based on clear evidence and risk, ensuring that intervention is focused where consumer detriment is material and persistent. We use our Consumer Prioritisation Principals to determine where our resource is most appropriately targeted and consider our approach to enforcement with regard to our Consumer Enforcement Guidelines. We acknowledge that there is a need to review each of these documents and plan to undertake a consultation as part of this review process, providing industry with an opportunity to comment on our approach.

We also recognise the need to ensure that our charging approach mirrors this proportionality. In line with the CAA's core funding principles of sustainability, equity and accountability, charges are designed so that costs fall on those whose activities give rise to consumer-facing risk or who directly benefit from strengthened consumer confidence. Our principles are set out explicitly: users should fund the services they consume, charging structures must be transparent and cost-reflective, and effort should be allocated fairly across charge payers.

In the near term, the proposed 3.0% uplift for consumer protection funds specific enhancements—capacity in accessibility, enforcement and ADR oversight—which deliver clear benefits to passengers and industry. In the medium term, the Funding Structure Reform (FSR) programme provides the opportunity to examine the consumer protection charging model in more depth, ensuring it remains proportionate, standardised and aligned to the level of regulatory effort. This work will consider whether more refined approaches to cost allocation may be appropriate,

supported by improved data, digital systems and efficiency measures already underway.

Together, these measures ensure that our regulatory and charging approaches remain aligned, proportionate and evidence-driven—focusing resources where they will have the greatest impact while maintaining transparency and fairness for industry.

- 3. Role of ADR, Safeguards Against Frivolous Claims, and Separation of Functions:** Stakeholders agreed that ADR plays an important role but emphasised that it must complement not replace airlines' own complaint-handling systems. They sought clarity on how ADR is funded, asked for reassurance that it would not encourage frivolous claims, and requested confirmation of the separation between ADR operation and regulatory oversight.

**Our response:** ADR is intended as an escalation route after the airline has had the opportunity to resolve the complaint directly. ADR is a system which provides consumers with an independent decision on their complaint without the need to go to court. It is free to use for the consumer and, in most cases, will provide consumers with its decision within three months, making it an accessible and responsive route to ensuring consumers have the opportunity for their complaints to be fairly considered.

While ADR is not mandatory in aviation in the UK, most airlines and airports in the UK are signed up to one of the two CAA-approved providers (or in some cases to an ADR provider in another country). Costs for the provision of the service are met through a combination of airline case fees paid to ADR providers and CAA oversight charges, although oversight costs are currently under-recovered and therefore partly supported through statutory charges.

Safeguards already exist to discourage frivolous or low-quality claims: ADR schemes apply clear eligibility checks, require supporting evidence, and may refuse vexatious or non-meritorious cases.

The CAA acts as the competent authority for approving aviation ADR providers in the UK to ensure they meet strict standards of expertise, independence, and impartiality. The CAA is not responsible for the decisions undertaken by ADR providers, which are taken independently. The CAA does not have the power to influence an ADR decision, except in the very rare situation that the complaint relates to a complex and novel issue, nor does it have the power to overturn an ADR decision. ADR provides a faster alternative to going through the courts for resolving disputes, however passengers retain the right to take legal action against the airline or airport if they do not agree with the ADR body's decision.

While the CAA will consider ADR data trends (which are published on the CAA's website) in considering areas of focus in our regulatory oversight role, this is one of many factors which are considered in our oversight work.

- 4. Accessibility Framework:** Respondents welcomed additional investment to strengthen delivery of the revised Airport Accessibility Framework, recognising the direct benefits for passengers. They asked, however, that accessibility enforcement continues to reflect operational realities, prioritises collaboration consistent with the government's Aviation Task & Finish Group's recommendations, and demonstrates measurable improvements before any future cost increases are considered.

**Our response:** We welcome the support for delivery of a revised Airport Accessibility Framework. We agree that strengthening accessibility outcomes requires a proportionate, collaborative and evidence-based approach.

The proposed Consumer Protection uplift includes one additional role focused on accessibility policy. This enhanced capability will support delivery of a review of the Airport Accessibility Framework, including a consultation on future changes to this framework, and will provide support to implement any changes. The review is expected to consider recommendations made by the government's Aviation Task and Finish Group and ensure that the revised Framework is well placed to deliver measurable improvements in the provision of accessibility assistance in line with accessibility legislation in the UK.

**Conclusion:** After reviewing feedback received from stakeholders regarding the increased funding for consumer protection, we have determined to implement the proposed price increases as set out in the charging consultation. The cost of the proposed new roles equates to less than 0.1p per passenger flight in the UK, which we believe is outweighed by the benefits the commercial aviation industry derives from greater consumer confidence. We have sought to answer the questions posed by respondents above and remain committed to providing transparent updates to stakeholders on our progress.

## Economic Regulation of Heathrow

**We proposed:** 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. The proposed charges continue to seek direct full cost recovery from Heathrow Airport Limited and any associated developers seeking capacity expansion.

**You said:** Stakeholders broadly supported the capacity expansion proposals, particularly efforts to increase funding transparency and actively manage costs. Airlines raised concerns around the increase in charges at the same time as other cost pressures on the industry. They requested greater assurance on delivery pace and clearer visibility of how

funds will be used. A small number of stakeholders misinterpreted commentary on potential future increases as wider industry funding capacity expansion.

- 1. Airline Feedback on Price Impact and Competitiveness:** Airlines raised concerns that the proposed above-inflation uplift related to Heathrow-specific activities adds to an already heavy cost base at the airport. Some respondents highlighted that Heathrow's overall airport charges are already among the highest of major global hubs, and that successive uplifts combined with Air Passenger Duty (APD) and cost recovery for expansion risk reducing UK competitiveness. Airlines asked for greater assurance that any additional CAA charges are tightly controlled, transparently managed, and clearly linked to specific deliverables.

**Our response:** We recognise that the uplift in CAA charges associated with the economic regulation of Heathrow airport should be transparent, proportionate, and clearly aligned to the work we carry out to meet our statutory duties.

The expansion of airport capacity in the UK is a clear Government priority to promote economic growth and the CAA has a central role in enabling the efficient and effective expansion of capacity at Heathrow airport to further the interests of consumers.

The refinement to the economic regulation charging structure will provide transparency by separating funding for licence modification and price control work from capacity-expansion activity and ensure direct cost recovery from Heathrow Airport Limited (HAL) and relevant third-party developers only.

We will also continue to consult and engage with stakeholders on our forward plans and any future changes in economic regulation charges, to provide assurance that the funding associated with capacity expansion and our broader economic regulation work is proportionate, transparent and used in an efficient manner.

- 2. Heathrow Airport Limited (HAL) Feedback on Delivery Pace and Use of Funds:** HAL requested greater assurance regarding the pace of delivery, the structure of the work programme, and clearer visibility of how the proposed funding will be used.

**Our response:** We note HAL's request for clearer visibility on timelines and deliverables. As set out in the consultation, the estimated financial requirements for the H8 price control programme (£4.5m), and the Heathrow capacity-expansion workstream (£5.0m), reflect the scale and complexity of activity required over the coming year, including specialist technical assessments, internal and external resource, and contingency to meet statutory deadlines.

The CAA attends regular meetings with HAL and other stakeholders where we provide updates on progress of the programme. We will continue to discuss with stakeholders whether there is further information, such as providing information on the split of costs

between CAA staff and third-party consultancy costs for each of the H8 price review and Heathrow capacity expansion.

We will continue to provide updates on programme timelines and deliverables through the publication of our consultations and decisions on the regulation of Heathrow airport.

**3. Capacity expansion cost recovery:** A small number of respondents misinterpreted the consultation document, raising concerns that the future costs of capacity expansion will be recovered from the wider aviation sector. Multiple airline and airport submissions supported capacity expansion costs being separately identified and ring-fenced for related CAA work.

**Our response:** Economic Regulation of Heathrow activities will continue to be fully cost recovered from Heathrow Airport Limited and, where applicable, third-party developers – we will not directly charge other parties for this work. This is consistent with our charging principles and Managing Public Money. Future changes in these charges will continue to be subject to public consultation.

**Conclusion:** We note the support from many stakeholders to make sure the CAA has sufficient resources for the economic regulation of Heathrow, but balanced with the need for CAA to be efficient, transparent and proportionate. We will adopt the proposed changes in economic regulation charges from 1 April 2026 and we will continue to engage with stakeholders on our timetable and future changes in economic regulation charges, including providing further information on our costs.

## Funding Structure Reform

**We proposed:** Recommended changes arising from our review of the Aviation Security charging scheme amounting to £0.6m – additional funding is to be reinvested in managing new regulatory pressures and service improvements. The Aviation Security review forms the basis of CAA-wide simplification and standardisation of our charging structure, improving clarity for customers and providing a sustainable funding model.

**You said:** Stakeholders support the aims of simplification, standardisation and transparency, with some emphasising the need for accompanying operational improvements. While the charging principles and proposals to amend the financial target were broadly accepted, stakeholders have requested clearer evidence of their practical application, including greater transparency and clearer demonstration of service costs. Stakeholder expectations vary on the impact of FSR, with some seeking lower charges or protections for smaller operators and charities, whereas others call for reduced cross-subsidisation. The Aviation Security proposals have received limited feedback, however the proposed surcharge for monthly variable charge invoicing has been objected.

1. **Variable charging monthly surcharge:** A small number of respondents raised concerns regarding the proposed introduction of a 1% surcharge for continuing to pay

variable charges monthly rather than moving to annual payments. Stakeholders noted that annual invoicing may reduce administrative burden for both customers and the CAA but stressed that this benefit should not come at the expense of operators' financial flexibility, particularly during periods of sectoral financial pressure.

**Our response:** We recognise the importance of predictable and manageable cashflow, particularly for organisations with smaller operating margins or seasonal revenue profiles. The intention behind the proposed surcharge was not to penalise monthly payments, but to seek to reduce administrative burdens for customers and stakeholders alongside improving revenue predictability.

Whilst the core intention to move to annual invoicing and use historic data as a reference for charging were seen as progressive steps, customers were clear that retaining the ability to pay monthly was important. We acknowledge the feedback that the rationale for the surcharge requires clearer communication and evidence of proportionality against our charging principles.

In response to this, we will continue with plans to move to annual invoicing and changing the volume data reference period, but will withdraw the 1% surcharge proposal for 26/27 while we complete further analysis. This means that customers will receive a single invoice for the year and will be able to settle this via monthly direct debit instalments over the course of the year without the surcharge being applied.

In practice, Aviation Security customers who are subject to the per-passenger charge should expect to see the following from this change in 26/27:

- Final monthly invoices under the 25/26 charging scheme raised in April, using February 2026 passenger volumes, and May, using March 2026 passenger volumes.
- First annual invoice under the 26/27 charging scheme raised in May 2026, using passenger data from April 2025 to March 2026 to determine the amount payable.
- Direct communication before May 2026 setting out what this means for each customer and providing the option to settle via direct debit from June 2026.

This change is an opportunity to test the feasibility of moving to monthly invoicing before seeking to roll this out across the CAA's other variable charging mechanisms to ensure consistency and benefit delivery. We will engage with customers through the year to understand the effectiveness of the change and whether further refinements are required from 27/28.

As set out in the charging consultation, directed airports who are not subject to the per passenger charge will be invoiced £5k to cover the cost of their oversight on 1 April each year for the effort incurred in the financial year ahead.

This approach balances administrative efficiency with fairness and ensures that any future changes are grounded in robust evidence and transparent cost justification.

- 2. Impact of overseas cargo approval charging:** A small number of respondents highlighted concerns that the introduction of charges for overseas cargo approvals (e.g., ACC3/RA3/KC3 oversight activities conducted outside the UK) could increase the cost of UK-regulated cargo operations relative to other jurisdictions, reducing the competitiveness of UK carriers or operators serving certain international markets. Concerns were also raised over the impact of cumulative charges when multiple entities within the same supply chain require approval.

**Our response:** Oversight of overseas cargo security is a statutory requirement placed on the CAA, and the cost of discharging this regulatory obligation must, under the Civil Aviation Act and Managing Public Money, be recovered from those who directly benefit from or trigger the regulatory activity. Historically, this oversight has been provided at no charge, creating cross-subsidy from unrelated charge payers, inconsistent with our charging principles.

However, we recognise and take seriously the concerns raised about competitiveness and transparency. To address this, we confirm that charges will be strictly limited to the direct cost of carrying out the regulatory activity. This includes travel, specialist expertise, and case assessment, where the oversight is required solely because an operator seeks UK cargo designation or wishes to maintain it. This maintains fairness across charge payers and avoids subsidising sector-specific costs using broader aviation charges.

To ensure transparency, we will clearly set out, in the final Scheme of Charges, the scenarios where charges apply, including initial overseas approvals, renewal cycles, significant changes requiring reassessment and operator-requested variations.

We recognise concerns about cumulative impacts, particularly in markets where multiple RA3/KC3 entities operate (e.g., respondents referenced India). We believe that our charges are both modest in relation to the associated activity cost and ensure full cost recovery based on CAA effort. Over the course of 26/27 we will actively engage with stakeholders to identify any impact these charges may be having on stakeholder activity, and will take steps to refine our charging approach if necessary.

Finally, we can confirm that charges do not reflect future or speculative activity. They relate only to specific services rendered, consistent with aviation security legislation and the cost-reflectivity principle.

This approach ensures sustainability of the oversight function while responding proportionately to stakeholder concerns and maintaining the UK's strong reputation for secure, internationally recognised cargo screening.

3. **Ensuring charges reflect effort incurred:** Stakeholders support standardisation only if charges remain equitable—meaning charges must continue to reflect regulatory effort and must not unintentionally shift costs between groups. Standardisation must not result in blunt “one size fits all” outcomes.

**Our response:** We agree that standardisation must not compromise an equitable distribution of costs, aligned to effort incurred. Our approach is to work with regulatory teams to understand the factors that drive differentiated effort between user groups. Where consistent, predictable and transparent trends emerge we seek to reflect this in our charging approach. It is important to balance simplicity with equity; therefore we will only differentiate charges where this results in a material difference in pricing.

In differentiating charges, we use a combination of standardised charging designs, including tiered, matrix, modular or full-cost recovery mechanisms. The most appropriate mechanism is determined by the conditions that drive our distribution of effort. For example, where there is a simple differentiation based on one factor then a simple tiered approach is most appropriate, however where there are multiple, material factors, a modular approach may be more appropriate.

This is evidenced in our proposed changes to the Cyber Security oversight charges. Our work has identified a tangible and significant difference in effort incurred in oversight performed for larger airports and long-haul air carriers, however the existing charging structure is currently a flat rate. To rectify this, we have moved from a single rate to a tiered charging approach, shifting our charging approach against the standardised charging structure and ensuring charges better reflect effort incurred.

The aim is to develop a set of charges that reflect the effort incurred, which are simple to interpret by customers and implement by the CAA.

4. **Improving documentation usability and accessibility:** A recurring concern is that CAA charging documentation and supporting CAP material are difficult to navigate. Stakeholders welcome simplification in principle, but say the current documents can be lengthy, complex, and hard to interpret. Many want this reform to produce clearer, shorter, more user friendly material.

**Our response:** We recognise that clearer, more accessible charging documentation is essential to transparency and stakeholder confidence. The Aviation Security pilot has allowed us to identify areas for simplification across the use of language, document structure, the presentation of charges and links to supporting information. We are finalising our presentation of the Aviation Security charging scheme which will be published shortly, reflecting the aim of simplification. We will be seeking feedback from stakeholders on the presentation changes prior to adopting these across the remaining charging documents. We are committed to ensuring documents remain easy to interpret by all stakeholders, and we will review published materials annually with input from users to continually improve their simplicity and accessibility.

5. **Simplification should reduce administrative costs:** Some stakeholders—particularly smaller organisations—argue that if reform reduces administrative effort, it should lead to lower charges or at least help avoid further increases.

**Our response:** Whilst we note expectations from some that simplification should translate into more efficient processes and, where possible, lower costs, this is not the central aim of Funding Structure Reform and is not expected to deliver any direct financial benefit through efficiency. We anticipate administrative burdens will be lower for our customers through our reforms, through reductions in invoices, payments, data submission requests, queries and refunds, saving our customers time when engaging with the CAA. Whilst we expect this will result in some internal process efficiencies, this is expected to save small amounts of time across multiple tasks and individuals. Whilst we do not anticipate this will convert into material savings of cost for the CAA, it will allow us to deliver a better value service, with more efficient and effective processes driving a better customer experience. In our Finance team, the efficiencies realised in adopting standardised charging structures will be offset by the additional work associated with continuous improvement and deeper value-for-money analysis and reporting.

Funding Structure Reform continues to work alongside other strategic projects, including the Customer Experience and Modernisation programme. Whilst FSR is highly unlikely to remove any existing costs from the CAA, it will help to avoid future costs associated with digitalisation of processes through simplifying charging structures, removing an element of complexity in system implementation.

Our review is ongoing, currently covering less than 10% of the CAA's charging structure, therefore it is possible that more significant benefits will be identified as the project progresses. As further benefits are identified these will be communicated to stakeholders.

6. **More information on project progress:** Whilst stakeholders support reform, they want the CAA to clearly show what is changing, who is affected, and why. They request a clear mapping from current schemes/charges to the reformed structure, published impact assessments, and scheme level justification so that they can judge proportionality. Many ask for phased transitions—not a “big bang”—plus ongoing engagement checkpoints.

**Our response:** We recognise the need for clarity around what is changing and the potential impacts. The FSR project adopted a transitional approach following completion of the discovery phase where evidence supported an evolution of the existing charging structures, rather than starting with a ‘blank sheet of paper’. This allows us to limit impacts on stakeholders, sequence and coordinate with other internal change initiatives and to make the most efficient use of our resources. We determined that using the

existing annual consultation cycle to deliver changes incrementally would be preferable for all parties over big-bang transitions.

As stakeholders will note from the Aviation Security change recommendations, incremental delivery allows us to present a more granular justification for our proposals, demonstrating the case for each change in turn rather than broad justification. We believe this improves transparency for stakeholders and it has allowed us to learn more about customer responses to specific points of detail which may have been lost in a 'big-bang' transition.

As we progress this work, we will continue to publish a detailed justification of each change proposal. It is not possible to forecast what changes will be driven from the ongoing review of the remaining charging schemes, however impacted stakeholder groups will be directly engaged on proposals for change as these are identified – we have taken this approach with our Aviation Security recommendations, directly contacting all impacted stakeholders to explain the rationale for our proposals and to invite feedback. We will ensure that latter proposals for change are considered alongside those already implemented, so stakeholders can assess the full impact of changes as the project progresses through to completion.

Where more significant or impactful changes are identified, we will consider the most appropriate route to introduce these to limit stakeholder disruption, including phased adoption or other transitional arrangements. This will allow stakeholders time to adapt and enabling us to incorporate feedback at key engagement checkpoints. All changes will be subject to full consultation before implementation.

**Conclusion:** Based on stakeholder feedback received, we will implement the proposed changes to the Aviation Security scheme, except for the surcharge component of the amended variable charging mechanism. As with all changes to our charges, we will monitor their effectiveness over the course of 26/27 and seek to make refinements where necessary.

## Minor Modifications and Improvements

There have been relatively few comments relating to our proposals for minor modifications or scheme improvements. Where feedback was received it centred on our proposed changes to medical charges and the introduction of charges for Restricted Airspace Temporary [RA(T)] applications. Feedback received and our responses are set out below.

1. **Medical charges:** Some concerns were raised regarding Aeromedical Examiner (AME) refresher training charges, as well as charges for file reviews and certification validations.

**Our response:** The proposals for changes to our medical charges were intended to address cost recovery and sustainability issues associated with these services. Since

the consultation was launched, the FSR project has performed an overview of all medical charges, recognising cross-cutting issues regarding clarity of cost recovery. Whilst the proposals included in the consultation would have addressed specific issues identified, they would not address the broader challenges associated with medical charges.

Alongside this, stakeholder feedback regarding the transparency of proposed changes to AME charges and concerns over the perceptions of an overly targeted approach to cost recovery from medical certificate holders with underlying medical conditions were noted. We will take this feedback into account as the FSR review progresses; however stakeholders should be aware that overall recoverability of medical charges may necessitate changes in our pricing structure in the future. We commit to proactive engagement with impacted stakeholders on this topic and will share our recommendations for change when our review has sufficiently progressed.

Recognising the feedback received from stakeholders, and the ongoing work conducted through our strategic charging review, we will withdraw the AME refresher training and consultant file review charges proposed in the 26/27 charging consultation. We will instead review these issues through the FSR project, ensuring that we engage with impacted stakeholders to understand the impact of any proposed changes prior to consultation.

2. **Restricted Airspace Temporary [RA(T)] applications:** Stakeholders raised several points regarding the proposal to introduce charges for RA(T) applications:

- RA(T) applications have historically been provided free of charge, and some respondents considered that earlier engagement would have been beneficial.
- Respondents noted that other European states (e.g. France, Spain, Belgium, Malta, Greece, Czech Republic) do not typically charge for equivalent temporary airspace restrictions.
- Concerns were expressed that the proposed charges appear high, particularly for repeat applications where parameters change little year-to-year.
- Some respondents questioned the work required to process RA(T)s, noting that the proposed fees appear to imply significant CAA staff time.
- Several stakeholders raised issues with the proposed amendment/revocation charge, suggesting it may deter cancellation even when operationally appropriate.
- Clarity was requested on whether state functions including military air displays, Families Days, and RAFAT (Red Arrows) displays would be subject to these

charges, and whether this could result in “double charging” for events hosting RAFAT.

**Our response:** The CAA acknowledges the feedback received and confirms that the proposal to introduce RA(T) charges is intended to support a sustainable, proportionate and legally compliant process. RA(T) services currently recover no costs despite significant regulatory and administrative effort. Introducing charges for applications ensures consistency with other users, compliance with the CAA’s funding principles and long-term service resilience.

Each RA(T) constitutes a legally binding temporary airspace restriction requiring regulatory assessment under the CAA’s statutory safety duties (Transport Act 2000, s.70), drafting and publication of a Statutory Instrument (SI), coordination and notification activities and legal revocation processes where necessary. This work is non-discretionary and must be undertaken for every RA(T), including repeat annual events, as airspace use and associated risk profiles can change significantly within 12 months.

The revocation of a RA(T) requires an SI to be legally withdrawn. Leaving a RA(T) in force when no longer required can impose unnecessary constraints on airspace users. A revocation charge is therefore appropriate and aligned to the work required.

The volume of airspace activity has increased materially, including 303 airspace activities processed so far this year and 96 non-state RA(T) requests, many associated with RPAS operations. Introducing proportionate charges ensures that the RA(T) service remains resourced and scalable.

To provide clarity, RA(T) charges will not apply to military events, including Families Days, RAFAT (Red Arrows) displays and other state functions. This also removes the risk of any “double charging” where RAFAT raise their own RA(T).

The introduction of RA(T) charge is required to provide a sustainable funding model for a legally required and increasingly high-volume service. The proposed charging structure reflects the regulatory and administrative effort involved in line with the CAA’s charging principles, ensuring the continued safe management of UK airspace, and protect state events from cost burden. Consequently, these charges will be implemented from 1 April 2026 as set out in the charging consultation.

**Conclusion:** We will implement the proposed minor changes across various charging schemes as set out in the charging consultation, except for the proposed medical charges, which will instead be reviewed as part of the FSR project.

## Value for Money

**We asked:** We wanted to understand stakeholder perceptions on the CAA's ability to deliver and demonstrate services that provide value for money.

**You said:** Stakeholder perceptions on the value of CAA services is mixed, with support from parts of commercial industry, but objections from other users, citing lack of visible service improvements and perceived disproportionate fees. Whilst there is recognition of recent efforts to improve transparency, service performance and efficiencies, there are calls for further steps to be taken.

1. **Customer-facing improvements expected for the increased charges:** Respondents — particularly airlines, airports and representative bodies — questioned what tangible improvements customers will see from additional funding. Many noted that without clear service uplift, charges risk appearing as cost increases without corresponding enhancements. They requested:

- Clear mapping of charges to specific service outcomes
- Evidence of improvements in timeliness, responsiveness, and consistency
- Greater visibility of how CX&M, FSR, safety and consumer programmes will deliver measurable benefits

**Our response:** We recognise the need for stronger clarity on how increased charges directly convert into better customer outcomes. Across licensing, oversight, airworthiness, ATOL, RPAS and economic regulation functions, we are working to expand and refine service-performance reporting. This builds on the progress already made, including:

- Quarterly publication of service performance, demonstrating 95% service levels in most licensing pathways (further information provided in the appendix).
- Significant RPAS digital improvements arising from the implementation of pre-defined risk assessments, reducing processing times.
- Positive stakeholder feedback from early testing on improvements in the digitalisation of our ATS licensing service

The Customer Experience & Modernisation (CX&M) programme — funded by reinvested efficiencies and targeted charging — is delivering:

- A new digital ATS Licensing Service (public beta in Spring 2026)
- Fully digital pilot licensing services (in development, expected in 2027)

- Ongoing website, portal and content improvements, simplified journeys and clearer information architecture.

These changes are designed to directly reduce customer effort and processing burden.

Alongside this, the programme is driving cultural and reporting changes to embed customer service into colleague behaviours and leadership decision making. This includes adoption of end-to-end service-ownership models and Government Digital Services (GDS)-aligned design standards.

The CX&M programme has also launched the Future Surveillance Operating Model (FSOM) review over the past year, with allocated funding enabling a modernised, end-to-end oversight system. This will support reduced customer and CAA duplication, streamlined case management and consistency across safety domains.

This review is a multi-year initiative, with delivery commencing later in 2026. Together with CX&M, these initiatives will modernise the CAA's service offering, providing higher value services which improve the effectiveness of delivery and save customers time through more efficient processes.

Each significant proposal in the 26/27 charging consultation clearly maps to deliverables associated with targeted strategic initiatives, including:

- Legislative Reform, enabling quicker rulemaking and reduced legislative delays.
- Safety Service Enhancement, providing cross-functional oversight, reducing duplication of effort for both the CAA and our stakeholders.
- Consumer Protection, strengthening enforcement, supporting consumer accessibility and enabling ADR oversight.
- Heathrow capacity expansion, providing the financial resources to progress our work at pace, essential for protecting consumer interests and enabling industry growth.
- Funding Structure Reform, establishing the principles and mechanisms which will improve financial sustainability and transparency.

Each initiative includes specific milestones and reporting obligations in 26/27, more detail of which is provided in the appendix.

2. **System-wide value for money and prioritisation across programmes:** Multiple stakeholders stressed the need to understand how the CAA prioritises investment across competing priorities, how overlapping programmes interact and whether investment is coordinated to avoid duplication or inefficiency. They sought assurance that the CAA is allocating resources based on strategic impact and customer benefit, not internal pressures.

**Our Response:** The CAA agrees that customers must be confident that investment decisions are coordinated and prioritised. The CAA uses a formalised Prioritisation Model across all new initiatives, balancing a range of internal and external factors, including:

- Regulatory outcome
- Legal requirement
- Government alignment
- Customer benefit
- Value for money
- Regulatory administrative cost impact

This approach ensures that CAA resources are allocated to high-value initiatives and that workstreams are effectively sequenced. The CAA's Annual Strategic Objectives, including initiatives proposed in the 26/27 charging consultation, have been shaped using our prioritisation model.

Alongside this, a full multi-year financial plan, which will outline key changes to the cost base regarding both investment and efficiency that delivers customer benefit and improvement, is under development to enable improved sequencing and strategic decision making, explicitly considering:

- Our changing regulatory responsibilities
- Changes in service demand
- Grant-funding volatility
- Our efficiency and reinvestment plan
- Future charging requirements
- Mitigation of strategic risks

Our major strategic programmes, including CX&M, Future of Flight, Airspace Modernisation, Legislative Reform, Sustainability and FSR, undergo joint governance through the CAA's Executive Committee, dedicated project control boards and cross-directorate planning, preventing duplication and misalignment. Alongside this, the CAA also reports on the progress of major initiatives to the CAA Board, the Department for Transport Sponsorship Board and industry representatives, via the Finance and Services Forum. This ensures that workstreams are coordinated to make the most efficient use of resources and outputs are synthesised to deliver greater outcome benefits, and that our stakeholders are fully sighted on the progress of our strategic initiatives.

Objective CAA-wide prioritisation, long-term planning and robust ongoing governance creates an environment which allows the CAA to focus delivery on initiatives which will

have the greatest impact, whilst making the most effective use of our people and available funding.

3. **Transparency of how funding is allocated and monitored:** Respondents argued that visibility of ringfenced reserves, strategic initiative costings and progress against milestones is essential to assess value for money. Some also wanted scheme-level and programme-level breakdowns to better understand cost drivers.

**Our Response:** We appreciate feedback from stakeholders recognising steps taken to improve transparency, but also acknowledge calls to develop this further. To address this feedback we are taking the following steps:

- Publishing our first annual Value & Impact Report, covering efficiencies, use of reserves and customer benefits, due later in 26/27.
- Continue to improve financial justification tables in our 27/28 charging consultation, providing more explicit revenue and costing assumptions.
- Clearer reporting on our use of ringfenced funding, as demonstrated by the workstream summaries included in the appendix and efficiency and reinvestment analysis.

Alongside simplifying and standardising the CAA's charging schemes, the Funding Structure Reform project continues to improve the CAA's financial data landscape and develop analytical tools which will support service-level financial analysis in the future. Whilst this is a multi-year initiative, we will share more granular financial information with stakeholders when it is available, including cost drivers, FTE allocations and delivery plans. We have already sought to provide this information at a high level for major strategic initiatives, including Heathrow Capacity Expansion, Consumer Protection, Safety Enhancement, and Legislative Reform, all of which are available in the appendix.

4. **Internal efficiency and cross-programme cost control:** Many respondents emphasised that value for money must include evidence that the CAA is continuing to constrain internal costs, demonstrating efficiency savings and avoiding unnecessary overhead growth. Stakeholders also sought greater detail to demonstrate how the CAA is reinvesting efficiencies directly into service improvements rather than expanding baseline costs and the benefits this will deliver.

**Our Response:** We agree with stakeholder feedback highlighting the importance of ongoing efficiency measures as part of providing value for money services. We have set out the controls we have in place to ensure ongoing efficiency reviews in the Price Indexation section earlier in this document. The CAA is in the final year of a three-year efficiency programme which has delivered:

- A permanent 5% reduction in our operating cost base.
- £4.6m annual avoided increases through real-terms below inflation price increases, saving customers £7.2m over three years.

- £15m invested into digital services, including implementation of the DSCO platform and SORA framework, and funding our CX&M programme, delivering improvements to frontline services without seeking significant funding from stakeholders.

As we prepare for another financial year our steps to improve budgetary control and drive out wastage has delivered a further £7.0m in absorbed cost pressures, managed through internal reprioritisation. This includes:

- Making the best use of our resources, through operating model reviews and active vacancy management, saving £3.5m
- Self-funding new or expanded activities, including additional support for the property strategy and creating an economic services function, avoiding charge increases of £2.5m.
- Absorbing the impacts of non-pay inflation within existing budget settlements, primarily relating to IT third-party costs, property costs and increased travel costs, saving an estimated £1.0m.

Looking ahead, we will continue to explore opportunities to improve customer value, either through improvements to efficiency, effectiveness or economic measures, including:

- Eliminating unnecessary process burdens for both our customers and our colleagues through our CX&M and FSOM programmes.
- Advancing automation, including the adoption of artificial intelligence solutions where possible (e.g., AI-enabled Mandatory Occurrence Reporting).
- Rationalising supporting systems, processes and customer-facing materials (e.g. improving charging materials and processes through FSR).
- Active procurement management, reviewing existing and new contracts and market tender processes to ensure the CAA maximises value from third-parties.

**Conclusion:** We appreciate stakeholder feedback acknowledging steps taken to improve transparency whilst recognising that there is more we can do. During 26/27 we will publish a Value and Impact report to better demonstrate how the CAA provides value for money to its stakeholders. We will also continue to increase the granularity of our service performance reporting, provide ongoing updates on key strategic initiatives and ensure future charging proposals are accompanied with sufficient information to ensure they are fully justified.

## Digital Transformation & Customer Experience

**We asked:** We were seeking feedback from stakeholders on their experiences as a customer of the CAA and their views on our plans to improve this, notably through digital transformation of services.

**You said:** Stakeholders broadly support digital transformation for efficiency and transparency but report slow progress, poor usability in some systems, lack of intuitive design and guidance, delays in approvals, and stress the need for user-centred design, better communication, streamlined processes, and measurable service improvements. Respondents also noted that previous increases in charges have not yet resulted in visible improvements in turnaround times, responsiveness, digital systems, or regulatory efficiency.

- 1. Need for clearer articulation of digital improvements customers will directly experience:** Respondents agreed that modernisation is necessary but felt the CAA should be clearer about what specific improvements users will see. Comments highlighted frustration with slow digital progress in certain areas, inconsistent user journeys across licensing, oversight and approvals and a need for clearer visibility of which services are being modernised and when.

**Our response:** We agree that users must clearly understand what improvements they will see as digital programmes progress. As such, we commit to providing clearer and more regular communication of deliverables, building on the publication of our programme overview site<sup>2</sup>, including ongoing updates on progress. Alongside this, the CAA provides regular updates to our external industry engagement forum (the Finance and Services Forum), responding to questions from members on behalf of the sectors they represent.

In 26/27 users should expect to see the following improvements:

- a. The initial launch of digital ATS Licensing (public beta in Spring 2026), providing streamlined Radio Operator and Air Traffic Controller application processes.
- b. Digital identity verification integrated into the CAA Portal, providing a more efficient application journey for customers.
- c. Website improvements, including a modernised design system aligned with the CAA Portal, simplified information structuring and clearer guidance for stakeholders.
- d. Tactical fixes (now live or in rollout), including automated stamping and scanning of licences and faster examiner report processing.

Alongside this, the CAA will be continuing to drive service improvements through:

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<sup>2</sup> Available at [Customer Experience Modernisation Programme | UK Civil Aviation Authority - https://www.caa.co.uk/about-us/research-and-innovation/customer-experience-modernisation/customer-experience-modernisation-programme](https://www.caa.co.uk/about-us/research-and-innovation/customer-experience-modernisation/customer-experience-modernisation-programme)

- a. Completing our discovery phase for digital pilot licensing, the first step in providing fully online application, variation, renewal pathways and commencing design and build.
- b. Progressing the Future Surveillance Operating Model (FSOM) project, exploring full end-to-end oversight capability, consolidation of legacy oversight tools and integration of data and case information.

This programme is designed to deliver progressively visible improvements over the coming years. The programme is aligned to Government Digital Services standards and follows an agile methodology, meaning that we continually learn, refine and adapt our delivery approach based on stakeholder feedback. This means that long-term timelines are subject to change – as more evidence becomes clear our prioritisation of service improvements may change. However, based on our current expectations, the roadmap for future years expects the following deliverables:

- **27/28:** Digital commercial pilot licence Beta and FSOM.
  - **28/29:** Full digital commercial pilot licensing, initial work on digital engineer and private pilot licensing solutions.
  - **29/30 and beyond:** Full delivery of engineer and private pilot licensing and exploration of organisation licensing solutions.
2. **Addressing current pain points in customer interactions:** Stakeholders raised concerns about confusing or hard-to-navigate digital interfaces, pointing to issues with legacy tools including repeated data entry across multiple systems and a lack of progress tracking for applications. These issues were cited as sources of avoidable effort, delays, and customer dissatisfaction.

**Our response:** We acknowledge the specific operational issues raised by stakeholders and confirm that digital pain points identified in consultation feedback directly align with our CX&M priorities. We are currently focusing on addressing the following issues:

- Repeated data entry is being resolved through CAA Portal identity verification and form redesign.
- Lack of application tracking will be addressed through ATS and pilot licensing digital services.
- Confusing website navigation is being addressed via a redesign of the supporting architecture and updating the appearance to ensure a consistent customer experience.
- Manual-heavy workflows impacting application processing times is being reduced through PIMS automation and FSOM design work.

Some stakeholders also raised concerns over RPAS application pathways. In recent years the transition to the DSCO platform and SORA framework has demonstrated meaningful reductions in processing times and improved transparency for users. We continue to develop these tools in response to industry feedback and changing regulatory requirements and customers should expect to see further enhancements in the years ahead.

We received multiple responses highlighting concerns with the CAA's medical system. The CAA introduced the Cellma medical system in 2020, however we acknowledge customers calls for a further improved service. We are currently exploring initial options to enhance our medical services and will update stakeholders as our thinking develops.

3. **Demonstrating how digital transformation will reduce effort and improve turnaround times:** Respondents emphasised that digitalisation must lead to faster case resolution, with shorter end-to-end processing times. Stakeholders suggested achieving this through improvements to data capture and re-use alongside addressing manual bottlenecks. Some respondents felt that while digital investment was increasing, the benefits were not yet visible.

**Our response:** We agree that digital transformation must directly improve turnaround times. To ensure this we are expanding service-level reporting to cover Licensing, Approvals and RPAS services. We are also exploring service-level reporting for oversight processes. The CAA already provides quarterly service reporting to the DfT and this is published on our website. As our reporting is enhanced it will be included in our DfT and website updates.

We can provide tangible evidence to stakeholders where existing services and recent improvements are providing efficient and effective experiences for customers:

- PDRA approvals have reduced to an average of 27 minutes from 2 weeks through the introduction of a self-serve digital application platform.
- SORA risk assessment approvals are significantly faster — first application completed in 55 days vs previous ~90 day average
- Most licensing application routes are exceeding delivery within service-level agreements, scoring 95% against performance targets of 90%.

Our CX&M programme continues to design and deliver tools that will reduce customer administrative effort. Our modernised services are designed to:

- Auto-populate previously supplied information
- Integrate payments
- Eliminate paper-based steps

- Reduce need for clarifications or rework
- Ensure consistent submissions first time
- Offer organisations the ability to manage and oversee personnel licensing across their workforce

As the CX&M programme progresses and digital pathways expand, cumulative customer effort will fall materially.

4. **Need for coherent integration across different CAA functions:** Stakeholders asked for clearer evidence that digital systems will avoid fragmented workflows, working consistently across teams and departments. Stakeholders sought assurances that technical solutions would share data rather than forcing use of multiple portals and that delivery would be aligned with oversight reforms from FSOM and the Safety Service Enhancement initiative.

**Our response:** We agree that users should not experience fragmented or inconsistent journeys. We are addressing this through ensuring we have a common design and integration approach for future development, aligned to GDS service design standards. Customers will see evidence of this in the short-term, with a consolidated CAA Portal for authentication and common components.

The CX&M programme seeks to remove legacy silos at the CAA, with explicit objectives to retire legacy systems, remove duplicate workflows and simplify user journeys. The digital modernisation programme includes the FSOM project, which will deliver a more efficient and effective oversight programme, and is also aligned to the aims of the Safety Service Enhancement initiative, creating a cross-functional approach to oversight and approvals. Alongside this, the FSR programme is simplifying and standardising charging structures, enabling a streamlined and integrated payment solution within application journeys.

This integrated approach ensures a consistent experience regardless of the regulatory function and provides a long-term improvement to CAA service delivery.

5. **Stronger stakeholder involvement in design and testing:** Respondents widely supported user-centred design but requested earlier engagement on new systems and better communication on design intent. They specifically requested opportunities to test prototypes and a clearer incorporation of user feedback into product improvements.

**Our response:** We agree that early user involvement is essential, and user design is a core component of our GDS-aligned design standards. Stakeholder testing and co-design is being managed through a combination of private beta testing groups, targeted user research for ATS and pilot licensing and engagement through FSF and representative bodies.

Alongside this, we are seeking ongoing user feedback loops, including through customer satisfaction surveys (internal and external), two of which have already been completed. This has allowed us to benchmark user experience and monitor progress over time through repetition.

As mentioned above, the CAA already publishes updates on the progress of CX&M to provide transparency in our rollout plans. We will continue to update this with testing schedules and feature roadmaps as the programme continues. Alongside this we will continue to provide status updates to stakeholders through Skywise and at our regular FSF meetings.

By aligning ourselves to GDS service design standards, stakeholder involvement is now formally embedded into digital programme governance.

**Conclusion:** Taken together, this feedback reinforces the importance of delivering a modern, consistent and user-centred digital experience across all CAA services. We recognise that stakeholders expect clearer communication, faster progress and demonstrable improvements, and we are committed to meeting those expectations. Throughout 26/27, we will continue to prioritise the issues raised through this consultation—reducing administrative effort, improving turnaround times, strengthening system usability, and ensuring digital services work seamlessly across functions. As our modernisation programme matures, the benefits will increasingly be visible to users, supported by regular updates, enhanced service-performance reporting and continued engagement with industry. Our ambition is to provide a high-quality, streamlined and transparent digital experience that supports safe, efficient and accessible regulation for the entire aviation community.

## Future Planning & Emerging Changes

**We asked:** In the charging consultation we highlighted future changes in regulation, our remit or our operating model which may require additional funding from industry. We sought feedback on this roadmap, with a commitment to keeping customers informed on how these workstreams develop, engaging early on any confirmed proposals for changes to charges.

**You said:** Stakeholders broadly support future initiatives but urge proportionate, risk-based regulation, clear cost allocation, and early engagement—emphasising that RPAS market surveillance and legislative reform should avoid excessive charges on small operators, maintain government funding where functions shift from state to industry, and ensure standards reflect operational diversity without duplicating existing frameworks.

1. **Need for early visibility of upcoming regulatory or charging changes:** Respondents emphasised the importance of the CAA providing a clear forward look of expected changes with advance warning of new charging areas, suggesting that better horizon scanning for impacts of regulatory reform, technology adoption and new statutory

responsibilities was needed. Operators stressed that predictable planning enables better budgeting, resource allocation and operational readiness.

**Our response:** We recognise the importance of foresight and predictability for all users. We have sought to improve visibility of future impacts by including a high-level forward-look on areas where we anticipate new charging schemes (e.g. ground handling safety oversight), future increases to multi-year workstreams (i.e. legislative reform funding) and areas where we anticipate funding transitions from the taxpayer to industry (e.g. RPAS market surveillance). Many of these workstreams are still in design, are not anticipated for multiple years, or the possibility of future funding requirements is uncertain, therefore specific details are difficult to provide at this stage.

We commit to providing visibility to stakeholders of emerging areas where we anticipate funding may be required and further detail will be provided as requirements become clearer. We will provide these updates both within future consultation materials on an annual basis and in our regular cross-industry Finance and Services Forum meetings. Alongside emerging funding requirements, we will continue to provide progress updates on strategic programmes before charges are introduced. This approach is intended to provide early and routine transparency for all sectors.

- 2. Sequencing of emerging reforms to avoid overlapping impacts:** Stakeholders warned against concurrent implementation of multiple significant initiatives in a short period of time. They have asked for clear sequencing and mitigation of cumulative burden.

**Our response:** We agree that where practical, reforms must be sequenced, not stacked. Many of these initiatives impact different stakeholder groups and are managed by different teams within the CAA. Some reforms, such as the adoption of ground handling oversight, are directed externally, and some are driven by internal pressures.

Recognising that the CAA has a broad remit, it is not uncommon for significant change initiatives to be running in parallel – because of this, the CAA has put in place prioritisation and governance structures which enable effective progression on multiple fronts with appropriate coordination between workstreams where it is beneficial. To ensure we are focused on the right initiative at the right time we use our prioritisation framework to consider a range of internal and external levers, providing an objective assessment of where we should concentrate our efforts. Alongside this, the CAA has robust coordinated programme governance in place. Major strategic programmes are overseen through a combination of Programme Boards, oversight from the Executive Committee and additional cross-directorate governance arrangements where required. These structures ensure that where multiple reforms are being progressed simultaneously, deliverables are logically sequenced to minimise disruption to stakeholders and make efficient use of our resources.

Many of our larger workstreams span multiple years, so whilst the CAA may be working on several initiatives simultaneously, the implementation of these is often staggered, avoiding cumulative customer impacts.

3. **Need for transitional arrangements to support adaptation:** Several stakeholders — particularly airports, RPAS operators, and smaller entities — requested transitional charging models where increased funding is required.

**Our response:** When the CAA introduces new charges to fund initiatives we consider both the phasing of cost burden for the CAA and impact on customers. Often, work on initiatives will ramp up over multiple years, providing an opportunity to stagger charging increases for stakeholders. This is demonstrated in our legislative reform proposals this year, where cost impacts in 26/27 are expected to be on a part-year basis, allowing us to phase the increased funding requirements over multiple years. Where funding requirements are considered to be significant for customers to absorb, we also explore options to phase increases, however due to the CAA's self-funded model, larger year-on-year increases are sometimes required. We will remain transparent with stakeholders and will engage early to highlight where future increases are expected.

Our aim is to ensure changes are predictable, manageable and proportionate.

4. **Concern about how new technologies and risks will be factored into planning:** Operators sought reassurance that the CAA will adapt proportionately to technological change, with costs associated with new technologies (advanced air mobility, electric vertical take-off and landing, hydrogen, spaceflight, artificial intelligence) being recovered fairly and that new requirements will not create disproportionate burdens on small operators.

**Our response:** We will continue to ensure that our charging principles are consistently applied when introducing new charges to fund regulation associated with new technologies. This includes the principles of sustainability, ensuring that we are fully recovering our costs, and equity, meaning that the regulated entity funds the CAA's activities. In recent years, the expansion of the RPAS sector has meant the CAA has required new funding sources. The charges introduced to fund this activity have been sought recovery from RPAS users themselves. This is also evident in the work we are doing with novel aircraft designs, such as eVTOL aircraft, where regulated entities are fully funding the costs associated with their applications.

In recent years, the Department for Transport have funded a series of innovative workstreams, covering the growth of the UK Spaceflight industry, our Future of Flight programme and Hydrogen propulsion. These initiatives are aligned to Secretary of State priorities where the UK Government is seeking to invest in aviation technology and infrastructure with a view to economic growth and consumer benefit. Whilst funding for these initiatives allows us to make significant progress in introducing regulatory changes, once functions become established the expectation is for regulated entities to

fund the ongoing costs of oversight, in accordance with the Managing Public Money framework.

A core part of the CAA's role involves introducing and adapting regulatory frameworks to take account of innovation in the sector. This is a central cost to the CAA, sitting alongside core policy work, which provides benefit to all users. For those adopting new technologies it provides a safe environment for commercial introduction, and for those who do not, it ensures safe integration of new technologies alongside existing operations, allowing continued access to the limited aviation capacity in the UK. Given that maintaining a safe and accessible aviation system is in the interest of all, the CAA seeks to recover the cost of both policy and innovation functions from a portion of all charges. This investment from all CAA stakeholders provides a safe and secure aviation ecosystem for the long-term.

**5. Importance of early stakeholder engagement in shaping future changes:**

Respondents requested earlier engagement when seeking to introduce new charges, including clearer articulation of the 'problem statement', earlier discussions on proposed changes and opportunities to co-design charging structures.

Our response: We agree that proactive engagement results in a more transparent and effective funding model. Over the past year we have taken steps to improve stakeholder engagement, most notably with RPAS representatives in relation to the introduction of PDRA and SORA charging. Alongside this, the CAA have invested more time in stakeholder engagement across the breadth of the sectors we regulate, from recreational users to commercial entities. Moving into 26/27 we are seeking to further increase engagement, ensuring we can understand the effectiveness of our charging model from the perspective of our users.

Where we are aware that significant changes to charging structures will be required, we will ensure early engagement with impacted groups, clearly setting out the requirement for additional funding. Presently, this is limited to our regular Finance and Services Forum meetings, however we recognise the benefits of taking further steps to engage directly with impacted groups beyond the forum. This will enable us to more directly consider the impact of proposals on customers, ensuring that charging design can account for unintended consequences prior to formal consultation. This valuable user insight will enable a more transparent and effective charging model that works for both the CAA and our stakeholders.

**Conclusion:** We recognise the desire for stakeholders to have foresight of the CAA's future activities and how costs will be recovered. We commit to providing regular updates on the known future changes to the CAA's work, engaging directly with impacted stakeholders where this is likely to give rise to increased or new charges. We will continue to apply our charging principles when introducing proposals for change, ensuring our charging structure remains sustainable, equitable, accountable and clear.

## Appendix

### 1. Final Price Increase Table by Scheme and detailed changes to proposals

The below table shows our final price increases applied across each charging scheme. Other than the proposed changes to medical charges (Aeromedical Examiner Refresher Training increase and File Review & Validation charge) and the surcharge for monthly payment of Aviation Security per passenger charges, all other proposals will be implemented from 1 April 2026.

Regulatory Focus	Scheme of Charges	Price Indexation	Legislative Reform	Consumer Protection	Total Price Increase
<b>Safety</b>	Aerial Application Certificates	4.1%	0.6%	0.0%	<b>4.7%</b>
	Aerodrome and Air Traffic Management Regulation (1)	4.1%	0.6%	0.0%	<b>4.7%</b>
	Aircraft Registration	4.1%	0.6%	0.0%	<b>4.7%</b>
	Flight Operations (1)	4.1%	0.6%	0.0%	<b>4.7%</b>
	Airworthiness (1)	4.1%	0.6%	0.0%	<b>4.7%</b>
	En Route Air Traffic Control Services Regulation	4.1%	0.6%	0.0%	<b>4.7%</b>
	General Aviation	4.1%	0.6%	0.0%	<b>4.7%</b>
	Instrument Flight Procedures	4.1%	0.6%	0.0%	<b>4.7%</b>
	Personnel Licensing	4.1%	0.6%	0.0%	<b>4.7%</b>
	Remotely Piloted Aircraft Systems	4.1%	0.6%	0.0%	<b>4.7%</b>
<b>Consumer Protection</b>	Air Travel Organiser's Licensing (ATOL)	4.1%	0.0%	0.0%	<b>4.1%</b>
	Air Operator Licensing	4.1%	0.0%	3.0%	<b>7.1%</b>
	Economic Regulation of Airports	4.1%	0.6%	3.0%	<b>7.1%</b>
<b>Aviation Security</b>	Aviation Security (2)	4.1%	0.0%	0.0%	<b>4.1%</b>
<b>Spaceflight</b>	Spaceflight (3)	0.0%	0.0%	0.0%	<b>0.0%</b>
<b>Other</b>	Overseas Travel	4.1%	0.6%	0.0%	<b>4.7%</b>

- 1 The following charges 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:
  - Aerodrome and Air Traffic Management Regulation charging scheme:
    - 3.3 Aerodrome/vertiport licence or certificate variable charge: 2.02p
    - ANSP (ATS) variable charge: 1.90p
  - Flight Operations charging scheme:
    - Variable charges:
      - 3.73 pence for every 1,000 available seat-kilometres flown by that aircraft; and,
      - 21.32 pence for every 1,000 cargo tonne (1,000 kg) kilometres flown by that aircraft.
  - Airworthiness charging scheme:
    - 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
- 2 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. Please refer to the consultation document on this year's proposed changes to number of the charges.

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

## 2. Key Workstream Summaries

### Protecting consumers and the public: Legislative Reform

<p><b>Aims:</b> Reform the CAA's aviation safety legislative framework to cut regulatory burdens, increase agility, and support growth by enabling quicker and clearer updates to technical rules, maintaining international alignment.</p> <p><b>Context:</b> Current framework is overly slow and inflexible, meaning changes take years, preventing timely responses to new safety concerns, innovation and international alignment. The reform aims to streamline legal structures, give the regulator more authority to set technical rules and strengthen stakeholder involvement so changes can be made more quickly, proportionately and transparently.</p>	<p><b>Annual Key Deliverables</b></p> <ol style="list-style-type: none"> <li>1. Improve core capability to support rulemaking and policy addressing constraints in key areas, including legal, economics and analysis capacity, with team mobilisation and training in cost-benefit techniques and post-implementation review.</li> <li>2. Updating and strengthening our existing processes and governance to enable a more efficient rulemaking process.</li> <li>3. Scope and plan supporting systems to enable an effective rulemaking function aligned to CAA digital standards.</li> </ol> <p><b>Longer term phases:</b> To be determined through initial work in 26/27</p> <p><b>Interdependencies:</b> Coordination with Government on roles and responsibilities; alignment with ICAO/international frameworks to minimise avoidable divergence/compliance burden.</p>	<p><b>Outcomes &amp; Benefits:</b> Our regulatory approach becomes more flexible and responsive, with an agile framework that adapts quickly to change, strengthens international alignment, and reduces administrative burden for both the CAA and industry. Streamlining and consolidating rules, where there is benefit, enhancing engagement to include industry in shaping the rulemaking programme and reducing international divergence will support safety and sustainable growth.</p> <p><b>Success Criteria:</b></p> <ul style="list-style-type: none"> <li>• <b>Timeliness &amp; agility:</b> measurable reduction in elapsed time to develop and implement technical updates; fewer reliance-driven exemptions.</li> <li>• <b>Proportionality &amp; clarity:</b> improved stakeholder feedback on clarity of rules and guidance; reduced rework/queries.</li> <li>• <b>International alignment:</b> alignment with ICAO-based standards to minimise avoidable divergence/associated costs.</li> </ul>
<p><b>Changes to Schemes of Charges in 26/27:</b> £0.6m from 0.6% increase to safety charges.</p> <p><b>Cost drivers: Staffing:</b> 6 FTE (part-year costs)   <b>Technology / systems:</b> New IT system required to support editing, publication and public accessibility of documentation   <b>External expertise or third-party support:</b> Subject to required changes to legal process and legal delivery teams   <b>One-off vs ongoing costs:</b> System development costs £60k are one off (5%) all other costs ongoing – further increases expected in future years to recognise full-year impacts and additional roles.</p>		

**Protecting consumers and the public: Safety Services Enhancements**

<p><b>Aims:</b> We will establish multi-skilled teams to support cross-SARG oversight and policy development. Team members will pilot a case-management style approach, working with individual entities across multiple disciplines to improve coherence, efficiency and regulatory insight.</p> <p><b>Context:</b> Helps to ease capacity constraints within safety oversight and provides greater flexibility to respond to cross-departmental pressures under the post EU Exit operating model. It also, aligns SARG policy planning approach with wider legislative reform ambitions.</p>	<p><b>Annual Key Deliverables:</b></p> <ol style="list-style-type: none"> <li>1. Establish the safety service enhancement team and key processes.</li> <li>2. Create an agreed customer account enrolment plan.</li> <li>3. Put in place a central co-ordination function with Aviation Legislation &amp; Policy (ALPS) to provide a single SARG legislative plan.</li> </ol> <p><b>Longer term phases (if applicable):</b> Roll out to all customer accounts in future years.</p> <p><b>Interdependencies:</b> CX&amp;M programme delivery of Future Surveillance Operating Model.</p>	<p><b>Outcomes &amp; Benefits:</b> Technical resource pressures are being reduced and customer service improved through the creation of integrated, multi-skilled teams. These cross-cutting teams are adopting a customer account management approach and targeting delivery hotspots, helping to unblock issues and generating efficiencies for both the CAA and our customers.</p> <p><b>Success Criteria:</b> Measurable year-on-year improvements in the speed, consistency and proportionality of safety oversight, demonstrated through reduced audit duplication, shorter case cycle times and stronger turnaround performance. These improvements are also reflected in higher customer satisfaction levels and clearer, more predictable regulatory engagement.</p>
<p><b>Changes to Schemes of Charges in 26/27:</b> £0.8m from 2.4% increases on charges for major commercial entities.</p> <p><b>Cost drivers: Staffing:</b> 7 FTE   <b>Technology / systems:</b> None included but reliant on CX&amp;M   <b>One-off vs ongoing costs:</b> 100% ongoing</p>		

## Protecting consumers and the public: Consumer Protection

<p><b>Aims:</b> As aviation continues to evolve, expectations of consumer protection are rising. To keep pace, the CAA needs greater capacity to enforce consumer rights more effectively, strengthen oversight of accessibility for passengers with reduced mobility or other needs, and enhance regulation of Alternative Dispute Resolution (ADR) services.</p> <p><b>Context:</b> There is growing pressure from key stakeholders – including Government, the CAA board and the public - to strengthen protections for air passengers.</p>	<p><b>Annual Key Deliverables</b></p> <ol style="list-style-type: none"> <li>1. Complete information gathering and airline engagement for phase 1 of our UK261 compliance programme, publish report and commence phase 2.</li> <li>2. Engage with airlines on communications during disruption.</li> <li>3. Publish industry code of practice on airline communications during disruption.</li> <li>4. Publish review of airports accessibility compliance framework and consultation on proposed changes.</li> <li>5. Publish revised airports accessibility compliance framework.</li> </ol> <p><b>Interdependencies:</b> Dependencies that exist include engagement from airlines and wider industry stakeholders.</p>	<p><b>Outcomes &amp; Benefits:</b> Consumers will gain from stronger enforcement of their rights, improved accessibility when travelling, and more effective, transparent dispute resolution. In turn, the aviation industry will benefit from higher consumer confidence and satisfaction, supporting both commercial performance and reputation.</p> <p><b>Success Criteria:</b> Success metrics include the number of enforcement actions taken, accessibility compliance rates, and consumer satisfaction scores, including results from the CAA's Annual Consumer Aviation Survey.</p>
<p><b>Changes to Schemes of Charges in 26/27:</b> £0.3m of new funding from 3.0% increases on Airline Licensing and Economic Regulation of Airports charges</p> <p><b>Cost drivers: Staffing:</b> 2.5 FTE   <b>Technology / systems:</b> None specially mentioned, however the final product will result in a publication on the CAA's website.   <b>One-off vs ongoing costs:</b> 100% ongoing</p>		

## Protecting consumers and the public: Heathrow Capacity Expansion

<p><b>Aims:</b> To provide effective economic regulation of Heathrow to meet our statutory duties including to further the interests of consumers.</p> <p><b>Context:</b> Heathrow is the UK's largest airport and a vital national asset. The CAA has statutory duties to regulate its price control, licence conditions and any proposed capacity expansion in the interests of consumers. Fulfilling these responsibilities effectively requires substantial analytical, technical and regulatory work by the CAA.</p>	<p><b>Annual Key Deliverables</b></p> <ol style="list-style-type: none"> <li>1. Publish H8 initial proposals.</li> <li>2. Publish draft decision on Heathrow expansion early costs.</li> <li>3. Publish shortlist of Heathrow regulatory models.</li> <li>4. Publish preferred Heathrow regulatory models.</li> <li>5. Continue with work on Heathrow early costs.</li> </ol> <p><b>Longer term phases (if applicable):</b> Longer term phases of work associated with the delivery of H8 proposals.</p> <p><b>Interdependencies:</b> Dependent on external consultancies in specific areas to specialist resources to support the delivery of key activities associated with the CAA's Heathrow Expansion obligations.</p>	<p><b>Outcomes &amp; Benefits:</b> Delivers the analysis, assurance and regulatory decisions required to support Heathrow's capacity-expansion programme and the H8 price control, ensuring decisions are evidence-based, timely and protect consumer interests. It provides independent scrutiny of Heathrow's early-cost proposals and technical plans, ensuring that only efficient and well-justified costs proceed. This work strengthens consumer outcomes by assessing expansion proposals for efficiency, affordability and service-quality impacts throughout the programme.</p> <p><b>Success Criteria:</b></p> <ul style="list-style-type: none"> <li>• Key regulatory milestones—including H8 initial and final proposals and expansion-related assessments—are delivered to the published timetable.</li> <li>• Decisions and publications are supported by clear, high-quality evidence and, where needed, targeted external assurance.</li> <li>• Reviews of Heathrow's early-cost items show transparent, well-documented analysis of efficiency and justification, with clear conclusions.</li> <li>• Regulatory choices demonstrate clear consumer benefit—showing how proposals support efficiency, affordability and service quality.</li> </ul>
<p><b>Changes to Schemes of Charges in 26/27:</b> £1.5 increase to aggregate Heathrow Airport Limited charging caps</p> <p><b>Cost drivers: Staffing: increase to 26.8 FTE   External expertise or third-party support:</b> External and Third-Party support are required and have been procured.   <b>One-off vs ongoing costs:</b> Mixture depending on programme timelines and emerging requirements – funding required on a multi-year basis.</p>		

**Enabling aviation and aerospace to innovate and grow: Future of Flight**

<p><b>Aims:</b> We will deliver and govern the government-approved programme of work that addresses the UK aviation future of flight challenge, supports the Government Future of Flight programme and advances our future of flight ambitions. To fully realise the benefits of emerging technologies – including drones/UAS and Advanced Air Mobility - the programme is working towards enabling routine at-scale BVLOS drone operations in integrated airspace by 2027 and enabling piloted eVTOL operations from 2028 to improve connectivity across the UK and economic growth.</p> <p><b>Context:</b> The pace of innovation continues to accelerate. Some technologies - such as drones - are now moving from testing and development into demonstration and early-stage scaling, while others, including artificial intelligence and autonomy, have rapidly grown in prominence.</p>	<p><b>Annual Key Deliverables</b></p> <ol style="list-style-type: none"> <li>1. Continue to enable pathway trials to develop key policies ensuring resourced to support end-to-end testing*</li> <li>2. Deliver activity to ensure statutory instrument for Electronic Conspicuity (EC) mandate laid and key technical positions in EC ConOps validated.</li> <li>3. Put plan in place for holistic testing of all Future ATM/ANS policies across 26/27 and 27/28.</li> <li>4. Publish version 2 of all future ATM/ANS and SWIM ConOps.</li> <li>5. Agree UTM Service Provider certification requirements and complete rulemaking consultation.</li> <li>6. Continue to enable pathway trials to develop key policies ensuring resourced to support end-to-end testing*</li> </ol> <p><small>*includes AI Insights tool to support pace and volume of data analysis.</small></p> <p><b>Longer term phases (if applicable):</b> Ensure core regulatory framework is on track for commercial operations in 2028.</p> <p><b>Interdependencies:</b> Subject to legislative changes and deliverables of other Future of Flight delivery organisations to ensure safe regulatory pathways.</p>	<p><b>Outcomes &amp; Benefits:</b> The Future of Flight Programme will deliver the regulation, technologies and infrastructure for the routine use of innovative aircraft, so that they are safe, secure, sustainable and work for citizens and communities.</p> <p><b>Success Criteria:</b> Safe integration of RPAS and eVTOL into airspace at scale: this will be measured through our regulatory safety management system.</p>
<p><b>Changes to Schemes of Charges in 26/27:</b> None</p>		

## Supporting aviation to improve environmental sustainability: Sustainability

<p><b>Aims:</b> We will support the aviation sector's transition towards environmental sustainability by assessing and evaluating the effectiveness of Government policy, industry actions and our own activities in meeting sustainability targets, while also identifying where further policy development is needed.</p> <p><b>Context:</b> Action is needed to align with our UK Aviation Environmental Review Roadmap so we can more effectively track the industry's progress towards Net Zero and monitor its wider impacts on noise and air quality.</p>	<p><b>Annual Key Deliverables</b></p> <ol style="list-style-type: none"> <li>1. Publish the 2026 Aviation Environmental Report.</li> <li>2. Produce estimates for 2026 full year environmental impacts.</li> <li>3. Enable better contextualisation of the impact of aviation on the environment with comparators and simple metrics.</li> <li>4. Make available information to support decision making around capacity expansion.</li> </ol> <p><b>Longer term phases (if applicable):</b> UK Aviation Environmental Review Roadmap sets out milestones until 2029.</p> <p><b>Interdependencies:</b> Links with CAA Comms team activity, capacity and website development.</p>	<p><b>Outcomes &amp; Benefits:</b> The CAA has delivered the next phase of the Aviation Environmental Review roadmap, enhancing our reporting framework into a comprehensive and robust tool that will service as a trusted source of accurate and accessible aviation environmental data.</p> <p><b>Success Criteria:</b> The public and stakeholders can track aviation progress on noise, air quality and climate. Reporting is more regular, granular and robust.</p>
<p><b>Changes to Schemes of Charges in 26/27:</b> None</p>		

**Enhancing our organisation to deliver this strategy: Customer Experience & Modernisation Programme**

<p><b>Aims:</b> Modernise high-volume regulatory services – such as licensing and oversight - to provide clearer, faster and fully digital journeys, reduce administrative burden for industry; improve predictability and transparency of services, and embed consistent, GDS-aligned service standards across the CAA.</p> <p><b>Context:</b> The CX&amp;M programme is modernising customer-facing services. It responds directly to the ALB review and strong stakeholder feedback that current systems are slow, hard to navigate and inconsistent. The programme focuses on delivering clearer, faster digital journeys, improving website usability, and laying common components that can be reused across licensing and oversight services.</p>	<p><b>Annual Key Deliverables:</b></p> <ol style="list-style-type: none"> <li>1. ATS Licensing public beta with application tracking, clearer guidance, and re-use of common platform components (identity verification, payments).</li> <li>2. Discovery for digital pilot licensing (FCL) and continued delivery of platform components to enable subsequent services (e.g., commercial pilot licensing).</li> <li>3. Future Surveillance &amp; Oversight Model (FSOM) development: end-to-end oversight design, data and case integration, and operational readiness activities.</li> </ol> <p><b>Longer term phases:</b> Following ATS Licensing, CX&amp;M will progress to digital pilot licensing and end-to-end oversight improvements through FSOM. Long-term roadmaps established for digital licensing and oversight modernisation through to 2030.</p> <p><b>Interdependencies:</b> Service Ownership model trial; CAA Service Standard Principles; and CAA Design System. All of which were delivered during 25/26 via the Strategy and Approach CXM Workstream.</p>	<p><b>Outcomes &amp; Benefits:</b></p> <ul style="list-style-type: none"> <li>• Reduced customer effort and faster decisions: fully tracked digital journeys, fewer cases placed “on hold”, less rework, and shorter end-to-end processing times.</li> <li>• Consistent, user-centred services: adopting the CAA Design System and GDS standards; reusing common identity and payment components across services; and improving online guidance to reduce support contacts.</li> <li>• Productivity and capacity gains: release on internal FTE as services digitise, allowing specialists to focus on higher-value oversight activities.</li> <li>• Reduced administrative burden: measurable time savings and fewer touchpoints across licensing and oversight, supporting Government’s 25% administrative burden reduction target.</li> </ul> <p><b>Success Criteria:</b></p> <ul style="list-style-type: none"> <li>• Milestones on time: ATS public beta live; FSOM development milestones achieved; FCL discovery complete and plan agreed.</li> <li>• Service performance improves: year-on-year gains in turnaround times, fewer duplicate interactions, fewer “holds”, and improved SLA attainment across priority services.</li> <li>• User experience improves: reduced customer queries, positive survey trends, and demonstrable website way-finding improvements.</li> <li>• Internal efficiency: validated FTE release and/or cost-avoidance.</li> </ul>
<p><b>Changes to the Schemes of Charges in 26/27: None</b></p>		

### 3. Customer Impact Analysis

Due to the targeted nature of price increases across relevant charges, the impact on individual customer groups varies. Modelling the average impact on the recurring charges of major commercial versus regional airlines and airports, smaller operators will be less impacted by our proposals, primarily due to the targeted nature of the safety service enhancements proposal:

**Table 1: Impact of proposals on modelled airlines and airports**

Customer Group / Impact of Proposals on Recurring Charges	Major Commercial	Regional
Airlines	£413k / 6.3%	£6k / 4.7%
Airports	£181k / 5.4%	£5k / 5.2%

The impacts on individual non-recurring charges across various customer groups is set out below. Again, this demonstrates that the larger increases in charges (7.1%) are targeted at commercial operators, with the rest of the use base seeing increases of 4.1%-4.7%.

**Table 2: Impact of proposals on selected individual charges**

Scheme	Charge	Increase (%)	2025/26 Rate	2026/27 Rate	Impact
Air Operator Licensing	Foreign Operator Permit	7.1%	£107	£115	£8
	Passenger Complaints	7.1%	£190	£203	£13
	Application for renewal of an ATOL (DD) (1m seats)	4.1%	£158,385	£164,879	£6,494

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Scheme	Charge	Increase (%)	2025/26 Rate	2026/27 Rate	Impact
Aircraft Registration	Certificate of registration (<15T)	4.7%	£94	£98	£4
Airworthiness	Certificate of Airworthiness (example A320, 75T)	4.7%	£27,450	£28,740	£1,290
	Airworthiness Review Certificates (example Cessna 172, 1.1T)	4.7%	£120	£126	£6
Aviation Security	Counter Terrorism Check (CTC)	4.1%	£110	£115	£5
Personnel Licensing	Professional Pilot's Licence	4.7%	£326	£341	£15
	Private Pilot's Licence	4.7%	£251	£263	£12
	Aircraft Maintenance Engineer licence (Part-66)	4.7%	£435	£455	£20
	Air traffic controller's licence	4.7%	£1,137	£1,190	£53
	Full Flight Simulator recurrent charge	4.7%	£5,782	£6,054	£272
	Class 1 Medical	4.7%	£18.61	£19.48	£0.87
Remotely Piloted Aircraft Systems	DMARES	4.7%	£11.79	£12.34	£0.55
	Pre-Defined Risk Assessments	4.7%	£500	£524	£24

Affordability concerns have been raised by some customer groups, most notably from non-commercial users. Our charges are structured to allow full cost recovery and broadly reflect effort incurred, including pricing mechanisms to reflect differences in scale, complexity and risk posed by different sectors, all of which impact regulatory effort incurred. The CAA's charges continue to reflect a very small proportion of the cost of aviation participation, as demonstrated by the table below – therefore, we can reasonably conclude that the CAA's charges are not a material factor in influencing customer behaviours and decision making. Despite this, we will proactively engage with stakeholders who continue to raise affordability concerns to understand their perspectives and transparently demonstrate the proportionality of CAA charges in relation to the cost of aviation participation.

**Table 3: Comparison of proposed CAA charges to cost of associated aviation activity**

<b>Aviation Activity and related CAA Charge</b>	<b>Aviation Activity Cost*</b>	<b>Proposed 26/27 CAA Charge Cost</b>	<b>Proportion of Activity Cost</b>
Training for a Private Pilot Licence v Applying for a CAA Private Pilot Licence	£15,000	£263	1.8%
Cessna 172 Purchase Price v CAA Aircraft Registration	£50,000	£98	0.2%
Cessna 172 annual maintenance costs v CAA Annual Renewal Certificate charge	£10,000	£126	1.3%
Private Pilot Medical Assessment v CAA Class 2 Assessment charge	£300	£11.67	3.9%

\*high-level estimates based on industry feedback, CAA colleague experience and publicly available sources – to be further explored in upcoming affordability exercises.

## 4. Key Performance Indicators

The following table sets out our performance against the key services managed by the CAA's Shared Service Centre (SSC). These KPI's are published quarterly on both the CAA's website and as part of the Department for Business and Trade's Regulator KPI Dashboard. These measures are intended to demonstrate regulatory effectiveness and service performance, improving stakeholder transparency.

The tables below cover KPI's reported since the launch of the Regulator KPI Dashboard in October 2025. The CAA is continually working to add KPI's for more services as it becomes available. Stakeholders can find the most up to date results on both CAA and Government websites:

- **Service standards | UK Civil Aviation Authority** (<https://www.caa.co.uk/about-us/the-cao/service-standards/>)
- **Regulator KPI dashboard**  
([https://assets.publishing.service.gov.uk/media/6993075d7149b335a315b47d/Regulator\\_KPI\\_dashboard.pdf](https://assets.publishing.service.gov.uk/media/6993075d7149b335a315b47d/Regulator_KPI_dashboard.pdf))

In addition to these publications, we also provide in-depth updates on service performance and improvement initiatives to the CAA's Finance and Services Forum (FSF) multiple times a year. We have included the most recently published service performance below, covering the back half of 2025. This demonstrates service performance exceeding established SLA's in almost all cases. Engineer Licensing performance levels have been lower than expected over the past year due to resource capacity constraints. Improvement actions are underway to resolve the issue, with performance expected to return to normal levels during FY26/27.

Key Services		Q2 2025/26		Q3 2025/26	
Category	Service Level Target	Service Level % (Target > 90.00%)	Total completed applications	Service Level % (Target > 90.00%)	Total completed applications
<b>Commercial Pilot Personnel Licences</b>	90.00% of applications are processed within 10 working days from receipt of correct application.	99.01%	1511	99.4%	1440

<b>Key Services</b>		<b>Q2 2025/26</b>		<b>Q3 2025/26</b>	
<b>General Aviation Pilot Personnel Licences</b>	90.00% of applications are processed within 10 working days from receipt of correct application.	99.5%	1126	99.6%	1069
<b>Air Traffic Services Personnel Licences</b>	90.00% of applications are processed within 10 working days from receipt of correct application.	96.9%	1184	98.7%	1266
<b>Examiner &amp; Instructor Personnel Licences</b>	90.00% of applications are processed within 10 working days from receipt of correct application.	99.4%	358	98.7%	393
<b>Airworthiness Review Certificates</b>	90.00% of applications are processed within the 5 working days from receipt of a correct application.	100%	22	100%	33
<b>Permits to Fly</b>	90.00% of applications are processed within the 20 working days from receipt of a correct application and recommendation by the responsible technical authority within the CAA.	93.6%	47	100%	56
<b>Certificates of Airworthiness</b>	90.00% of applications are processed within the 15 working days from receipt of a correct application and recommendation by the responsible technical authority within the CAA.	100%	32	100%	29
<b>Changes of registered ownership and other register amendments</b>	90.00% of applications are processed within the 7 days from receipt of a correct application.	91.2%	741	93.9%	571
<b>Completed new aircraft registrations and overseas de-registrations</b>	90.00% of applications are processed within the 3 days from receipt of a correct application.	98.8%	247	98.1%	212

<b>Key Services</b>		<b>Q2 2025/26</b>		<b>Q3 2025/26</b>	
<b>Engineer licenses with technical assistance required</b>	90.00% of applications are processed within 31 days from receipt of a correct application.	41.3%	213	37.2%	164
<b>Engineer licenses without technical assistance required</b>	90.00% of applications are processed within 10 days from receipt of a correct application.	95.3%	740	95.7%	746
<b>Mortgage entries, discharges and priority notices</b>	90.00% of applications are processed within the 3 days from receipt of a correct application.	100%	149	99.2%	123
<b>Airworthiness Approval Certificates</b>	90.00% of applications are processed within 20 working days from receipt of correct application and recommendation by the responsible technical authority within the CAA.	97.3%	749	99.2%	750

<b>Customer Satisfaction</b>		
<b>Customer Experience</b>	<b>Q2 2025/26</b>	<b>Q3 2025/26</b>
Commercial Aviation	3.03/5	2.85/5
General Aviation	3.28/5	2.94/5
Passenger	3.15/5	3.21/5
Remotely Piloted Aircraft Systems (RPAS)	3.65/5	3.47/5

Total (average)	3.28/5	3.22/5
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<b>Telephony Service</b>				
	<b>Target</b>	<b>Q3 2025/26 Answered</b>	<b>Q3 2025/26 Offered</b>	<b>Q3 2025/26 Answered %</b>
<b>Contact Centre</b>	90.00%	5422	5584	97.1%
<b>Medical</b>	90.00%	1733	1821	94.6%