UK Civil Aviation Authority

Statutory Charges FY2027/28

Consultation Document

CAP3324

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Foreword

The CAA's role is to protect people and enable aerospace.

The UK aviation sector is entering a period of significant change. Passenger demand continues to grow, investment in aviation infrastructure is increasing, technological innovation is accelerating, and Government is progressing regulatory reform through the Civil Aviation Bill (Consumer Protection and Regulatory Reform).

These developments present substantial opportunities for the aviation and aerospace sectors. They also create new regulatory demands and expectations, requiring the CAA to maintain the capabilities, expertise, and capacity necessary to discharge its statutory responsibilities effectively.

This consultation sets out the CAA's proposed statutory charges for FY2027/28. The proposals are intended to support the delivery of existing regulatory activities, implementation of emerging legislative responsibilities, and targeted investment in areas critical to maintaining effective safety, security, and consumer protection oversight.

In developing these proposals, the CAA has carefully considered affordability, value for money and proportionality. Proposed investments have been subject to review, challenge and prioritisation to ensure that resources are focused on activities that are necessary to deliver statutory outcomes and regulatory objectives.

The CAA welcomes stakeholder views on the proposals set out in this document.

Executive Summary

The UK aviation sector continues to operate within a rapidly evolving environment. Since 2014, the Civil Aviation Authority (CAA) has taken on a range of additional statutory responsibilities while supporting a safe, efficient, sustainable and competitive aviation sector. At the same time, stakeholders increasingly expect a regulator that is responsive, transparent, customer-focused and capable of implementing regulatory change efficiently.

This consultation sets out the CAA's proposed statutory charges for FY2027/28 and the activities those charges would fund. The proposals have been developed following extensive internal challenge and prioritisation, informed by stakeholder feedback and wider engagement across the aviation sector.

Proposed Changes at a Glance

The proposals would increase the statutory charging revenue base by approximately 8% in FY2027/28, generating an additional £12.4m for targeted investment. For most charge payers, the proposed increase in charges is expected to be approximately 6.1%, reflecting both inflationary pressures and targeted investment in priority regulatory activities. Some commercial sectors will experience higher increases where additional investment is being directed towards services or regulatory functions from which they primarily benefit. The consultation document sets out the proposed charging mechanisms and rationale for cost recovery in each case.

While charges are increasing, the overall impact should be considered in the context of the wider aviation sector. Across industry, CAA statutory charges equate to approximately 54 pence per passenger and represent less than 0.1% of industry turnover. The CAA has sought to ensure that charges remain proportionate while providing the capability and expertise necessary to deliver its statutory responsibilities and maintain an effective regulatory framework.

What's Driving the Increase?

The CAA identified total cost pressures of £17.6 million for FY2027/28. Through internal prioritisation, efficiency measures and challenge processes, £0.6 million of inflationary pressures have been absorbed within existing budgets and a further £4.6 million of activities have been removed, deferred or reprioritised.

The remaining funding requirement reflects a focused package of investment aligned to the CAA's statutory responsibilities and strategic priorities. Key drivers of the proposed funding requirement are:

- Inflationary pressures - £5.6 million (3.6%)
- Legislative reform and regulatory responsibilities - £4.5 million (2.9%)
- Capability and capacity investment - £2.3 million (1.5%)

Together, these areas account for approximately 80% of the proposed funding requirement, demonstrating that the majority of the increase relates to inflation, legislative reform activity and changing regulatory requirements. The remainder addresses core regulatory capability and capacity constraints, intended to maintain and enhance the CAA's effectiveness and quality of service. No proposals in this consultation relate to the introduction of new discretionary activity.

Many of these costs do not relate to one-off projects or temporary programmes. Instead, they reflect ongoing statutory responsibilities that the CAA is now required to undertake on a continuing basis, including rulemaking, consumer protection, oversight of emerging technologies and enhanced regulatory activities. These responsibilities require sustainable capability and capacity to ensure the CAA can continue to regulate effectively and deliver its duties.

Alongside these investments, the CAA is also proposing a series of amendments to cost-recovery charging caps related to airport economic regulation activities. These changes are intended to reflect a combination of inflationary pressures, the stage of associated activities in regulatory cycles and the level of uncertainty inherent in work of this nature, particularly in relation to airport capacity expansion. In all cases, charges are directly recoverable from singular commercial entities with whom the CAA has an established cost-recovery billing approach and an active dialogue regarding levels of spend.

The resulting package represents a targeted programme of investment focused on areas where additional capability is considered necessary to meet statutory responsibilities and deliver benefits for industry and consumers.

The CAA has sought to balance the need for investment with the affordability challenges facing regulated sectors by absorbing costs where possible, challenging expenditure requirements and prioritising those activities expected to deliver the greatest value.

Responding to Stakeholder Feedback

Stakeholders have consistently called for greater transparency regarding how funding is used, the benefits it delivers and the outcomes that can be expected from investment proposals. This consultation has been developed with those requests in mind. Throughout the document, the CAA sets out:

- the activities proposed for funding.
- the challenges and risks those activities are intended to address.
- the expected benefits for industry, consumers and the wider aviation system.
- the delivery and performance measures that will be used to assess success; and
- the actions taken by the CAA to challenge costs, absorb pressures and prioritise resources before proposing any increase in charges.

Particular emphasis has been placed on explaining how investment proposals will improve services, strengthen regulatory capability and deliver measurable outcomes for stakeholders.

Investment in a Modern and Effective Regulatory Framework

A significant element of the proposed package focuses on strengthening the CAA's capability to maintain, modernise and improve the UK aviation regulatory framework.

Feedback received through stakeholder engagement highlighted concerns regarding the pace of regulatory change, the complexity of navigating regulatory requirements, the need for clearer guidance and the importance of earlier and more effective engagement throughout the rulemaking process.

The proposed investment is intended to address these concerns by improving regulatory agility, strengthening stakeholder engagement, increasing the accessibility of regulatory material and enabling regulatory changes to be developed and implemented more efficiently.

The purpose of this investment is not to introduce additional regulation. Rather, it is intended to ensure that the UK aviation regulatory framework can be maintained, updated and improved in a way that supports safety, innovation, international credibility and the long-term success of the sector.

Delivering Value for Money

The CAA recognises that any increase in charges must be supported by clear evidence of need and demonstrable value for money. This consultation therefore provides greater transparency than previous years regarding:

- delivery against previous funding commitments.
- activities that have been deprioritised, removed or absorbed internally.
- workforce and resource utilisation.
- expected benefits and performance measures; and
- how stakeholders will be able to monitor delivery and outcomes.

In line with stakeholder feedback, these investments are intended to deliver tangible benefits for consumers and industry. This includes supporting more timely regulatory change, stronger consumer protection, improved regulatory responsiveness, enhanced safety oversight, and continued modernisation of customer services and digital capabilities.

To further strengthen accountability, the CAA remains committed to publishing an annual Value and Impact Report setting out the benefits delivered through charging-funded investment and performance against commitments made through the consultation process, due in Spring 2027. We welcome feedback from stakeholders as part of this consultation process to help us to continue enhancing transparency.

Looking Ahead

The aviation sector faces significant opportunities and challenges over the coming decade, including regulatory reform, increasing consumer demand and service expectations,

environmental objectives, technological innovation and changing international requirements.

The CAA's objective is to ensure it has the capability, expertise and capacity necessary to respond effectively to these challenges while continuing to deliver proportionate, risk-based regulation and high-quality services to industry and consumers.

The proposals contained within this consultation are intended to support that objective while maintaining a strong focus on affordability, transparency, accountability and value for money.

Alongside future pressures, the CAA expects continued benefits from digitalisation, service modernisation, charging reform and process simplification. These initiatives are intended to improve customer experience while helping to manage future cost pressures.

The CAA welcomes views on both the proposed charges and the activities they are intended to support. Responses received through this consultation will help inform the final charging structure for FY2027/28 and support the continued development of an effective, transparent and sustainable charging framework for the future.

1. Introduction

1.1 Purpose of this Consultation

This consultation sets out the CAA's proposed statutory charges for the financial year commencing 1 April 2027.

The proposals support:

- **delivery of the CAA's Business Plan and strategic priorities,** ensuring the organisation can continue to discharge its statutory functions effectively and efficiently.
- **implementation of new legislative and regulatory responsibilities,** including preparations for changes arising from the Civil Aviation Bill and wider regulatory reform programmes.
- **strengthening consumer protection and enforcement capabilities,** supporting improved passenger outcomes, regulatory compliance and consumer confidence.
- **maintaining and enhancing aviation safety and security oversight,** ensuring the UK aviation system remains safe, secure and resilient in an evolving operating environment.
- **supporting innovation, growth and competitiveness across the aviation and aerospace sectors,** including Future Flight technologies, airspace modernisation and aviation infrastructure programmes.
- **enhancing value for money and transparency, through robust prioritisation of investment requirements,** strengthened reporting of outcomes and improved visibility of how statutory charges are utilised; and
- **continuing the modernisation and simplification of charging arrangements, improving transparency,** cost reflectivity and the overall customer experience.

The proposals have been developed through the CAA's annual planning process and informed by stakeholder engagement, including pre-consultation discussions. Throughout the development of the proposals, particular consideration has been given to affordability, value for money and proportionality, with funding requirements subject to challenge and prioritisation to ensure that only those activities considered necessary to deliver regulatory outcomes and statutory responsibilities are being taken forward.

1.2 Development of the Proposals

The proposals have been developed through the CAA's annual business planning and financial planning processes. Funding requirements were identified through consideration of:

- statutory obligations and regulatory requirements.
- organisational priorities and business plan commitments.
- emerging risks and opportunities across the aviation sector.
- anticipated legislative and policy developments.
- workforce and capability requirements; and

- stakeholder and customer feedback.

All proposed investments were subsequently subject to internal review, challenge and prioritisation to ensure that resources are directed towards activities that deliver the greatest regulatory, consumer and industry benefit while maintaining a clear focus on affordability and value for money.

1.3 Stakeholder Engagement

The CAA recognises the importance of engaging stakeholders throughout the development of charging proposals.

To support the development of this consultation, the CAA undertook pre-consultation engagement with a range of stakeholders across the aviation sector. These discussions provided an opportunity for stakeholders to raise questions, identify priorities and highlight areas where additional clarity or information would be beneficial.

Stakeholders emphasised the importance of:

- affordability and value for money.
- transparency regarding the rationale for proposals.
- clear explanations of cost recovery arrangements.
- direct links between investment and outcomes; and
- visibility of future regulatory developments and funding pressures.

The feedback received has informed both the development of the proposals and the structure of this consultation document. In response, the CAA has sought to provide transparency regarding the drivers for investment, the benefits expected to be delivered, the approach to cost recovery and the challenge and prioritisation processes applied to funding requirements.

Pre-consultation engagement does not replace the formal consultation process. Rather, it has helped identify areas of stakeholder interest and ensure that the consultation addresses many of the questions and issues raised during these early discussions. Stakeholders are encouraged to provide further views on both the proposals and the supporting information contained within this document through the formal consultation process.

1.4 Consultation Responses

The CAA welcomes responses from all stakeholders with an interest in the proposals set out in this consultation. Respondents are encouraged to provide evidence and supporting information where appropriate. Responses should address the consultation questions set out in **Chapter 9** and identify any impacts, risks or alternative approaches which the CAA should consider.

Consultation Period

This consultation opens on **9 November 2026** and closes on **21 December 2026.**

How to Respond

Responses should be submitted electronically via the CAA consultation portal.
https://consultations.caa.co.uk/finance/caa-statutory-charges-consultation-27-28/

Next Steps and Key Dates

Following the close of the consultation, the CAA will review and analyse consultation responses, and consider the evidence and views provided by stakeholders. Stakeholder responses will be used to assess whether any changes to the proposals are required, before final charging changes are published mid-March 2027.

Subject to approval, the revised statutory charges will take effect from 1 April 2027.

Activity	Date
Consultation Opens	9 November 2026
Consultation Closes	21 December 2026
Review Responses and ExCo Approval	January 2027
Board Approval and Secretary of State Consultation	February 2027
Publication of Response Document and Charging Schemes	March 2027
Charges Take Effect	1 April 2027

1.5 Structure of this Document

The remainder of this consultation document is structured as follows:

- **Chapter 2 – Aviation Environment and Regulatory Context** provides the strategic and regulatory context for the proposals, including developments across the aviation sector, legislative reform and the CAA's role in responding to emerging challenges and opportunities.
- **Chapter 3 – Delivering on Previous Commitments** outlines progress against commitments made through previous charging consultations and summarises the outcomes delivered through earlier investments.
- **Chapter 4 – Delivering Value for Money** explains the CAA's approach to identifying, challenging and prioritising funding requirements, and how affordability and value for money have been considered in developing the proposals.
- **Chapter 5 – What is Changing in FY2027/28** presents the proposed investments, charging changes and funding requirements for FY2027/28, together with the rationale, expected benefits and proposed cost recovery arrangements.
- **Chapter 6 – Funding Structure Reform** outlines the CAA's ongoing programme to simplify and modernise charging arrangements, including proposals included within this consultation and areas under development.
- **Chapter 7 – Customer Impact Assessment** considers the affordability and anticipated impact of the proposals on charge-payers and other stakeholders.

- **Chapter 8 – Future Funding Outlook** provides visibility of emerging regulatory developments, future funding pressures and the CAA's current medium-term planning assumptions.
- **Chapter 9 – Consultation Questions** sets out the questions on which the CAA is seeking stakeholder views and feedback.
- **Chapter 10 – Next Steps** explains the consultation process, decision-making arrangements and the anticipated timetable for implementation.
- **Chapter 11 – Detailed Change Proposals by Scheme** provides detailed information on proposed charging changes, scheme-specific amendments and technical proposals.

2. Aviation Environment and Regulatory Context

2.1 Strategic Drivers

The CAA's mission is to **Protect People and Enable Aerospace**. Safety and security of the aviation sector remains the CAA's core priority and underpins our decision making. The proposed statutory charges for FY2027/28 have been developed to ensure the CAA can continue to deliver this mission effectively in a rapidly evolving aviation environment. The mission is underpinned by the CAA's broader strategy to support a safe, secure and sustainable aviation and aerospace sector while protecting consumers and the public.

The UK aviation sector is experiencing sustained growth, rapid technological change and a significant programme of regulatory reform. These developments create opportunities for innovation, investment and economic growth, while also increasing the complexity of the regulatory environment and the demands placed upon the CAA.

Recent CAA statistics show UK airports handled a record 302 million passengers in 2025. Department for Transport forecasts indicate passenger volumes could increase to almost 500 million by 2050. As demand grows, the CAA must ensure that aviation can expand safely and sustainably, including through oversight of airspace modernisation, airport infrastructure development, consumer protection and emerging technologies.

Growth creates opportunities but also increases pressure on airspace capacity, airport infrastructure and wider system resilience. The CAA plays a key role in enabling this growth while ensuring that safety, security and consumer protections are maintained.

Protecting People

The CAA must maintain and strengthen the regulatory capabilities that protect passengers, consumers and the wider public.

Key drivers include:

- implementation of new consumer protection and enforcement responsibilities.
- increasing airworthiness oversight requirements and technical assurance activities.
- enhanced aviation security oversight and compliance requirements.
- introduction of a dedicated ground handling oversight framework to support operational safety; and
- continued delivery of Safety Operations & Assurance activities and risk-based regulatory oversight across the aviation system.

Enabling Aerospace

The CAA must also ensure that regulation supports growth, investment, innovation and the long-term competitiveness of UK aviation and aerospace.

Key drivers include:

- implementation of the Civil Aviation Bill, including consumer protection functions and UK rulemaking capability.
- support for remotely piloted aircraft systems (RPAS), advanced air mobility (AAM) and emerging aviation technologies.
- enabling airport infrastructure development and expansion programmes; and
- delivery of airspace modernisation initiatives to improve capacity, efficiency and environmental performance.

Together, these capabilities help ensure that the UK aviation sector remains safe, secure, consumer-focused and internationally competitive while supporting sustainable growth and innovation.

2.2 The Role of the CAA

The CAA is the UK's independent aviation regulator. Its role is to protect people and enable aerospace by overseeing aviation safety, security and sustainability, protecting consumer interests and supporting the long-term success of the aviation and aerospace sectors.

The CAA's responsibilities span the aviation ecosystem, including safety regulation, aviation security, consumer protection, economic regulation, airspace modernisation and the safe adoption of emerging technologies. Alongside this, the CAA regulates spaceflight and airspace change through separately funded activities.

These responsibilities are becoming increasingly complex as passenger demand grows, technologies evolve and regulatory expectations increase. Maintaining the capability, expertise and organisational capacity necessary to deliver these responsibilities effectively is a key consideration in the proposals set out in this consultation.

2.3 Civil Aviation Bill and Regulatory Reform

The Civil Aviation (Consumer Protection and Regulatory Reform) Bill represents one of the most significant programmes of aviation regulatory reform in recent years and is expected to be a major enabler of change across the UK aviation sector. The Bill is intended to modernise the UK's aviation regulatory framework, strengthen consumer protection and support airspace modernisation.

The legislation is expected to introduce a range of new responsibilities and powers, including:

- new aviation rulemaking powers, enabling the CAA to develop, amend and maintain safety aviation regulations in a more responsive and agile manner.
- direct enforcement powers for securing compliance with air passenger rights and consumer legislation to improve consumer outcomes.
- responsibilities supporting the implementation of airspace modernisation and wider aviation system reform; and

- increased accountability for the development, implementation and ongoing maintenance of aviation regulation, supported by enhanced governance, stakeholder engagement and consultation, and reporting requirements.

Successful implementation of the Civil Aviation Bill will require the CAA to maintain and grow capability across policy development, rulemaking, stakeholder engagement, governance, impact assessment, consumer protection, and programme delivery. These capabilities will support implementation of legislative reform, strengthen consumer and safety outcomes and enable the development of a modern UK aviation regulatory framework.

At the time of publication, the Civil Aviation (Consumer Protection and Regulatory Reform) Bill remains subject to the Parliamentary process. References within this consultation to anticipated powers, responsibilities and regulatory reforms reflect the CAA's current planning assumptions and are dependent upon the passage of legislation and any associated secondary legislation.

2.4 Supporting Growth, Innovation and Infrastructure Development

Alongside its core regulatory responsibilities, the CAA plays an important role in supporting the long-term development, resilience and competitiveness of the UK's aviation and aerospace sectors. Through its work on major infrastructure programmes, emerging technologies and airspace transformation, the CAA helps ensure that growth can be delivered safely, efficiently and sustainably while maintaining public confidence in the aviation system.

Major Infrastructure Programmes

The CAA supports a range of significant airport investment and infrastructure programmes across the United Kingdom. This includes economic and technical assessment of major developments, oversight of regulated airport investment programmes, and the development of regulatory frameworks that enable infrastructure growth whilst protecting consumers and maintaining high standards of safety and resilience.

These activities help ensure that airport expansion and investment programmes are delivered in a manner that supports long-term sector growth, operational performance and value for money.

Future of Flight and Emerging Technologies

The aviation sector is experiencing rapid technological change. The CAA plays a central role in supporting the safe development and deployment of emerging technologies, including RPAS, AAM, alternative propulsion technologies, increasingly digital and automated aviation systems, and associated infrastructure such as vertiports.

Working closely with Government, industry and international partners, the CAA develops proportionate regulatory frameworks that enable innovation while maintaining high standards of safety, security and consumer protection. This work supports investment,

encourages technological advancement and helps maintain the United Kingdom's position as a global leader in aviation and aerospace.

Airspace Modernisation

Airspace modernisation remains one of the aviation sector's most significant transformation programmes. The CAA plays a central role in supporting and overseeing changes designed to modernise UK airspace and ensure it remains capable of meeting future demand.

The programme aims to improve airspace capacity, operational efficiency and resilience, while supporting environmental objectives through more efficient use of airspace and flight path design. It also supports the safe integration of a growing range of airspace users, including commercial aviation, general aviation, military operators, RPAS and future AAM services.

Together, these activities help ensure that the UK's aviation system remains capable of supporting continued growth, technological innovation and changing consumer expectations while maintaining the highest standards of safety, security and environmental performance.

2.5 Maintaining Safety and Security

Safety and security remain the CAA's highest priority and underpin all regulatory activity. Protecting passengers, consumers and the wider public is fundamental to the CAA's mission of Protecting People and Enabling Aerospace.

The CAA has a statutory responsibility to maintain and promote high standards of aviation safety and security across the United Kingdom's aviation system. This includes developing and maintaining regulatory frameworks, conducting risk-based oversight and assurance activities, monitoring compliance with regulatory requirements, and, where necessary, taking enforcement action to address non-compliance and protect the public.

As passenger demand continues to grow and the aviation sector becomes increasingly complex, the CAA must ensure that growth can be accommodated safely and securely. This includes supporting the expansion of airport infrastructure, enabling airspace modernisation, integrating new technologies and operating models, and responding to evolving risks across the aviation system. While these developments create opportunities for innovation and growth, they also place greater demands on regulatory oversight and assurance.

Maintaining effective safety and security regulation requires specialist expertise, robust risk assessment capabilities and access to the tools, systems and resources needed to identify and respond to current and emerging risks. This is essential to maintaining public confidence, meeting domestic and international obligations, and ensuring that safety and security outcomes keep pace with developments across the sector.

The proposals set out in this consultation are intended to ensure that the CAA can continue to deliver effective, proportionate and risk-based regulation while supporting innovation, sustainable growth and the long-term competitiveness of UK aviation and aerospace. Maintaining strong regulatory capability will help ensure that the aviation system remains safe, secure, resilient and capable of meeting future challenges.

These considerations form an important part of the rationale for the proposals presented in this consultation and support the CAA's ability to fulfil its statutory responsibilities both now and in the future.

2.6 Delivering Value Through Modernisation

The CAA is continuing to modernise the way it delivers services to customers, consumers and regulated organisations. As the aviation sector evolves, stakeholders increasingly expect regulatory services to be accessible, efficient, transparent and responsive. At the same time, the volume and complexity of regulatory activity continues to grow. To meet these expectations, the CAA is investing in the modernisation of customer-facing services, regulatory processes and supporting technologies.

Modernisation is focused on improving both customer experience and regulatory effectiveness. This includes enhancing digital services, simplifying customer journeys and regulatory processes, improving access to information and guidance, and making greater use of data and technology to support decision-making. These improvements are intended to make it easier for customers and regulated organisations to interact with the CAA whilst reducing unnecessary administrative burden where appropriate.

The CAA is also using modernisation to strengthen its regulatory capability. Improved use of data, technology and digital tools will support more informed decision-making, enable resources to be targeted towards areas of greatest risk and public value, and help ensure that regulatory activities remain proportionate, efficient and effective. By streamlining processes and reducing duplication, the CAA can improve service delivery while maintaining high standards of safety, security and consumer protection.

These initiatives are intended to deliver long-term benefits for industry, consumers and the wider public by improving service quality, increasing efficiency and supporting value for money. They also support the CAA's mission of Protecting People and Enabling Aerospace by ensuring that the organisation remains an effective, responsive and modern regulator capable of meeting evolving stakeholder expectations and fulfilling its statutory responsibilities.

2.7 Looking Ahead

The aviation sector continues to evolve through sustained passenger growth, technological innovation, regulatory reform and significant investment in infrastructure and airspace modernisation. These developments create opportunities to enhance connectivity, improve consumer outcomes and support economic growth, while also increasing the demands placed upon the regulatory system.

The proposals set out in this consultation have been developed to ensure that the CAA can continue to deliver its mission of Protecting People and Enabling Aerospace. They are intended to maintain the capability, expertise and resources required to support a safe, secure, consumer-focused and innovative aviation sector, while providing value for money for industry and the travelling public.

The following chapter sets out progress made against previous commitments and investment programmes, providing context for the proposed funding requirements and demonstrating how earlier investment has supported the delivery of the CAA's strategic objectives and statutory responsibilities.

3. Delivering on Previous Commitments

3.1 Introduction

The CAA is committed to providing transparency on how funding recovered through statutory charges has been invested and the outcomes delivered for consumers, industry and the wider aviation sector.

Over the past decade, the aviation sector has experienced significant change, including rapid technological innovation, evolving consumer expectations, environmental transition, airspace modernisation and increasing regulatory complexity. In response, the CAA has invested in specialist capability, enhanced regulatory oversight, modernised services and developed the expertise required to regulate an increasingly dynamic aviation environment.

This chapter provides:

- a ten-year overview of investment and the key drivers of change.
- an update on delivery against investments approved through the FY2026/27 consultation; and
- an update on plans for major investment-funded activities continuing into FY2027/28.

3.2 A Decade of Investment and Regulatory Change

Stakeholders have requested greater transparency regarding how CAA charges have evolved over time and the factors that have influenced changes in funding requirements. While statutory charges have increased over the past decade, these changes have not been driven solely by increases in the cost of delivering existing regulatory activities.

Over this period, the aviation sector and the regulatory environment in which it operates have evolved significantly. Alongside managing inflationary pressures, industry growth and wider economic challenges, the CAA has taken on a range of new responsibilities and expanded regulatory activities in response to changes in legislation, Government priorities, technological innovation and emerging risks.

Over the same period, the scale of the aviation sector has continued to grow. UK airports handled approximately 220 million passengers in 2014, compared with a record 302 million passengers in 2025, while demand is forecast to continue growing over the long term. This growth has increased the volume and complexity of aviation activity requiring regulatory oversight, whilst also creating pressure on airspace capacity, infrastructure resilience and the safe integration of new technologies.

Examples of significant regulatory activities introduced or substantially expanded during this period include:

- Additional safety, certification and oversight responsibilities arising from the UK's exit from the European Union.
- Development of regulatory frameworks to support RPAS, AAM and wider Future of Flight initiatives.
- Enhanced cyber security, resilience and systems oversight capabilities.
- Expanded environmental and sustainability programmes supporting the aviation sector's transition to net zero.
- Strengthened consumer protection and market oversight activities.
- Increased rulemaking and legislative reform capability to support the continued development of the UK's aviation framework.

Importantly, these activities do not represent one-off investments or temporary programmes. While many were initially established through specific funding packages, they now form part of the CAA's ongoing regulatory responsibilities. Funding requirements therefore reflect not only the creation of new capabilities, but also the continuing delivery of regulatory oversight, assurance, certification, rulemaking, enforcement and customer services that industry and consumers rely upon every day.

As a result, changes in statutory charges over the past decade reflect a combination of inflationary pressures, growth in the scale and complexity of regulatory activity, and the introduction of new ongoing statutory responsibilities. They do not simply represent increases in the cost of delivering the CAA's historic regulatory functions.

Statutory charges have increased by approximately 55% over the past ten years. Around 32 percentage points of this increase relate to inflationary pressures, including pay, supplier and operating costs. This compares with core inflation rising by 36% over the same period, with the CAA absorbing the difference through internal efficiencies. The remaining 23 percentage points reflect the expansion of the CAA's remit and ongoing regulatory responsibilities.

Of the 23 percentage points associated with remit expansion and ongoing responsibilities:

- approximately 11 percentage points relate to responsibilities that benefit the wider aviation system and are therefore shared across the CAA's customer base; and
- approximately 12 percentage points relate to activities targeted at specific sectors, where costs are recovered from the primary beneficiaries.

The 11 percentage points attributed across the wider customer base primarily relate to activities that support the aviation system as a whole and have become permanent aspects of the CAA's regulatory role. Examples include UK rulemaking and legislative responsibilities following EU Exit, preparing the regulatory framework required to support future aviation technologies, and investment in modernised customer services and regulatory systems.

The CAA recognises the importance of ensuring that charges remain proportionate and affordable. In developing the FY2027/28 package, we have rigorously challenged proposed expenditure, removed or deferred lower-priority activities, applied efficiency

assumptions where appropriate and sought to minimise the impact on charge payers. This process reduced the proposed funding requirement by £5.2m compared with initial proposals, demonstrating the extent to which proposed expenditure has been challenged, prioritised and refined before being brought forward for consultation.

The CAA also recognises the value of providing greater visibility of future funding requirements. While the precise scale and timing of future changes will depend on regulatory priorities, legislative developments and wider economic conditions, Chapter 8 outlines a number of known and emerging pressures that may influence future funding requirements. This is intended to provide stakeholders with greater transparency regarding the longer-term direction of travel and the factors that are likely to shape future charging decisions.

3.3 FY2026/27 Investment Delivery Update

The FY2026/27 consultation included proposals to invest in areas where regulatory responsibilities were expanding, capability enhancement was required, or activities previously funded through alternative funding sources were transitioning to an industry-funded model.

During FY2026/27, investment has focused on strengthening regulatory capability, supporting innovation, enhancing oversight arrangements, improving customer experience and preparing the organisation for future regulatory responsibilities. Delivery has progressed across a broad range of activities, with many capabilities now moving beyond establishment and into operational delivery.

While significant progress has been made against the commitments made through the FY2026/27 consultation, many of these activities represent ongoing regulatory responsibilities rather than time-limited projects. Investment has established and strengthened capabilities that now support the delivery of core regulatory functions across the CAA. As a result, funding remains necessary in FY2027/28 to maintain and further develop these capabilities, ensuring the CAA can continue to respond to evolving regulatory requirements, technological change and stakeholder expectations.

FY2026/27 Delivery at a Glance

During FY2026/27, investment funding has:

- supported the safe integration of emerging aviation technologies and operating models.
- strengthened environmental sustainability capability and oversight.
- enhanced consumer protection and safety oversight arrangements.
- prepared the CAA for future legislative and rulemaking responsibilities.
- improved customer-facing services and digital delivery; and
- strengthened organisational capability to respond to future regulatory challenges.

Delivery Against FY2026/27 Commitments and Ongoing Regulatory Activities

Investment Area	FY2026/27 Commitment	Progress Delivered During FY2026/27	Benefits Realised / Emerging
Rulemaking and Legislative Reform	Improve the efficiency and pace of legislative change, strengthen rulemaking capability and support implementation of new aviation legislation and future delegated rulemaking powers.	The Aviation Bill completed First and Second Reading and progressed to Committee Stage. The CAA has strengthened implementation planning, established dedicated stakeholder engagement arrangements, recruited specialist capability and continued preparations for Day 1 readiness of new powers.	Improved readiness to implement new legislation, support more agile rulemaking and reduce the time required to update aviation regulation in response to emerging risks and technologies.
Consumer Protection	Strengthen consumer protection capability, accessibility oversight, ADR oversight and enforcement activity to improve passenger outcomes.	Progress continued on the UK261 Compliance Programme, with information gathering largely complete and targeted escalations undertaken where required. Initial findings from the Consumer Purchasing Journey review have been developed, while work continues on accessibility and dispute resolution reforms.	Improved capability to identify and address potential non-compliance, strengthen consumer protections and support better outcomes for passengers, particularly as new enforcement powers are introduced.
Safety Service Enhancement (Customer	Establish a cross-functional approach to oversight, reduce duplication, improve customer	Development of the safety service enhancement function is underway, including work to establish	Early improvements in coordination across regulatory interactions, with further benefits

Investment Area	FY2026/27 Commitment	Progress Delivered During FY2026/27	Benefits Realised / Emerging
Account Management)	engagement and develop a more integrated model for safety regulation.	customer enrolment plans, improve coordination across oversight activities and align delivery with future surveillance reforms. Progress remains ongoing, with implementation continuing through FY2026/27.	expected through reduced duplication, more consistent oversight and clearer engagement for regulated organisations.
Economic Regulation of Heathrow	Strengthen capability to deliver Heathrow expansion and H8 price control activities, provide greater transparency and ensure robust consumer-focused economic regulation funded directly by Heathrow stakeholders.	Key milestones delivered include publication of the Early Costs Final Decision, updates on the Heathrow regulatory model and continued delivery through the Heathrow Expansion programme. Work continues on the H8 price control and future regulatory framework.	Enhanced regulatory readiness to support Heathrow expansion while protecting consumer interests, improving transparency and ensuring expansion costs are recovered from Heathrow-related parties rather than wider industry.
Funding Structure Reform	Simplify charging schemes, improve transparency, strengthen alignment between charges and regulatory effort, and establish a more sustainable charging framework.	Redesign of charging schemes is largely complete. Aviation Security reforms have been implemented, customer impact assessments are being finalised, and delivery frameworks have been established to support wider implementation. Benefits assessment and scheme simplification work continue.	Charging arrangements have been simplified, documentation complexity reduced and transparency improved. Early benefits include clearer charging structures, reduced administrative burden and improved alignment between charges and regulatory activity.

While many of the activities described above were initially established through specific investment proposals, they now support the ongoing delivery of core regulatory functions. Funding requirements for FY2027/28 therefore reflect the continuation and maturation of these capabilities, rather than the creation of entirely new programmes.

3.4 FY2027/28 Delivery Plans

A number of investment-funded activities approved through previous charging consultations will continue into FY2027/28. Whilst substantial progress has been made in establishing the required capability, these activities have become ongoing elements of the CAA's regulatory remit rather than one-off projects. Continued funding is therefore required to maintain regulatory oversight, deliver statutory responsibilities and support the safe development of the aviation sector.

This section highlights three of the CAA's most significant continuing investment programmes and illustrates how previous investment has evolved into ongoing regulatory capability and service delivery. These programmes demonstrate how previous investment continues to support regulatory effectiveness, innovation and service improvement in areas where regulatory requirements and stakeholder expectations continue to evolve.

The programmes highlighted are:

- Future of Flight.
- Environmental Sustainability; and
- Customer Experience and Modernisation (CX&M).

Together, these programmes provide a representative overview of how investment supports the CAA's ability to respond to technological change, environmental priorities and evolving customer expectations whilst maintaining effective and proportionate regulation.

Future of Flight

Future of Flight represents the CAA's largest ongoing strategic investment area. Across the Future Regulatory Environment, Future Flight Programme, eVTOL and Vertiport activities, and activities transitioning from taxpayer funding, approximately **£19.2m** has been invested since FY2023/24. In the current year, industry contributions towards these areas equated to roughly 10% of the total investment across taxpayer and industry funding. Ongoing investment supports the development of regulatory frameworks, specialist expertise and operational capability required for the safe integration of emerging aviation technologies.

Investment in Future of Flight has established a strong foundation of regulatory capability and technical expertise. During FY2027/28, activity will increasingly focus on applying and evolving these capabilities to support the safe integration of emerging technologies and operating models into the aviation system.

Delivery during FY2027/28 will continue to focus on lower airspace integration, complex RPAS operations, Unmanned Aircraft Systems Traffic Management (UTM) capability development and regulatory readiness for Advanced Air Mobility and future aviation technologies. Investment will support the ongoing development of regulatory frameworks, specialist expertise and industry engagement necessary to enable innovation whilst maintaining appropriate safety standards.

Future of Flight Delivery and Future Focus

Measure	Value
Cumulative investment since introduction	**£19.2m**
FY2027/28 Funding	**£4.9m**
Future of Flight Programme Status	Amber/Green (On Track)
FY2026/27 Level 1 Milestones Delivered	50 / 106
Lifetime Level 1 Milestones Delivered	132 / 262
Strategic focus	RPAS integration, Advanced Air Mobility, eVTOL, vertiports, UTM and future aviation regulation
Progress delivered to date	Airspace Modernisation activities progressed; Future Air Traffic and SWIM consultations and consultation responses developed and published; SORA framework adopted; Atypical Operations (v4) and DAA (v2) policy updates delivered; Testing Wave 2 commenced; consultation responses for UTM and related Future Flight activities progressed; and regulatory pathways and frameworks continued to advance for RPAS, Advanced Air Mobility, eVTOL operations and future propulsion technologies through trials, research, consultation and publications.
FY2027/28 focus	Lower airspace integration, complex RPAS operations, UTM capability and future certification pathways
Expected outcomes FY2027/28	Improved readiness for Advanced Air Mobility operations; continued safe integration of RPAS into UK airspace; progression of UTM capability and lower airspace integration; enhanced regulatory certainty for industry and investors

Environmental Sustainability

Environmental Sustainability funding combines the original environmental sustainability capability established in FY2023/24 and the subsequent transition of environmental activities from taxpayer funding to industry funding.

Together, these investments have generated approximately **£4.4m** and enabled the CAA to establish dedicated environmental expertise, implement its Environmental Sustainability Strategy and strengthen environmental oversight capability.

Previous investment has established dedicated environmental capability and strengthened the CAA's role in environmental oversight. During FY2027/28, the focus will increasingly shift towards delivery of environmental assurance activities, implementation of strategic priorities and support for evolving Government and industry sustainability objectives.

Delivery during FY2027/28 will focus on implementation of the Environmental Sustainability Strategy, environmental assurance activities, stakeholder engagement and development of the evidence base supporting environmental regulation. Investment will help ensure that the CAA remains equipped to respond to evolving Government policy, industry commitments and wider sustainability priorities.

Environmental Sustainability Delivery and Future Focus

Measure	Value
Cumulative investment since introduction	**£4.4m**
FY2027/28 funding	**£1.9m**
Strategic focus	Environmental oversight, sustainability strategy and evidence-based policy support.
Progress delivered to date	Environmental Sustainability Strategy established and implemented; dedicated environmental capability developed; environmental oversight strengthened; evidence-based policy and stakeholder engagement capability enhanced.
FY2027/28 focus	Environmental assurance, research, stakeholder engagement and implementation of sustainability priorities.
Expected outcomes FY2027/28	Enhanced environmental regulatory capability; improved evidence base for regulatory decision-making; increased support for delivery of aviation sustainability objectives; stronger environmental assurance and stakeholder engagement.

Investment Reserve (Customer Experience and Modernisation)

The Investment Reserve was introduced in FY2025/26 to accelerate customer-focused improvements and modernisation initiatives across the CAA.

Over the past four years, approximately £22.6m has been invested in improving customer experience, digital capability and service delivery. This includes both internally funded investment and customer-funded investment delivered through the Investment Reserve. Customer contributions since FY2025/26 have totalled £2.6m, with a further £1.4m ringfenced for FY2027/28. This sits alongside **£5m of self-funded recurring annual investments** which was generated through the efficiency and reinvestment strategy. The programme supports the transition towards a more modern, digital and customer-focused regulatory operating model.

To date, this investment has delivered digital customer journeys for RPAS, ROCC and Student ATCO users, with delivery of ATCO licensing, Flight Crew Licensing and our Future Surveillance Operating Model all progressing well. Alongside this, improvements have been made to the CAA's website, service reporting capability and organisational design, all supporting a more customer-first culture.

During FY2027/28, the focus will move towards scaling improvements, increasing adoption of digital services and realising efficiency and customer experience benefits. Activity will continue to focus on the expansion of digital customer services, further simplification of regulatory processes, improvements to customer journeys and delivery of technology-enabled efficiencies across the organisation.

Customer Experience and Modernisation Delivery and Future Focus

Measure	Value
Customer-funded investment since introduction	**£2.6m**
FY2026/27 funding	**£1.4m**
Strategic focus	Digital services, customer experience and service transformation.
Progress delivered to date	Customer-facing service improvements delivered; digital capability enhanced; regulatory service modernisation progressed; foundations established for further customer and efficiency improvements.
FY2027/28 focus	Expansion of digital capability, service modernisation and efficiency improvements.
Expected outcomes FY2027/28	Improved customer experience; increased digital adoption; reduced administrative burden; improved service efficiency and value for money.

3.5 Demonstrating Value Through Delivery

The investments approved through previous charging settlements have enabled the CAA to strengthen regulatory capability, improve service delivery, support innovation and respond effectively to evolving regulatory responsibilities.

FY2026/27 delivery demonstrates that the majority of commitments made through previous charging consultations have either been delivered or are progressing as planned. Investment has enabled the CAA to establish new capabilities, strengthen regulatory oversight, improve customer outcomes and support the safe evolution of the aviation sector.

Many of the capabilities established through previous investment programmes are now operating as part of the CAA's core business activities, while a number of investment-funded activities will continue into FY2027/28 to support evolving regulatory and operational requirements.

The examples presented in this chapter demonstrate how previous investment continues to deliver benefits in areas where technology, policy requirements and stakeholder expectations are evolving. Together, they illustrate the broader role that investment plays in helping the CAA maintain effective regulation, support innovation, improve service delivery and remain equipped to meet future responsibilities.

Collectively, the evidence demonstrates how statutory charge funding has supported the CAA's mission of **Protecting People and Enabling Aerospace**, whilst maintained effective regulation and supported the long-term success of the United Kingdom's aviation and aerospace sectors.

4. Delivering Value for Money

4.1 Introduction

The CAA recognises that statutory charges are funded by industry and ultimately contribute to the cost base of the aviation sector. The organisation therefore has a responsibility to ensure that resources are used efficiently, investment decisions are robustly challenged and charging proposals remain proportionate to the regulatory outcomes being delivered.

Stakeholder engagement undertaken during the development of this consultation highlighted the importance of affordability, transparency, prioritisation, clear links between investment and outcomes, visibility of future funding pressures and continued simplification of charging arrangements. These themes have informed both the FY2027/28 planning process and the proposals set out in this consultation.

The CAA's approach to investment and charging is guided by four principles which align with HM Treasury's Managing Public Money framework.

Principle	What it Means
Sustainable	Charges support the efficient delivery of statutory responsibilities and maintain essential regulatory capability, systems and services.
Equitable	Costs are allocated proportionately, with charge-payers contributing appropriately to the activities they receive, benefit from or necessitate.
Accountable	Funding proposals are supported by evidence, stakeholder engagement and clear explanation of expected outcomes.
Clear	Charging arrangements are designed to be understandable, transparent and administratively efficient.

In developing the FY2027/28 proposals, funding requirements were subject to challenge, prioritisation and affordability assessment to ensure investment remains focused on areas of greatest regulatory need. Consideration was given to value for money, charge-payer impacts, evidence of delivery from previous investments and the efficient use of resources.

The CAA does not seek to recover costs beyond those reasonably required to deliver its statutory responsibilities and approved activities. Proposed expenditure has been rigorously reviewed, with lower-priority activities removed, deferred or rephased where appropriate. This approach helps ensure that funding is targeted towards activities that deliver regulatory outcomes, support the safe development of the aviation sector and provide value for money for charge-payers.

4.2 Identifying Funding Requirements

Funding requirements for FY2027/28 were identified through the CAA's annual business planning and financial planning processes. These processes considered statutory

responsibilities, regulatory requirements, legislative developments, strategic priorities, emerging risks and anticipated changes within the aviation sector.

Potential funding requirements were assessed against regulatory need, strategic alignment, affordability, value for money and the outcomes expected to be delivered for consumers, industry and the wider aviation sector. Consideration was also given to stakeholder feedback, evidence from previous investments and opportunities to improve efficiency, redeploy existing resources and build on existing capability.

All proposals were subject to review, challenge and prioritisation. Alternative delivery approaches, implementation timescales and funding options were considered where appropriate, and lower-priority activities were removed, deferred or re-phased to help manage impacts on charge-payers.

This process identified a range of potential investment requirements across safety, security, consumer protection, rulemaking, airworthiness and other regulatory functions. Not all proposals progressed into the final funding package. The resulting proposals represent those activities considered necessary to maintain effective regulation, respond to emerging priorities and deliver the CAA's statutory responsibilities in a proportionate and affordable manner.

The CAA’s planning process for FY2027/28 remains ongoing throughout the consultation period and is expected to be finalised early in 2027. The budgeted figures shared below are taken from our latest draft plan which has been used to inform the charging consultation. Whilst the proposals in this consultation are core components of the budget, there are other areas still undergoing refinement. Consequently, the figures quoted through this chapter may change prior to finalisation.

4.3 Regulatory Sector Workforce and Resource Requirements

The CAA's workforce is its most important asset, and the delivery of its regulatory responsibilities is highly dependent on specialist expertise, technical knowledge and organisational resilience.

As part of the FY2027/28 planning process, workforce and resource requirements were reviewed to assess whether existing resources remained sufficient to support regulatory responsibilities, anticipated primary legislation reforms, emerging risks and future industry demands. Investment proposals were only progressed where identified requirements could not reasonably be addressed through reprioritisation, efficiency improvements or existing resources.

Workforce Overview

The FY2027/28 workforce plan reflects targeted investment in areas where regulatory demand, technological change and legislative reform are increasing resource requirements. Growth has been focused on areas where additional specialist expertise or capacity is required and does not represent broad-based expansion across the organisation.

The frontline regulatory sector workforce is planned to increase by 78 FTE between the FY2026/27 and FY2027/28 budgets. Of this increase, 49 FTE relates to the funding proposals contained within this consultation, with the remaining 29 FTE funded through budgetary management, internal reserves and efficiency investment, and funding from other sources.

Regulatory Sector Workforce Comparison

Area	FY 2026/27 Budget FTE	FY 2027/28 Baseline Budget FTE	Charging Consultation Proposals	FY 2027/28 Proposed Budget	Variance
Safety and Airspace Regulation Group (SARG)	543	561	31	592	49
Aviation Security (AVSEC)	144	148	2	150	6
Consumer and Markets Group (CMG)	131	133	16	149	18
Professional Services Group (PSG)	242	247	0	247	5
Frontline Regulatory Sector	**1,060**	**1,089**	**49***	**1,138**	**78**

**6 FTE included in the consultation proposals sit outside of frontline regulatory sector teams, primarily legal resource acquired to support the legislative reform proposals.*

The majority of workforce growth is concentrated within Safety and Airspace Regulation Group and Consumer and Markets Group (CMG). Growth within these teams reflect increasing regulatory demand, future aviation initiatives and emerging airworthiness requirements.

The primary driver of growth reflects the capabilities required to support implementation of the Civil Aviation (Consumer Protection and Regulatory Reform) Bill, expansion of consumer protection responsibilities and the associated legal, policy, analytical and enabling functions necessary to support effective regulatory delivery. This includes capability required to support implementation of the Civil Aviation Bill, development of the UK aviation rulebook, enhanced consumer protection arrangements and other cross-cutting regulatory priorities. Increasingly, the CAA must also attract and retain specialist

expertise in areas such as Artificial Intelligence, cyber security, data and digital technologies, where competition for skilled resources remains particularly strong.

The workforce assessment focused on the resources and skills required to deliver regulatory outcomes rather than headcount targets. As a result, proposed growth is concentrated in specific areas where additional capacity or specialist expertise has been identified as necessary, including approximately 55 FTE associated with the FY2027/28 statutory charge-funded proposals (49 FTE in frontline teams, with 6 in supporting functions).

In pre-consultation engagement, some stakeholders have questioned the affordability of the CAA's employment package. The CAA remains committed to maintaining proportionate and responsible remuneration arrangements. Only a small proportion of employees retain access to legacy defined benefit pension schemes, with the majority participating in standard defined contribution arrangements.

At the same time, recruitment and retention evidence continues to indicate that pay remains an important factor in attracting and retaining specialist expertise. Prolonged vacancies can create costs for both the CAA and industry through:

- delays to regulatory decisions.
- reduced service performance.
- increased recruitment costs.
- greater reliance on contingent labour; and
- reduced organisational resilience.

In general, the CAA costs new roles at the market-mid rate for each pay band, however experience of recruiting in competitive markets to attract scarce resource often places salaries above this level. This is also the case for pay progression, which has sat outside of core inflationary pressures in recent years. Consequently, a significant element of the costs associated with attracting and retaining scarce resources is being absorbed by the CAA rather than costed into consultation proposals.

Regulatory Sector Resource and Budget Changes

Workforce costs remain the largest component of the Regulatory Sector cost base, reflecting the specialist expertise required to deliver safety, security, consumer protection, airworthiness, rulemaking and other regulatory functions. Total Regulatory Sector employment costs are budgeted to increase from approximately **£117.8m in FY2026/27** to **£129.6m in FY2027/28**.

The increase reflects a combination of annual pay awards and inflationary pressures, targeted growth in specialist regulatory and support capabilities, employer cost increases and workforce changes required to support evolving regulatory priorities and service delivery requirements.

Regulatory Sector Budget Comparison

Measure	FY2026/27	FY2027/28	Variance
Employment Costs	£117.8m	£129.6m	+£11.8m
Other Operating Costs	£44.5m	£49.7m	+£5.2m
Total Regulatory Sector Costs	**£162.3m**	**£179.3m**	**+£17.0m**

Figures rounded. Further detail on individual investment proposals is provided in subsequent chapters.

Workforce and resource requirements were reviewed alongside opportunities to improve efficiency and ensure value for money. Proposed increases are intended to address identified business needs while remaining proportionate and aligned with the principles set out in *Managing Public Money*.

Overall Assessment

Overall, the FY2027/28 workforce and resource plan reflects a targeted approach to investment, focused on areas where regulatory demand, legislative reform, emerging technologies and stakeholder expectations are increasing the need for specialist expertise and capacity.

The FY2027/28 proposals include provision for 55 additional FTE, concentrated in areas where identified capability and capacity requirements could not reasonably be addressed through existing resources, reprioritisation or efficiency measures. These requirements were subject to review, challenge and prioritisation as part of the planning process to ensure that proposed growth remains proportionate, affordable and aligned with regulatory need.

The workforce and budget changes described in this section provide important context for the investment proposals presented in the following chapters. Collectively, the proposed workforce growth is intended to maintain and strengthen the specialist capability required to deliver the CAA's statutory responsibilities, respond to evolving regulatory and operational demands, and support the continued delivery of effective regulation across the aviation system.

4.4 Challenge and Prioritisation

The FY2027/28 planning process identified total additional funding requirements of £17.6m. This figure reflects the net funding requirement after allowing for the income expected to be generated through the proposed CPIH-linked uplift. The requirement included both inflationary cost pressures and targeted investment proposals required to support regulatory priorities and legislative reform.

Of the £17.6m requirement, £6.2m related to inflationary and operating cost pressures. The proposed CPIH-linked uplift is expected to generate approximately £5.6m, with the remaining £0.6m absorbed through internal efficiencies.

Following detailed review and challenge, £0.6m of inflationary cost pressures were absorbed internally and a further £4.6m of planned expenditure was removed, deferred, rephased or reprioritised. As a result, the final proposed package was reduced from £17.6m to £12.4m.

Collectively, these actions reduced the initial funding requirement by £5.2m, equivalent to approximately 28% of the original requirement identified through the planning process, demonstrating the extent to which proposals were challenged, prioritised and refined before being brought forward for consultation.

Funding Requirement Summary

Stage	**Funding Requirement**
Total identified cost pressures	£17.6m
Inflationary costs absorbed internally	(£0.6m)
Remaining funding requirement	£17.0m
Budget absorption	(£1.5m)
Rephasing and delivery prioritisation	(£2.4m)
Further prioritisation	(£0.7m)
Final proposed package	**£12.4m**
Reduction achieved ***(inflation and proposal adjustments)***	**28%**

Prioritisation Framework

Investment proposals were assessed using the CAA's established prioritisation framework, which supports investment decision-making across the organisation and helps ensure that funding is directed towards activities that deliver the greatest regulatory, consumer and organisational benefit.

The assessment considered:

- regulatory outcomes and strategic alignment.
- legal and statutory obligations.
- Government priorities.
- customer and consumer outcomes.
- affordability and financial impact.
- value for money; and
- deliverability and implementation risk.

Particular emphasis was placed on activities necessary to deliver statutory responsibilities, maintain regulatory effectiveness and support priority outcomes for consumers, industry and Government.

Funding Requirement Reductions

The challenge and prioritisation process resulted in a number of actions designed to reduce the overall funding requirement whilst maintaining delivery of critical regulatory activities.

How Funding Requirements Were Reduced

Adjustment Category	Description	Impact
Budget Absorption	Activities removed from the FY2027/28 package and expected to be managed through existing organisational prioritisation and delivery arrangements.	£1.5m
Rephasing and Delivery Prioritisation	Workforce growth and capability investment rephased across a longer period, reducing FY2027/28 funding requirements whilst retaining intended regulatory outcomes.	£2.4m
Further Prioritisation	Activities not included within the current package following review and prioritisation of funding requirements.	£0.7m
Total		**£4.6m**

As part of this process, a number of lower-priority activities were deferred or rephased, elements of proposals were reprioritised, and opportunities were identified to deliver activities through existing resources. This ensured that only those proposals considered necessary to support priority regulatory outcomes progressed into the final package.

Through this review process, £4.6m was removed, deferred, rephased or absorbed within existing resources, equivalent to around 27% of the remaining funding requirement. This helped minimise the impact on charge-payers whilst ensuring that critical regulatory activities could continue to be delivered.

The challenge process was designed to ensure that proposals were not progressed automatically. Funding requests were required to demonstrate a clear regulatory rationale, evidence of need and alignment with strategic priorities before being considered for inclusion within the final package.

A number of identified requirements were therefore deferred, rephased or absorbed through existing budgets, while other activities remain subject to future prioritisation decisions. The final package consequently represents only those requirements considered necessary to deliver priority regulatory outcomes during FY2027/28.

4.5 Reducing Regulatory Burden and Improving Regulatory Value

The CAA is committed to reducing unnecessary regulatory burden whilst maintaining effective safety, security and consumer outcomes. An important part of this work is identifying, delivering and increasingly measuring the benefits of regulatory modernisation and service improvement initiatives. This includes administrative burdens, such as information requests, reporting requirements and application processes, alongside wider regulatory costs and the benefits that regulation delivers. This approach is consistent with the Government's commitment to reduce the administrative burden of regulation on businesses by 25% during this Parliament.

As part of the Government's programme of Annual Simplification Plans, the CAA has supported the Department for Transport in identifying measures that reduce the burden of complying with regulation. Several CAA initiatives that have already been delivered were recognised within the Government's July 2026 update on administrative burden reduction, including General Aviation Licensing and Training simplification reforms, the Specific Operations Risk Assessment (SORA) framework for complex drone operations and the Airspace Coordination and Obstacle Management Service (ACOMS). These initiatives simplify regulatory processes, improve customer interactions and reduce the time and effort required to navigate regulatory requirements.

Alongside these completed initiatives, the CAA continues to deliver a broader programme of modernisation focused on customer experience, digitalisation and regulation. These initiatives are making it easier for customers to interact with the regulator, reducing duplication, improving transparency and ensuring that regulatory effort is targeted where it delivers the greatest benefit.

A key element of this work is the Safety Service Enhancement pilot, which has introduced a customer account lead model for selected major regulated organisations. The pilot is intended to improve coordination across regulatory activities, provide a clearer point of contact for customers and support a more integrated approach to regulatory oversight. Building on the experience gained to date, the CAA plans to expand this way of working to additional organisations during FY2027/28.

This work supports both established and emerging parts of the aviation sector by helping organisations spend less time navigating regulatory processes and more time focusing on operational delivery, innovation and growth.

Examples of Administrative Burden Reduction

Initiative	Change Delivered	Customer Benefit	Illustrative Improvement
General Aviation Licensing & Training reforms	Simplified licensing and training requirements and processes	Reduced complexity and administrative effort for licence	Fewer regulatory interactions and simplified compliance requirements

Initiative	Change Delivered	Customer Benefit	Illustrative Improvement
		holders and training organisations	
Specific Operations Risk Assessment (SORA)	Standardised risk assessment framework for complex drone operations	Clearer requirements and more consistent application processes	Reduced effort in preparing and revising applications
Airspace Coordination and Obstacle Management Service (ACOMS)	Introduction of a digital end-to-end coordination platform	Reduced manual submissions and improved visibility of applications	Greater automation and fewer manual interactions
Funding Structure Reform (FSR)	Simplified charging arrangements through scheme consolidation, annual billing and reduced reporting requirements.	Easier to understand, more predictable and less administratively burdensome.	Charging schemes reduced by half, variable charging invoices reduced 12 times, and selected charging returns removed.
Digital Service Modernisation	Continued digitisation of regulatory services	Faster application processes and improved customer experience	Reduced processing times and increased use of self-service channels

Measuring Success

The CAA recognises that reducing unnecessary burden is an important component of delivering value for money. We are continuing to develop our ability to measure and report the benefits delivered through simplification and modernisation initiatives. Future reporting will seek to provide greater transparency regarding:

- reductions in customer administrative effort.
- reductions in information requests and regulatory returns.
- improvements in application processing times.
- increased use of digital services.
- customer satisfaction with regulatory services; and
- wider economic and operational benefits arising from regulatory reform.

More broadly, the CAA continues to strengthen its economic appraisal capability to support the development of future regulation and ensure that regulatory interventions are proportionate, evidence-based and informed by a clear assessment of both costs and benefits. This capability will support the implementation of future regulatory responsibilities, including those arising from the Aviation Bill, while helping ensure regulation remains effective, proportionate and supportive of growth across the aviation sector.

4.6 Improving Customer Experience Through Digital Transformation and Service Modernisation

The CAA is continuing to invest in the modernisation of customer-facing services and regulatory processes through its Customer Experience and Modernisation (CX&M) programme. This investment is intended to make it easier for customers to interact with the regulator, improve service quality and transparency, reduce unnecessary administrative effort and support more effective and proportionate regulation.

The deliverable workstreams associated with CX&M, including Modernising Aviation Services: Licensing and Oversight (MASLO) and the Future Surveillance Operating Model (FSOM), have distinct focus.

MASLO seeks to transform Personnel Licensing journeys by designing a new digital licensing service. The project has completed delivery of an online service called ‘Manage Personnel Licences’ for Radio Operators Certificate of Competence (ROCC) holders, ROCC Examiners, and Student Air Traffic Controllers. The current focus is on expansion of the service to Air Traffic Controller Licences, and beginning work on Flight Crew Licensing in early 2027.

Critical to this work has been the adoption of the Government Digital Service (GDS) standards, ensuring that projects start with user research to identify the pain points in the current service and opportunities for additional features that reduce friction or enable improved processes. For example, for Air Traffic Licences, we heard that our current payment processes did not work for all organisations and allowing the employer to log in and pay for an application on behalf of an applicant would be a significant improvement. We also learned that employers' primary concern is maintaining the validity of employees' licences and medical certificates to ensure continued operational compliance. In response, we have designed dedicated organisation accounts within the new service. These accounts enable approved organisations to view key licence information through a dashboard, receive notifications of upcoming licence and medical expiries, and submit and pay for applications on behalf of their employees.

We also heard that not knowing where an application is in the approval journey was a significant pain point that meant users needed to contact the CAA to find out. As the new service rolls out, licence holders and their employer, where relevant, will both get automated emails as their application moves through the CAA assessment process and be able to log in to the system and see the live status directly.

FSOM seeks to reform the CAA's internal oversight operating model, including standardised processes, up-to-date auditing software and enhanced customer application processes.

These workstreams are at different stages of maturity and therefore benefits will be realised over different timescales. While some improvements have already been delivered, particularly through digital licensing services, many of the wider benefits are expected to emerge progressively over the next three to five years as new services are implemented, adoption increases and regulatory processes are redesigned.

The work completed to date provides a foundation for future digital transformation, with initial explorations of services across the CAA's portfolio being assessed and prioritised for delivery. Building new services on common digital foundations creates opportunities to extend modernisation across additional regulatory areas over time. This reduces future implementation costs, provides customers with a more consistent experience and supports the longer-term consolidation of customer-facing systems and processes across the CAA.

Alongside these digital transformation initiatives, the programme continues to invest in initiatives which support the development of a more customer-first organisational culture, ensuring our colleagues adopt a customer-service mindset alongside their regulatory responsibilities. This does not compromise the integrity of our decisions in relation to safety, security and consumer protection, but ensures that when customers interact with the CAA, their experience is one centred in responsiveness, respect and with minimal barriers or delays.

Benefits Realised to Date

One of the clearest examples of benefits already being delivered is the introduction of the Manage Personnel Licences service for ROCC users.

The solution has replaced elements of the previous manual application process with a more streamlined digital service, improving the customer journey and reducing effort for both applicants and CAA staff. Post-implementation analysis identified measurable reductions in application handling time, falling from 42 minutes to 12 minutes per application. This time saving sits alongside improved consistency and reductions in manual administrative activity.

Whilst this example covers a relatively small service volume, which had significant efficiency opportunity, it does demonstrate the direction of travel for future digitalisation of licensing services at scale.

The programme has also significantly improved the CAA's ability to understand customer experience through expanded customer insight, benchmarking and feedback mechanisms. While these capabilities do not directly reduce regulatory costs, they provide a stronger evidence base for identifying customer priorities, targeting improvement activity and measuring future benefits.

Benefits Expected During FY2027/28 and FY2028/29

A number of benefits are expected to be realised over the period covered by this consultation as CX&M continues to be implemented.

Further CX&M releases are expected to improve customer interactions across a wider range of regulatory services through:

- enhanced online application processes.
- improved guidance and customer communications.
- greater use of digital self-service functionality.
- improved payment and case management processes; and
- improved visibility of application status and progress.

As these services mature, the CAA expects to see reductions in customer effort, fewer avoidable customer enquiries and improvements in application quality.

Service digitisation is expected to progressively reduce the amount of information customers are required to submit and maintain. Over time, customers should increasingly benefit from "tell us once" principles, whereby information already held by the CAA can be reused across multiple regulatory processes rather than being requested repeatedly.

Alongside these customer benefits, CX&M is expected to deliver productivity and efficiency improvements through increased digital adoption, reduced duplication and more streamlined regulatory processes. This will help ensure that resources are focused on areas where they deliver the greatest value and regulatory impact, supporting the CAA's ability to remain appropriately sized while continuing to meet customer and regulatory needs.

Longer-Term Benefits Expected from FY2029/30 Onwards

Many of the most significant benefits are expected to arise through the implementation of FSOM, the planned rollout of the Customer Account Management approach beyond the current pilot organisations, and wider regulatory modernisation activities designed to improve customer experience, coordination and regulatory efficiency.

FSOM is intended to support a more data-driven and risk-based approach to oversight. As implementation progresses, expected benefits include:

- more targeted regulatory interventions.
- reduced inspection and reporting burdens where appropriate.
- greater consistency in regulatory decision-making.
- improved use of data and safety intelligence.
- more effective prioritisation of regulatory effort; and

- improved outcomes for both industry and consumers.

These benefits are expected to take longer to materialise because they depend not only on technology deployment, but also on changes to regulatory processes, operating models and ways of working across both the CAA and industry.

Alongside customer and regulatory benefits, the programme is expected to deliver productivity improvements through simpler processes, increased automation and greater re-use of information and services. These improvements will help ensure that the CAA remains appropriately sized and able to respond to future demands without relying solely on increases in resources, supporting long-term value for money for charge-payers.

Indicative Benefits Timeline

Timeframe	Key Deliverables	Expected Customer Benefits
Already delivered	Manage Personnel Licences service phase 1, customer insight and benchmarking improvements	Reduced processing effort (for the CAA), improved customer journeys, greater clarity and consistency of licensing requirements and processes, stronger service performance monitoring, improved customer insight and evidence-based decision making
FY2027/28 – FY2028/29	Further CX&M releases providing digital service enhancements	Simpler customer interactions, reduced administrative burden for industry, further efficiencies in application processing
FY2029/30 onwards	Wider FSOM and CAM implementation and regulatory modernisation	More risk-based oversight, greater regulatory efficiency, reduced compliance burden and improved regulatory outcomes

Measuring Success

The CAA recognises the importance of demonstrating that investment funded through statutory charges delivers tangible benefits for customers. We therefore intend to strengthen reporting on the outcomes delivered by major transformation programmes and distinguish more clearly between anticipated benefits and benefits that have been realised and evidenced in practice.

Future reporting is expected to include measures relating to:

- customer satisfaction and customer effort.
- application processing times.
- digital adoption rates.
- reductions in customer enquiries and administrative activity.
- reductions in regulatory reporting requirements.

- charging simplification outcomes.
- productivity improvements; and
- broader regulatory value delivered through FSOM and future modernisation initiatives.

This will support greater transparency regarding how investment funded through statutory charges translates into improvements for regulated entities, consumers and the wider aviation sector. These improvements are expected to support better customer outcomes, greater regulatory efficiency and stronger value for money over the long term.

4.7 Affordability Considerations

Affordability has been a key consideration throughout the development of the FY2027/28 proposals.

The CAA recognises that many organisations across the aviation sector continue to face cost pressures arising from inflation, workforce constraints, operational challenges and investment requirements. In developing these proposals, careful consideration has been given to the cumulative impact of regulatory charges and the need to balance affordability with the delivery of effective regulation, legislative reform and responses to emerging risks.

In developing the proposals, consideration was given to:

- the cumulative impact of regulatory charges over time.
- the impact on individual charging populations.
- affordability across different sectors of the aviation industry.
- opportunities to defer, reduce or rephase expenditure.
- the timing of proposed investments; and
- the risks associated with delaying regulatory activity or capability development.

The CAA is conscious of the cost pressures faced by those it regulates and seeks to minimise regulatory burdens wherever possible. Having assessed the proposed charges, the CAA's view is that regulatory charges remain a relatively small component of the overall costs associated with participation in the aviation sector and are therefore unlikely, in themselves, to have a material impact on business viability or investment decisions.

The CAA’s charging framework is designed to reflect differences in the level of regulatory activity required across sectors and organisations. Charges therefore incorporate a combination of tiered charging structures and activity-based charging mechanisms, recognising that some organisations require a lower level of regulatory oversight than others. This approach helps promote fairness and proportionality while ensuring costs are allocated appropriately.

The CAA is also required to operate within the principles of Managing Public Money, which require charges to be aligned as closely as possible to the costs incurred in delivering regulatory services. As a result, cross-subsidies between charging groups should be minimised wherever possible. Where departures from full cost recovery principles are proposed, these require explicit justification and, where necessary, approval through the appropriate government processes.

Where appropriate, activity has been phased over multiple years to mitigate charging impacts while ensuring that key regulatory objectives can continue to be delivered.

The CAA's assessment of affordability and customer impact is based on its analysis of the aviation sector, regulatory requirements and the expected impact of the proposed charges. However, stakeholders may hold additional evidence regarding the specific impacts on their organisations or sectors. The CAA welcomes such evidence as part of this consultation to inform its understanding of affordability considerations and the issues faced by industry.

A detailed assessment of customer impacts is provided in Chapter 7.

The CAA considers that the proposed package represents an appropriate balance between affordability, fairness and proportionality, while ensuring it can continue to maintain effective regulation, implement legislative reform and respond to emerging risks.

4.8 Value and Impact Reporting

Stakeholders consistently tell us that they want greater transparency regarding the value delivered through CAA charges, including clearer evidence of efficiency, prioritisation, service improvement and regulatory outcomes. Throughout our engagement with industry, value for money has emerged as one of the most important areas of stakeholder interest alongside affordability, transparency and future funding requirements.

The CAA recognises that demonstrating value extends beyond explaining how funding is spent. It also requires demonstrating how investment supports improved outcomes for industry, consumers and the aviation system whilst ensuring resources are used responsibly and efficiently. As a result, we are strengthening both our approach to benefits realisation and how we measure and report the outcomes delivered through statutory charges.

Over recent years, funding has supported the development of new regulatory capabilities, improvements to customer services, modernisation of systems and processes and the delivery of new statutory responsibilities. These investments have enabled the CAA to respond to changes in legislation, support innovation, strengthen consumer protection, improve resilience and maintain effective oversight of an increasingly complex aviation sector.

Many benefits are already visible through improved service delivery, reduced administrative burden and enhanced regulatory capability. Programmes such as Customer Experience and Modernisation, Funding Structure Reform and wider digital transformation

initiatives are helping to simplify customer interactions, improve transparency, reduce effort for regulated organisations and create more efficient ways of working across the CAA. Other investments have strengthened the CAA's ability to respond to emerging challenges such as Future of Flight technologies, environmental sustainability, cyber resilience and legislative reform.

Importantly, the value delivered through these investments is not limited to the completion of individual projects. Many investments create enduring capabilities that continue to deliver benefits over time through improved service performance, reduced regulatory risk, enhanced organisational resilience and a greater ability to respond to changing industry, consumer and Government expectations.

Value & Impact Framework

To provide stakeholders with greater visibility of the outcomes delivered through charge-payer funding, the CAA is developing an annual Value & Impact Report. The framework will focus on four complementary dimensions:

1. **Health of the UK Aviation System** – how the sector is performing, including measures of safety, resilience, connectivity, innovation and consumer confidence.
2. **CAA Contribution** – how CAA activities support positive outcomes for industry, consumers and Government.
3. **Service Performance and Efficiency** – how effectively regulatory services are delivered, including timeliness, customer experience, burden reduction and productivity improvements.
4. **Resources and Stewardship** – how funding, people and investments are managed to deliver value for money and improved outcomes.

This approach reflects stakeholder feedback that reporting should focus not only on expenditure and activity levels, but also on outcomes, service performance and the effective stewardship of resources.

A Maturing Approach

The CAA recognises that some areas of value and impact measurement are more mature than others. While many operational, customer and financial measures already exist, further work is required to strengthen baseline data, develop outcome measures and consistently quantify benefits across all areas of regulatory activity.

The first Value & Impact Report, planned for publication in Spring 2027, will establish a baseline against which future performance can be measured. It will also set out a roadmap for continued improvement, including stronger reporting of:

- delivery against commitments made through charging consultations.
- customer experience and service performance.

- burden reduction and simplification initiatives.
- productivity and efficiency improvements.
- workforce and organisational capability; and
- broader outcomes delivered for industry, consumers and the aviation system.

Ultimately, our ambition is to move beyond reporting what activities have been completed and towards demonstrating what value has been created, how efficiently resources have been used and how investments funded through statutory charges have contributed to better outcomes for customers, consumers and the wider aviation sector.

4.9 Transparency and Accountability

The CAA recognises the importance of providing stakeholders with clear visibility of how funding recovered through statutory charges is used, the outcomes it delivers, and the value created through investment decisions.

Feedback received during stakeholder engagement highlighted the importance of regular reporting on delivery progress, investment outcomes and benefits realisation. In response, the CAA is committed to strengthening transparency and accountability through a combination of formal reporting and ongoing engagement with stakeholders.

The primary mechanism for reporting progress will be the annual Value & Impact Report, which will provide updates on delivery against approved investments, progress towards intended outcomes and the benefits realised through charge-payer funding.

This reporting will be complemented by information provided through:

- future charging consultations.
- the CAA's Annual Report and Accounts.
- updates provided through the Finance Services Forum (FSF).
- stakeholder engagement activities; and
- other statutory reporting and publications where appropriate.

Together, these mechanisms will provide stakeholders with greater visibility of how funding decisions are translated into regulatory outcomes, service improvements, burden reduction initiatives and longer-term capability development.

Where practical, reporting will include both activity and outcome measures to help stakeholders understand not only what has been delivered, but also the impact that investment has had on customers, consumers and the aviation sector more broadly.

Alongside formal reporting, the CAA will continue to engage with stakeholders to review emerging priorities, discuss delivery progress and ensure that evidence from previous

investments informs future decision-making. This is intended to support a transparent and evidence-based approach to funding, prioritisation and regulatory improvement.

Through these reporting and engagement arrangements, the CAA aims to strengthen accountability, demonstrate effective stewardship of charge-payer funding and provide greater confidence that investment decisions continue to deliver value for money.

5. What is Changing in FY2027/28

5.1 Overview

This chapter sets out the principal changes proposed for FY2027/28. The proposals have been developed following the challenge and prioritisation process outlined in Chapter 4 and are focused on maintaining effective regulatory capability, implementing new statutory responsibilities and responding to emerging regulatory demands.

The proposed changes can be grouped into three categories:

- Maintaining existing capability through inflationary adjustment.
- Targeted investment in new or expanded regulatory responsibilities.
- Changes to Economic Regulation cost recovery arrangements.

Together, these proposals support the CAA's mission of Protecting People and Enabling Aerospace and are intended to ensure that effective regulation can continue to be delivered in an increasingly complex aviation environment.

These proposals represent the significant changes required for FY2027/28. In addition to these changes, a series of lower value and technical changes are provided in detail in **Chapter 11**.

The proposed FY2027/28 investment package totals £12.4m**.**

Driver	**Proposal Area**	**Funding Requirement**	**Recovery Method**
Inflationary pressures	Price Indexation (CPIH)	£5.6m	3.6% increase across all schemes
Legislative reform and regulatory responsibilities	Legislative Reform and Rulemaking	£2.1m	1.8% increase across all safety schemes
	Consumer Protection and Enforcement and ATOL Civil Sanctions	£1.8m	11.6% increase to Airline Operator and Economic Regulation of Airports variable charges 6.8% increase across all ATOL scheme charges

Driver	Proposal Area	Funding Requirement	Recovery Method
	Ground Handling Oversight	£0.5m	New charges for ground handling service providers
	Heliport / Vertiport Capability	£0.1m	New charges for heliport/vertiport operators
Capability and capacity investment	Airworthiness Capability	£1.3m	12.4% increase in airworthiness organisation annual charges
	Safety Operations & Assurance	£0.8m	0.7% increase across all safety schemes
	Cargo Security Oversight	£0.2m	12% increase in regulated agents annual oversight charges
	Total	**£12.4m**	

5.2 Assessment of Funding Requirements

The CAA has reviewed all proposed funding requirements to determine whether they represent ongoing regulatory costs, transitional implementation activity or one-off investment requirements.

The majority of the proposed FY2027/28 package relates to recurring funding requirements that support the ongoing delivery of regulatory responsibilities. These costs reflect the people, expertise and operational capability required to maintain effective regulation, consumer protection, safety oversight, security assurance and rulemaking activities on a continuing basis.

In some areas, funding supports the implementation of new responsibilities arising from legislative reform or changes in the regulatory environment. While these activities may initially be transitional in nature, the CAA expects most associated resources to continue supporting these ongoing regulatory functions once implementation is complete. As a result, many implementation costs are expected to evolve into enduring regulatory capability rather than cease entirely.

The CAA does not currently expect a significant proportion of the FY2027/28 package to relate to genuinely one-off activities. This reflects the nature of the proposals, which are

primarily focused on maintaining and expanding capability required to deliver ongoing statutory responsibilities. Where future funding requirements relate to temporary or one-off activities, the CAA will identify these explicitly and keep associated funding requirements under review.

Funding Categories

- **Recurring funding requirements** – support the ongoing delivery of regulatory functions and continue beyond the initial implementation period (for example rulemaking, consumer protection, airworthiness, safety oversight, cargo security and ground handling regulation).
- **Transitional funding requirements** – support the implementation of new responsibilities, regulatory frameworks or legislative changes. In many cases these resources are expected to transition into ongoing regulatory capability once implementation is complete.
- **One-off funding requirements** – relate to specific projects or establishment activities that are not expected to form part of the long-term cost base and will be reviewed as delivery progresses.

5.3 Price Indexation (CPIH-linked Uplift)

Funding Requirement: £5.6m

Proposal: 3.6% CPIH-linked (September 2026) uplift across charging schemes

Measure	Value
Funding Requirement	£5.6m
Proposal	3.6% CPIH-linked uplift across charging schemes
Purpose	Contribute towards increasing pay and non-pay costs associated with delivering existing regulatory services
Inflationary pressures on operating costs	£6.2m
Revenue generated through price indexation	£5.6m
Inflationary costs absorbed by the CAA	£0.6m
Expected Outcome	Maintains existing regulatory capability and service delivery

Why is this change needed?

The Regulatory Sector continues to experience inflationary pressures across both pay and non-pay expenditure, with employment costs remaining the largest component of its cost base.

The CAA operates in competitive labour markets for specialist regulatory, engineering, technical, digital and policy expertise. Maintaining the capability required to deliver effective regulation therefore requires ongoing investment in pay and reward, alongside continued expenditure on technology, cyber security, accommodation, professional services and other operational costs that support regulatory delivery.

Inflationary Cost Pressures and Price Indexation

Item	**£m**
Additional revenue from 3.6% CPIH-linked uplift	5.6
Less: Additional pay and non-pay inflationary pressures	(6.2)
Net inflationary costs absorbed	**(0.6)**

The proposed uplift contributes substantially towards these cost pressures but does not fully offset them. The CAA will continue to absorb approximately £0.6m through efficiency improvements, productivity gains, reprioritisation and wider cost management activity.

The proposal is therefore intended to contribute towards the increasing cost of delivering existing regulatory services and maintaining regulatory capability. It does not fund the additional investment proposals described elsewhere in this chapter.

Expected outcomes and trade-offs.

The proposed CPIH-linked uplift will help maintain existing regulatory capability and service delivery in the face of continuing inflationary pressures. It will support the retention of specialist expertise, operation of critical systems and continued delivery of safety, security, consumer protection and economic regulation activities.

The CAA has sought to minimise the impact on charge-payers and is not proposing to recover the full cost of inflationary pressures, continuing to absorb approximately £0.6m internally.

Without the proposed uplift, a greater proportion of inflationary costs would need to be absorbed within existing funding levels, increasing pressure on workforce capacity, service delivery and investment in supporting systems and technology. Over time, this could reduce organisational resilience and limit the CAA's ability to respond effectively to evolving regulatory requirements and industry needs.

The CAA therefore considers the proposed uplift to be a proportionate contribution towards unavoidable inflationary cost pressures while continuing to absorb a share of those costs internally.

Previous approach to price indexation.

The CAA adopted a period of below-inflation increases as a time-limited measure over a three-year period following recommendations arising from the Arms-Length Bodies Review and formed a key component of the associated efficiency and reinvestment programme.

This approach successfully:

- reduced customer charges by 3.3% in real terms on a like-for-like basis, totalling c. £7.2m over the period; and
- created approximately £5 million of recurring funding capacity to support investment in customer service modernisation through the Customer Experience and Modernisation (CX&M) programme.

Following completion of that period in FY2025/26, the CAA moved to CPIH-linked price indexation to provide greater certainty and predictability for stakeholders while supporting the long-term sustainability of regulatory services.

Who will be impacted?

The CPIH-linked uplift applies across statutory charging schemes and reflects organisation-wide inflationary pressures associated with delivering regulatory services.

As a result, most charge-payers will experience an increase of **3.6%**, representing the inflationary component of the overall charging package. This approach helps ensure that the cost of maintaining existing regulatory capability is shared consistently across those sectors that benefit from, or create demand for, regulatory activity.

The Spaceflight scheme remains outside this arrangement due to differing legislative conditions.

Targeted Investments

5.4 Legislative Reform & CAA Safety Rulemaking

Funding Summary

Item	Value
Investment Requirement	£2.1m
Increase in Charges	1.8% increase across Safety charging schemes
Indicative Additional Capability	18 policy, legal, economic and rulemaking delivery roles
Primary Driver	Implementation of the Civil Aviation Bill and the establishment of a UK CAA safety rulemaking function

Item	Value
Funding Type	Recurring
Expected Implementation Period	FY2027/28 onwards
Stakeholder Benefit	Improved regulatory responsiveness, enhanced stakeholder engagement, greater regulatory certainty and a more agile UK-led aviation rulemaking framework

Why is this change needed?

The anticipated Civil Aviation (Consumer Protection and Regulatory Reform) Bill represents one of the most significant changes to the UK aviation regulatory framework in recent years. The Bill is expected to introduce a new safety rulemaking framework that will provide the CAA with greater responsibility for developing, maintaining and updating aviation regulations.

Following EU Exit, the UK has assumed increasing responsibility for maintaining and updating its aviation regulatory framework. While the CAA has successfully supported this transition, the existing approach was not designed to support the pace and complexity of regulatory change required by a rapidly evolving aviation sector.

The aviation industry is experiencing significant technological and operational change. New aircraft technologies, Advanced Air Mobility, digitalisation, automation and evolving international standards all require a regulatory framework capable of responding efficiently whilst maintaining high standards of safety.

The proposed reforms will establish a more agile, responsive and proportionate rulemaking framework that allows regulations and guidance to evolve alongside technology, industry needs and international obligations. To implement these changes successfully, the CAA will require additional capability across rulemaking, policy development, economic analysis, legal support, stakeholder engagement, programme delivery and governance.

The proposed investment is intended to establish this capability before the new responsibilities become fully operational.

Evidence of Need

The pace of regulatory change across aviation continues to increase. Emerging technologies, evolving international standards, new aviation sectors and ongoing legislative reform all require a modern and sustainable rulemaking capability.

Stakeholders have consistently highlighted the importance of timely implementation of regulatory change, clearer and more accessible regulatory material, maintaining

international alignment where appropriate and meaningful engagement throughout the rulemaking lifecycle.

The CAA's ability to respond effectively to these expectations will depend on establishing the capability required to support a modern UK-led rulemaking framework. The CAA currently has 70 open rulemaking programme items and 53 regulatory changes awaiting implementation.

Current Regulatory Challenges

Challenge	Impact
Lengthy rulemaking and implementation timescales	Slower delivery of regulatory change
Limited stakeholder engagement capacity	Reduced ability to engage throughout the rulemaking lifecycle
Publication maintenance workload	Increased pressure on regulatory updates and guidance
Emerging technologies and international developments	Greater demand for rulemaking activity
Limited flexibility within the current framework	Reduced responsiveness to evolving regulatory needs

Pre-Consultation Stakeholder Feedback

Pre-consultation engagement highlighted a number of common themes. Stakeholders raised concerns regarding the pace of regulatory change, the complexity of navigating multiple regulatory sources, the importance of maintaining alignment with international standards where appropriate, and the need for clearer guidance and supporting regulatory material. Stakeholders also emphasised the value of earlier and more continuous engagement throughout the rulemaking lifecycle and the importance of ensuring that any additional capability delivers measurable improvements in responsiveness, consultation and implementation.

In developing these proposals, the CAA has sought to respond to the new functions and responsibilities conferred through recent legislative changes, while also taking account of stakeholder feedback on how those functions should be delivered. The primary driver of the proposed investment is the need to build the capability and capacity required to discharge these ongoing responsibilities effectively, including strengthening legal, policy and economic appraisal expertise. This capability will support the delivery of new functions, improve the CAA's ability to maintain and modernise the UK aviation regulatory framework, and enable regulatory change to be developed and implemented more efficiently.

Stakeholder feedback has informed the way in which these activities will be delivered, including through greater engagement, improved accessibility of regulatory material and a stronger focus on transparency and measurable outcomes. The outcomes and performance measures set out in this chapter are intended to support transparency on delivery and provide stakeholders with a clearer understanding of the benefits achieved through this investment.

Stakeholders also questioned whether elements of legislative reform and rulemaking activity should be funded directly by Government rather than recovered through statutory charges.

The CAA recognises the importance of this question and has considered the appropriate funding approach in discussion with the Department for Transport. The activities proposed are not temporary policy initiatives but form part of the CAA's ongoing responsibility to maintain, update and modernise the UK aviation regulatory framework. As such, they represent core regulatory functions that support the operation, safety and effectiveness of the sectors we regulate.

The proposed funding approach reflects the established user-pays model that underpins CAA funding arrangements and is consistent with Managing Public Money principles, which generally require the costs of regulatory activity to be recovered from those benefiting from, or creating demand for, that activity. Any significant departure from these principles would require a clear policy rationale and engagement with HM Treasury.

The purpose of the proposed investment is intended to equip the CAA to deliver its statutory responsibilities more effectively and to improve regulatory agility. This will support the timelier development and implementation of regulatory changes, improve alignment with international standards where appropriate, enable outdated requirements to be reviewed and removed more quickly, and reduce unnecessary administrative burdens on industry.

Many of the concerns raised through engagement related to the time taken to implement regulatory change. The proposed investment is intended to address these concerns directly by providing the capability and capacity needed to deliver regulatory reform more efficiently and responsively.

The CAA has also sought to minimise the impact on charges. A number of costs associated with the legislative reform transition, including activity undertaken using existing resources, are being managed within existing budgets rather than being recovered through additional charging increases.

Taking these factors together, the CAA considers these activities to be appropriately recoverable from the sectors that benefit from, and require, a modern, responsive and effective regulatory framework.

Why is this level of capability appropriate?

The CAA recognises the importance of ensuring that investment in rulemaking capability is proportionate and represents value for money.

The proposed investment has been developed following assessment of the responsibilities expected to arise from the Civil Aviation Bill, anticipated rulemaking workload, legislative implementation requirements, stakeholder engagement obligations, governance and assurance requirements, policy, legal and economic analysis needs, and wider organisational resilience considerations.

The proposal represents the minimum sustainable capability required to establish and operate an effective UK-led aviation rulemaking framework while maintaining affordability for charge-payers.

Why £2.1 million?

The proposed £2.1m investment will support capability across policy, legal, economic, technical and rulemaking delivery disciplines.

This capability will enable the CAA to develop and maintain aviation regulations, undertake economic analysis and impact assessments, support stakeholder engagement and consultation, provide legal and governance support, maintain supporting regulatory publications and implement legislative reforms efficiently and consistently.

The proposed framework will not only support the development of new regulations but will also enable the CAA to prioritise regulatory change more effectively, focusing resources on areas of greatest safety, consumer and strategic value.

The CAA has also considered where existing resource can be developed or repurposed without impacting services. The proposal therefore reflects the minimum sustainable investment required to establish and operate the new framework.

Importantly, the investment reflects the capability required to support commencement and implementation of the new framework during FY2027/28, with the operational benefits expected to be realised progressively as the framework becomes established.

How will funding be used?

Funding will support capability across five key areas.

Capability Area	**Purpose**
Rulemaking & Policy	Development and maintenance of aviation regulations and policy
Legal & Governance	Governance, assurance and legal support for the rulemaking framework

Capability Area	Purpose
Economic Analysis	Impact assessments, regulatory appraisal, prioritisation of rulemaking activity and evaluation of regulatory outcomes.
Stakeholder Engagement	Consultation and engagement throughout the rulemaking lifecycle
Publications & Implementation	Development and maintenance of the CAA Rulebook, CAPs and supporting guidance

The investment will also support wider regulatory modernisation activities designed to improve the accessibility, transparency and usability of aviation regulation, and enable the CAA to reduce unnecessary regulatory burden where safe and appropriate to do so.

Implementation Timeline

Phase	Activity	Expected Outcome
FY2026/27 Q2-Q4	Development of governance arrangements, rulemaking processes and implementation planning	Foundations for delivery established
FY2027/28 Q1	Recruitment and capability build begins	Rulemaking capability programme initiated
FY2027/28 Q1-Q2	Recruitment, onboarding and training	Initial capability established
FY2027/28 Q1-Q2	Completion of governance framework and operational readiness activities	Readiness for commencement of new powers
FY2027/28 Q2-Q4	Legislative implementation and establishment of the CAA Rulebook	Core framework delivered
FY2028 onwards	Operation of mature UK-led rulemaking framework	Enhanced regulatory responsiveness and agility

Implementation timings remain subject to Parliamentary approval of the legislation and the delivery of enabling secondary legislation.

Current planning assumptions include:

1. Royal Assent being secured during FY2026/27.
2. Secondary legislation enabling CAA safety rulemaking during FY2027/28.
3. Establishment of the CAA Rulebook based on the existing aviation regulatory library.

4. Progressive transition to CAA-led rulemaking following commencement of the new framework.

What benefits will this deliver?

FY2027/28 is primarily focused on implementing the new rulemaking framework and establishing the governance, capability and stakeholder engagement arrangements required to support commencement of the CAA's new responsibilities.

Benefits relating to faster implementation of regulatory change, improved regulatory agility and shorter rulemaking timescales are expected to emerge progressively from FY2028/29 onwards as the framework becomes fully operational and embedded.

The investment is expected to improve the timeliness of regulatory change, provide clearer and more accessible regulations and guidance, strengthen stakeholder engagement throughout the rulemaking lifecycle, support evidence-based regulatory decision-making and improve regulatory certainty for industry. The framework will also support innovation and emerging technologies while helping to reduce unnecessary regulatory burden where safe and appropriate to do so.

Collectively, these changes will support a more agile, transparent and responsive approach to aviation regulation while maintaining high standards of safety.

Investment to Outcome

Investment	Expected Outcome
Rulemaking Specialists	Faster development and maintenance of aviation regulations
Legal & Governance Capability	Robust and accountable rulemaking framework
Economic Analysis Capability	Evidence-based decision making
Stakeholder Engagement Resource	Effective consultation and structured engagement throughout the rulemaking lifecycle
Policy and Regulatory Resource	Delivery of updates to existing and novel regulatory solutions
Policy Planning and Quality Assurance	Efficient implementation of legislative reform and improved quality of regulatory outputs

What Success Looks Like

FY2027/28 will primarily be a transition year focused on establishing the governance, capability and operational arrangements required to support the new rulemaking

framework. Success will therefore be measured through implementation and readiness outcomes rather than regulatory throughput.

Area	Expected Outcome
Legislative Readiness	Governance and operational arrangements established
Rulemaking Capability	Specialist capability recruited and operational
CAA Rulebook	Initial Rulebook established and maintained
Stakeholder Engagement	Enhanced engagement framework implemented
Regulatory Publications	Processes established for maintaining regulations and guidance
Regulatory Modernisation	Improved accessibility and consistency of regulatory material

Measuring Success

FY2027/28 Implementation Measures

Measure	Target
Recruitment and onboarding of capability	Delivered to plan
Governance and assurance framework established	Complete
Initial CAA Rulebook established	Complete
Stakeholder engagement framework implemented	Complete
Legislative readiness activities delivered	Complete

FY2028/29 Onwards Outcome Measures

As the new framework becomes established, the CAA expects to see progressive improvements in stakeholder satisfaction, the accessibility and usability of guidance material, and the overall effectiveness of engagement throughout the rulemaking lifecycle.

Measure	Target
Annual rulemaking programme delivered	>90%
Consultation closure to publication of final rule	<10 months
Regulatory change implementation times	30% improvement

The CAA will continue to refine its performance framework as operational experience is gained, ensuring that future measures focus on both effective implementation of the new

framework and the benefits delivered through a more agile and responsive rulemaking process.

Benefits Realisation Commitment

The CAA will report progress against these measures through existing performance reporting arrangements and future Value & Impact reporting, providing stakeholders with visibility of whether the anticipated benefits of the investment are being realised.

Future Development of Rulemaking Capability

The proposed investment represents the initial capability required to establish an effective UK-led aviation rulemaking function.

As implementation progresses, the CAA will continue to assess future workload requirements, stakeholder needs and opportunities to improve the effectiveness, efficiency and accessibility of the regulatory framework. Any future capability, operating model or funding changes would be subject to the CAA's normal planning, governance and consultation processes.

Risks, Mitigations and Dependencies

Risk / Dependency	Potential Impact	Mitigation
Delay to Civil Aviation Bill	Slower implementation of the future regime	Phased capability development and implementation planning
Recruitment challenges in specialist disciplines	Delayed capability build	Early recruitment and workforce planning
Higher-than-anticipated rulemaking demand	Pressure on delivery timescales	Prioritisation and programme governance
Legislative or policy changes	Additional implementation requirements	Continued engagement with Government and stakeholders

What are the trade-offs if this investment is not made?

Without this investment, the CAA's ability to implement the new rulemaking responsibilities anticipated under the legislation would be significantly constrained. The organisation would have limited capacity to establish and sustain the specialist policy, legal, analytical and rulemaking capability required to support a modern UK aviation regulatory framework.

This would increase the risk of delays in implementing regulatory change, maintaining regulatory material, responding to emerging technologies and adapting to evolving international standards.

Over time, this could increase complexity for industry and reduce the UK's ability to respond efficiently to technological, operational and regulatory developments.

Who will be impacted?

The costs associated with this proposal will be recovered through the Safety charging schemes, reflecting the broad and cross-cutting nature of the benefits arising from a modern aviation rulemaking framework.

Benefits will be realised across the regulated aviation community, including airlines, airports, air navigation service providers, manufacturers, maintenance organisations, training providers, general aviation operators and emerging sectors such as remotely piloted aircraft systems and advanced air mobility.

The enhanced capability will support regulated entities by enabling regulations, guidance and supporting material to be developed, updated and implemented more efficiently. This will improve regulatory certainty, reduce unnecessary complexity, support innovation and strengthen responsiveness to change.

The benefits also extend to consumers and the wider public through the maintenance of high standards of safety, regulatory effectiveness and consumer protection.

While individual regulatory changes may affect different sectors in different ways, all regulated aviation organisations rely upon the existence of a maintained, legally robust and responsive aviation regulatory framework. The proposed recovery approach therefore reflects the shared benefit derived from maintaining the overall safety regulatory system rather than the impact of any individual rulemaking activity.

The CAA therefore considers recovery through the Safety charging schemes to be appropriate, as the capability directly supports regulation across the aviation sector and delivers benefits across the regulated community, consistent with the CAA's user-pays and equitable charging principles.

5.5 Consumer Protection

Item	Value
Investment Requirement	£1.8m
Increase in Charges	11.6% (Airline Operator and Economic Regulation of Airports – Variable Charges) 6.8% (ATOL Scheme of Charges)
Impacted Charges	Airline Operator and Economic Regulation of Airports – Variable Charges ATOL Scheme of Charges
Indicative Additional Roles	15 FTE
Primary Driver	Civil Aviation Bill (Consumer Protection and Regulatory Reform)

Item	Value
	CAA readiness for civil enforcement of ATOL regulations
Funding Type	Recurring
Expected Implementation Period	FY2027/28 onwards
Stakeholder Benefit	Stronger consumer protection, improved access to redress, increased confidence in the ATOL scheme, and greater confidence in UK aviation markets.

Why is this change needed?

Consumer confidence is fundamental to a successful aviation sector. While most passenger journeys are completed without issue, the financial and practical impacts on consumers can be significant when problems occur. Ensuring that passengers have confidence that their rights will be protected, that they will not lose out if an ATOL holder becomes insolvent, and that concerns will be resolved fairly and efficiently is therefore an important part of maintaining trust in UK aviation markets.

The aviation consumer protection framework is undergoing significant reform. The Government has concluded that the CAA's existing consumer enforcement powers are constrained by reliance on court-based processes, which can be time-consuming, resource-intensive and less flexible than the administrative enforcement regimes available to many other UK regulators. Similar concerns have been identified in relation to the ATOL scheme, with the Government confirming its intention to expand the enforcement toolkit available to the CAA.

The Civil Aviation (Consumer Protection and Regulatory Reform) Bill is expected to introduce the most significant changes to the aviation consumer protection framework in many years. The reforms are intended to strengthen consumer protections, improve deterrence against non-compliance and align aviation more closely with enforcement approaches already established in sectors such as financial services, energy, telecommunications and rail. The Bill would provide the CAA with direct administrative enforcement powers, including the ability to impose financial penalties and other interventions, strengthening its ability to investigate potential breaches and take timely action where consumer harm is identified.

The Government has also indicated its intention to introduce further reforms in areas such as passenger rights, accessibility and dispute resolution arrangements. Alongside changes to the ATOL enforcement framework, these reforms will require additional capability to support compliance monitoring, investigations, intelligence gathering, enforcement activity, dispute resolution oversight, legal support and ongoing policy development.

To implement and operate these reforms effectively, the CAA will require additional specialist capability across consumer policy, investigations, intelligence, compliance

monitoring, enforcement, dispute resolution oversight, legal support and ATOL regulation. The proposed investment represents the minimum sustainable capability required to support implementation of the new framework while maintaining a proportionate and affordable approach for industry.

Evidence of Consumer Harm and Market Need

The UK aviation market serves millions of consumers every year and relies on high levels of public confidence. In 2025, a record breaking **302 million passengers** travelled to, from or within the UK annually, with this figure expected to grow substantially in future years. The ATOL scheme continues to play a vital role in maintaining confidence in the travel market, providing financial protection for more than **31 million passengers** purchasing protected travel arrangements each year.

While the vast majority of journeys are completed without issue, Government impact assessments have identified evidence of significant consumer detriment when problems arise. Research cited by the Department for Transport found that **7.9%** of airline customers reported experiencing an issue for which they believed they had legitimate grounds for complaint. The research also found that aviation ranked among the highest service sectors for the severity of consumer detriment experienced.

While detriment affects only a minority of consumers, the size of the aviation market means even relatively low rates of non-compliance can affect large numbers of passengers.

Demand for consumer redress has also increased significantly, with accepted Alternative Dispute Resolution (ADR) complaints rising by more than 90% between 2019 and 2025. This trend highlights the importance of effective mechanisms for resolving consumer disputes and securing compliance with consumer protection requirements.

Taken together, the scale of the market, the potential impact of consumer harm, and increasing demand for redress support the case for a stronger consumer protection framework, more effective enforcement tools, and enhanced regulatory capability to protect consumer interests and promote industry compliance.

Why the proposed capability and investment are appropriate.

The CAA recognises the importance of ensuring that any increase in consumer protection and enforcement capability is proportionate, evidence-based and represents value for money.

The proposed £1.8 million investment has been developed through assessment of the responsibilities anticipated to arise from the Civil Aviation (Consumer Protection and Regulatory Reform) Bill and civil enforcement of the ATOL Regulations, together with expected increases in compliance monitoring and enforcement activity. The assessment considered existing resource levels, lessons learned from current consumer protection activities, implementation requirements associated with new powers and affordability considerations for charge-payers.

The funding is expected to support approximately fifteen specialist roles, together with the systems, governance arrangements and operational processes necessary to implement and operate the new framework effectively and consistently.

The Government's Impact Assessment identified significant limitations within the current consumer enforcement regime and concluded that strengthened enforcement and information-gathering powers would improve compliance, strengthen deterrence, support fair competition and improve consumer outcomes.

Alternative approaches, including delivery through existing resources, phased implementation and reduced-capability models, were considered. The CAA considers the proposed investment to represent the minimum sustainable capability required both to implement the new framework and to operate it on an ongoing basis, while maintaining affordability for charge-payers and avoiding unnecessary regulatory burden.

How will funding be used?

The proposed funding will support the establishment of the capability required to implement and operate the new consumer protection framework, while ensuring the CAA is prepared for civil enforcement of the ATOL Regulations. This includes capability for investigations and enforcement activity, compliance monitoring, consumer intelligence and insight, policy development, dispute resolution oversight, legal support, and implementation of the new legislative framework.

Funding will support the systems, governance arrangements, operational processes and implementation activities required to ensure the new powers can be exercised effectively, proportionately and consistently, and that the CAA is operationally ready ahead of commencement of the Civil Aviation Bill.

The proposal includes funding for 15 specialist roles and associated operational capability. 10 of these will comprise a dedicated enforcement team responsible for investigations and the exercise of new direct enforcement powers, compliance specialists to strengthen UK261 and passenger rights oversight through enhanced intelligence, monitoring and case management capability, and additional consumer policy specialists to support government in the development of future consumer reforms. The remaining 5 specialist roles will strengthen ATOL compliance and enforcement capability.

Recruitment of roles has been planned against the anticipated timetable for legislative reform and is designed to establish the core capability required to deliver the new regime while maintaining affordability for charge-payers.

Proposed Capability and Organisational Development

The precise organisational structure and distribution of responsibilities will continue to develop as legislation is finalised and implementation plans mature. However, the proposed funding will support capability across consumer policy, investigations and enforcement, compliance monitoring, intelligence and analysis, ATOL oversight, legal support and implementation activities.

Implementation Timeline

The proposed investment has been phased to align with the anticipated implementation of the Civil Aviation (Consumer Protection and Regulatory Reform) Bill, enabling statutory instruments and anticipated additional consumer protection reforms. The initial focus is on establishing the core capability, governance and operational arrangements required to support implementation of the new framework.

Phase	Activity	Expected Outcome
FY2027/28 Q1	Recruitment of specialist consumer policy, compliance and enforcement personnel	Core implementation capability established
FY2027/28 Q1-Q2	Development of governance arrangements, operational procedures and supporting policies	Framework established to support implementation of new powers
FY2027/28 Q2-Q3	Implementation of case management, intelligence and monitoring processes	Operational systems and processes in place
FY2027/28 Q2-Q4	Staff training, readiness activities and stakeholder engagement	Capability prepared to exercise new powers effectively and consistently
Subject to legislative timetable	Commencement and operation of new enforcement powers	New consumer protection and ATOL enforcement framework operational

Benefits for consumers, industry and the wider aviation sector

The proposed investment will strengthen the CAA's ability to deliver its expanded consumer protection responsibilities and implement the enforcement powers anticipated through the Civil Aviation (Consumer Protection and Regulatory Reform) Bill. It will also support readiness for civil enforcement of the ATOL Regulations.

The investment is expected to improve the CAA's ability to identify, investigate and address consumer detriment through stronger compliance monitoring, improved intelligence and consumer insight, earlier identification of systemic issues and more effective regulatory intervention. This should enable faster action where significant consumer harm is identified while ensuring enforcement activity remains proportionate, evidence-based and targeted towards areas of greatest risk.

Consumers should benefit from greater confidence that their rights are protected, that concerns will be investigated and addressed effectively, and that the ATOL scheme and its associated financial protections are subject to robust oversight and enforcement.

Industry should benefit from a more consistent and effective regulatory framework that promotes fair competition, supports consumer confidence and discourages non-

compliance. This helps ensure organisations investing in compliance are not disadvantaged by those that fail to meet their obligations.

Over time, stronger consumer protection and confidence in aviation services and the ATOL scheme can help support demand, strengthen trust in aviation and travel markets, and contribute to the long-term sustainability and competitiveness of the UK aviation sector.

Expected Outcomes and Success Measures

The proposed investment is intended to deliver measurable improvements in consumer protection capability, compliance with the ATOL regulations, consumer confidence and industry compliance. Success will be assessed not only by the establishment of new capability, but by the extent to which the investment improves consumer outcomes and supports a fair, trusted and effective aviation market.

Area	**Expected Outcome**
Implementation Readiness	Capability, governance arrangements and operational processes established to support implementation of the new consumer protection and ATOL enforcement framework.
Consumer Protection Capability	Specialist consumer protection and ATOL enforcement capability in place.
Compliance Monitoring	Enhanced monitoring and intelligence capability established to support risk-based regulation.
Enforcement Readiness	Capability established to exercise new enforcement powers in a proportionate, evidence-based and consistent manner.
Consumer Outcomes	Improved ability to identify, investigate and address consumer detriment.
Industry Outcomes	More consistent regulatory oversight supporting compliance and a level playing field across the sector.

Measuring Success

The CAA recognises the importance of demonstrating the benefits delivered by this investment. A range of operational, performance and outcome measures will be used internally to monitor implementation of the new framework, assess regulatory effectiveness and support ongoing assurance and governance.

As the legislative framework continues to develop, a number of these measures remain under development, and some are dependent on future policy and implementation decisions. The CAA will continue to refine its performance framework as arrangements mature and operational experience is gained under the new regime.

Success will ultimately be assessed through the CAA's ability to implement the new framework effectively, improve compliance, support consumer confidence and deliver proportionate, evidence-based regulation.

Future Development of the Consumer Protection Framework

The proposals set out in this consultation are intended to establish the core capability required to implement and operate the new consumer protection framework anticipated under the Civil Aviation (Consumer Protection and Regulatory Reform) Bill.

As legislation is finalised and the new regime becomes operational, the CAA will continue to monitor the scale and complexity of its ongoing responsibilities. This includes the use of new enforcement powers, oversight of Alternative Dispute Resolution (ADR) arrangements, and the delivery of future consumer protection requirements, including those relating to the ATOL scheme.

The CAA considers the proposed investment to represent the minimum sustainable capability required to support implementation of the new framework and ensure operational readiness. The scale of future regulatory activity will depend on factors such as legislative developments, levels of industry compliance, consumer demand for intervention, and the effectiveness of the new regime once established.

Any future capability or funding requirements would be subject to the CAA's normal planning, prioritisation, governance and consultation processes.

What are the trade-offs if this investment is not made?

Without this investment, the CAA's ability to implement and operate the consumer protection framework anticipated under the Civil Aviation (Consumer Protection and Regulatory Reform) Bill would be significantly constrained. While new enforcement powers may be introduced through legislation, the CAA would have limited capacity to exercise those powers effectively without the specialist expertise, systems and operational capability required to support them.

A lack of investment would reduce the CAA's ability to identify, investigate and address consumer detriment, limiting the effectiveness of compliance monitoring, enforcement activity and oversight of the ATOL scheme. This could weaken consumer confidence, diminish the intended benefits of the new legislative framework and increase the risk that organisations failing to meet their obligations gain an unfair competitive advantage over compliant operators.

It could also delay implementation of the new regime and restrict the CAA's ability to respond effectively to future consumer protection reforms. Over time, this may increase delivery risks, reduce the effectiveness of regulatory interventions and make it more difficult to achieve the Government's consumer protection objectives.

Who will be impacted?

The costs of this proposal will primarily be recovered through the Airline Operator and Economic Regulation of Airports charging schemes, reflecting the sectors most directly affected by, and benefiting from, a strengthened consumer protection framework. In relation to ATOL, costs will be recovered through the ATOL Scheme of Charges and shared across ATOL holders in accordance with the CAA's user-pays charging principles.

The investment will enhance the CAA's capability to undertake compliance monitoring, consumer enforcement and regulatory oversight across the aviation market. This will benefit airlines, airports, ATOL holders and other regulated entities by supporting a more effective, consistent and proportionate regulatory regime.

Passengers and consumers will benefit from stronger protections, improved industry compliance and greater confidence that their rights are upheld. Industry will benefit from a more level playing field, increased consumer confidence and stronger trust in UK aviation markets.

The CAA therefore considers recovery through these charging schemes to be appropriate, as the costs and benefits are closely aligned with the sectors that create demand for, and benefit from, the enhanced consumer protection framework.

Alternative Dispute Resolution (ADR) - Changes to Accreditation Legislation and Charging Regime

Aviation consumers benefit from access to effective and independent dispute resolution services. The CAA has overseen Alternative Dispute Resolution (ADR) arrangements within the aviation sector since 2016.

Recent legislative reforms have changed the legal framework governing ADR accreditation and oversight. The implications of these changes for the CAA's accreditation responsibilities, together with their impact on cost recovery arrangements, are explained in Chapter 11.

Chapter 11 also sets out proposed amendments to the ADR accreditation charging regime, including arrangements for recovering the costs of accreditation assessments, ongoing oversight, assurance activities, monitoring and reporting. Stakeholders wishing to comment on these proposals should respond to the relevant consultation questions set out in Chapter 9. Responses will be considered alongside feedback received on the wider consumer protection proposals presented in this chapter.

5.6 Ground Handling Oversight

Funding Summary

Item	Value
Investment Requirement	£0.5m

Charging Approach	Initial declaration fee of £4.7k per declaration
Indicative Regulatory Population	~100 GHSPs *(subject to final validation)*
Indicative Additional Capability	3 FTE *(final operating model to be confirmed)* Initial oversight capability to establish and operate the new framework
Primary Driver	Introduction of Direct Ground Handling Oversight
Funding Type	Mixed (Implementation and Recurring)
Expected Implementation Period	FY2027/28 onwards
Stakeholder Benefit	Improved safety assurance, stronger organisational accountability and enhanced operational resilience.

Regulated Population

Metric	**Value**
Estimated GHSP Population	~100
Licensed/Certificated Aerodromes Impacted	78

Note: *Values are based on the CAA's 2025 validation exercise, which identified approximately 100 organisations within scope. The figures should be regarded as indicative, as they were derived through engagement with aerodrome accountable managers and the sector has since experienced some consolidation. The formal declaration process will provide a definitive view of the regulated population and may result in future refinement of these estimates.*

Why is this change needed?

Ground handling activities are critical to the safe and efficient operation of commercial aviation and have a direct impact on aviation safety, operational resilience and passenger experience. Activities such as baggage handling, aircraft loading, cargo operations, aircraft dispatch and pushback are undertaken by a large and diverse population of specialist organisations operating across multiple airports and airlines.

Current oversight arrangements are largely indirect, relying on airlines, aerodromes and occurrence reporting systems to identify and manage safety risks. While these arrangements provide important assurance, they were not designed to provide direct regulatory oversight of Ground Handling Service Providers (GHSPs).

The CAA has identified approximately 100 Ground Handling Service Providers operating across licensed and certificated aerodromes. These organisations undertake safety-critical

activities throughout the aircraft turnaround process within a complex multi-stakeholder environment.

The International Civil Aviation Organization (ICAO) has introduced new Standards and Recommended Practices (SARPs) relating to ground handling operations, and the CAA is expected to assume new responsibilities for direct oversight of GHSPs from November 2027. The new framework is intended to strengthen organisational accountability, improve visibility of safety performance, competence management and compliance arrangements, and support a more consistent and risk-based approach to oversight.

The proposed investment will provide the capability required to establish and operate the new oversight regime, enabling the CAA to implement the new ICAO requirements and meet its future regulatory responsibilities.

What will change?

Under the new framework, Ground Handling Service Providers will become directly accountable to the CAA through a declaration-based regime and will be subject to direct regulatory oversight for the first time.

Oversight will focus on organisational safety management, competence management, occurrence reporting, safety performance and compliance with regulatory requirements. This represents a significant change from the current model and will provide the CAA with greater visibility of sector performance and emerging risks.

Why the proposed capability and investment are appropriate.

The CAA recognises the importance of ensuring that any new regulatory framework is proportionate, risk-based and represents value for money.

The proposed £0.5 million investment has been developed following assessment of the size and complexity of the ground handling sector, anticipated oversight requirements, future ICAO obligations, implementation requirements and affordability considerations for regulated entities.

The funding will support the capability, systems and processes required to establish and operate the new Ground Handling Service Provider (GHSP) oversight framework. This includes oversight personnel, training and competency development, stakeholder engagement, supporting systems, implementation activities and associated regulatory processes necessary to introduce and operate the regime effectively.

The proposal includes both one-off implementation costs and ongoing operating costs. Capability will be introduced in phases throughout FY2027/28 to support industry transition, implementation of the declaration process and commencement of risk-based oversight activities. It is expected that resources used to support implementation will transition to ongoing oversight activity once the regime is established.

The CAA considers the proposed investment to represent the minimum sustainable capability required to implement the new framework and discharge its regulatory

responsibilities from commencement while maintaining a proportionate approach to regulation.

Implementation Timeline

Phase	Activity	Expected Outcome
FY2027/28 Q1	Recruitment and establishment of oversight capability	Delivery team established
FY2027/28 Q1-Q2	Framework development, training and readiness activities	Regulatory framework, processes and supporting arrangements established
FY2027/28 Q2-Q3	Industry engagement and declaration process preparation	Industry transition planning supported
FY2027/28 Q3-Q4	Legislative implementation and commencement planning (subject to legislative timetable)	Readiness for framework commencement
FY2028 onwards	Commencement of declarations and phased implementation of direct oversight	Transition to a mature risk-based oversight programme

Charging Approach

Ground Handling Service Providers will become direct recipients of CAA regulatory services under the new framework and will therefore become responsible for funding the associated regulatory activities.

FY2027/28 represents the implementation year for the new regime. During this period the CAA will establish the oversight framework, onboard organisations into the declaration process and commence direct oversight activities. In line with the CAA's charging principles, the costs associated with implementing and operating the regime are proposed to be recovered from the organisations subject to regulation.

For FY2027/28, the CAA proposes introducing an initial declaration charge. Based on current assumptions and an estimated regulated population of approximately 100 organisations, the average declaration charge is currently estimated at around £4,700 per organisation.

The indicative charge reflects both the cost of processing and assessing declarations and the cost of establishing the new regulatory oversight capability. This includes recruiting, training and deploying the personnel who will both implement the new framework and undertake ongoing regulatory oversight once the regime becomes operational. The capability established during FY2027/28 therefore represents the foundation of the long-term oversight function rather than a temporary implementation team.

As a result, the proposal should not be interpreted as funding a one-off implementation activity followed by a materially different level of ongoing resource. The overall capability requirement is expected to remain broadly consistent, with the same team transitioning from implementation, industry onboarding and framework development activities into the delivery of routine regulatory oversight.

While the underlying funding requirement is therefore expected to remain relatively stable, the CAA anticipates that the mechanism used to recover those costs may evolve over time. The implementation-year declaration charge has been designed to recover the cost of establishing and commencing the new regime. From FY2028/29 onwards, funding is expected to be recovered through a combination of declaration-related charges and ongoing oversight charges, with the precise balance between these elements to be determined.

At present, there remains uncertainty regarding the final size and composition of the regulated population, the volume and complexity of oversight activity required, and the detailed design of the regulatory framework. The declaration process will provide the first comprehensive evidence base regarding the organisations within scope and the resources required to regulate them effectively.

The charging approach presented in this consultation should therefore be regarded as an initial funding model rather than a final long-term charging structure. As operational experience is gained, the CAA expects its approach to cost recovery to become more refined and more accurately aligned to the characteristics of the regulated population and the regulatory effort required.

The CAA welcomes feedback from Ground Handling Service Providers, aerodromes, airlines and other interested stakeholders on the proposed funding approach, including views on how costs should be recovered over time and suggestions for alternative funding models that may better support proportionate, sustainable and cost-reflective regulation.

Indicative Average Declaration Charge

Item	Value
Total Cost Base	£470,000
Estimated GHSP Population	~100
Indicative Declaration Fee	~£4,700

Based on current assumptions, the indicative declaration charge is estimated at approximately £4,700 per organisation during the implementation year. The CAA considers this proportionate given the introduction of direct oversight and the establishment of a new regulatory framework for a safety-critical sector.

What benefits will this deliver?

The introduction of direct oversight is expected to strengthen safety assurance, improve organisational accountability and provide the CAA with greater visibility of safety performance across the ground handling sector.

Enhanced oversight should support the earlier identification and resolution of safety issues, reduce the likelihood of repeat occurrences and promote continuous improvement across ground handling operations. The framework will also enable a more consistent and risk-based approach to regulatory oversight, supported by improved safety intelligence and sector-wide visibility.

Over time, the new regime is expected to contribute to a stronger safety culture across the sector, supporting safe and resilient ground operations and increasing confidence in the effectiveness of the regulatory framework.

The framework will also support the UK's implementation of ICAO requirements and provide Government, industry and the travelling public with greater confidence in the safety and resilience of ground handling activities.

FY2027/28 Success Measures

The proposed investment is intended to establish the new regulatory framework and support successful implementation of direct oversight.

Implementation Measures

Area	Expected Outcome	FY2027/28 Success Target
Implementation	Ground Handling oversight regime established	Implementation programme delivered to plan
Industry Participation	Organisations enter the regime	>90% of eligible GHSPs submitting declarations
Oversight Coverage	Risk-based oversight programme established	>90% of planned oversight activity completed
Capability	Initial oversight capability operational	Capability established and deployed
Regulatory Readiness	ICAO and legislative readiness supported	Framework operational before future requirements take effect

Future Development of the Ground Handling Oversight Framework

The proposals set out in this consultation are intended to establish the initial capability required to introduce direct oversight of Ground Handling Service Providers and prepare for future ICAO requirements.

The current proposal reflects the information available at this stage and is focused on implementation of the regime. As operational experience is gained, the CAA will continue to assess oversight requirements, industry experience, regulatory developments and the most appropriate long-term operating model.

This may include reviewing resource requirements, oversight arrangements and charging approaches to ensure that the framework remains proportionate, effective and aligned with the final scope of the regime.

Any future changes would be subject to the CAA's normal planning, prioritisation and consultation processes.

What are the trade-offs if this investment is not made?

Without this investment, the CAA would have limited capability to implement and operate the new Ground Handling oversight regime and meet future regulatory responsibilities.

Oversight of ground handling activities would remain largely indirect, reducing visibility of organisational safety performance and limiting opportunities to identify emerging risks, share good practice and intervene proactively.

Over time, this could weaken safety assurance, reduce preparedness for future ICAO requirements and increase the likelihood that more significant regulatory intervention may be required in future.

Who will be impacted?

The costs of the proposed regime will be recovered directly from Ground Handling Service Providers (GHSPs) through the new declaration-based charging framework. This reflects the CAA's principle that those creating demand for, and benefiting from, a regulatory service should bear the associated costs.

As the organisations that will become subject to direct regulatory oversight, GHSPs will be required to fund the framework through the proposed charges. In return, they will benefit from a clearer regulatory relationship with the CAA and a more consistent and transparent oversight regime.

5.7 Heliport / Vertiport

Funding Summary

Item	Value
Investment Requirement	£0.1m
Proposed Charging Impact	Initial declaration fee of £3.3k per declaration

Item	Value
Primary Driver	Heliports Regulatory Reform, implementation of safety recommendations, and Future Flight / Advanced Air Mobility readiness
Funding Type	Implementation and Recurring
Expected Implementation Period	FY2027/28 onwards
Current Stage	Discovery and Framework Development
Future Funding Requirement	Subject to future review and consultation following Heliports Regulatory Reform, market development and future regulatory decisions
Stakeholder Benefit	Regulatory readiness, clearer market pathways and support for innovation.

Note: *The current proposal is focused on regulatory preparedness and framework development. It does not represent a decision to establish a permanent oversight regime or long-term charging structure. No long-term charging model is proposed at this stage, and any future charging arrangements would be subject to separate consultation.*

Why is this change needed?

Heliport operations already form an established part of the UK aviation system, supporting commercial helicopter transport, offshore energy operations, emergency medical services, search and rescue activity and other specialist aviation services.

Recent safety recommendations and wider regulatory reviews have identified opportunities to strengthen and modernise the regulatory framework governing heliport operations. At the same time, the aviation sector is entering a period of significant technological change. Emerging technologies, including electric vertical take-off and landing (eVTOL) aircraft and Advanced Air Mobility (AAM) operations, are expected to require new forms of aviation infrastructure and operating environments that differ significantly from traditional airports and aerodromes.

Industry interest in Advanced Air Mobility services and supporting infrastructure continues to grow, creating increasing demand for regulatory clarity regarding certification, approval and oversight requirements. Discovery work undertaken during FY2026/27 identified the need for the CAA to develop an appropriate regulatory framework, operating model and oversight approach that supports both Heliports Regulatory Reform and future aviation infrastructure requirements.

Establishing these foundations now will provide greater clarity for industry, support future investment and innovation, and reduce the need for more reactive regulatory intervention as market demand emerges.

What will change?

The current regulatory framework was developed primarily for conventional aviation infrastructure and operating models.

The proposal will provide the capability required to develop the regulatory foundations needed to support future heliport and vertiport operations, including consideration of infrastructure certification, operational approvals, oversight arrangements and supporting guidance.

The objective is not to establish a full regulatory regime immediately, but to ensure that the CAA is prepared to develop an evidence-based regulatory framework and operating model before significant market demand materialises.

Why the proposed capability and investment are appropriate?

The CAA recognises the importance of ensuring that investment in emerging aviation sectors remains proportionate and evidence based.

The proposed £0.1 million investment is focused on regulatory development and preparedness activities rather than implementation of a full oversight regime. Funding will support framework development, operating model design, technical and safety analysis, policy and guidance development, stakeholder engagement, international coordination and other preparatory activities necessary to support future regulatory responsibilities.

At this stage, the CAA does not consider it proportionate to establish a permanent oversight function before the scale and pace of industry demand is fully understood. The proposal therefore represents the minimum capability required to support regulatory development and ensure that future implementation decisions are informed by evidence, stakeholder engagement and operational experience.

Indicative Use of Funding

Activity	**Indicative Focus**
Regulatory Policy Development	Future framework design
Technical Analysis	Operating concepts and safety considerations
Stakeholder Engagement	Industry, Government and infrastructure developers
International Collaboration	Monitoring and influencing international developments
Capability Development	Preparation for future regulatory responsibilities

Charging Approach

The CAA proposes recovering the FY2027/28 investment through an initial declaration charge payable by organisations seeking to operate within the future heliport and vertiport framework. Based on current cost estimates and assumptions regarding the number of

organisations expected to submit declarations, the indicative declaration fee is £3,300 per declaration.

The proposed charge reflects the cost of establishing the capability required to develop and implement the future regulatory framework, including policy development, technical and safety expertise, stakeholder engagement and supporting regulatory processes.

The capability established through this investment is expected to evolve into the capability required to support future regulatory activities as the market develops. While the mechanism used to recover costs may change over time, the underlying funding requirement is not expected to reduce materially simply because framework-development activities have concluded.

There remains uncertainty regarding the pace of market development, the size of the future regulated population and the final form of the regulatory framework. The indicative declaration fee should therefore be regarded as an initial charging proposal rather than a long-term charging model.

Any future changes to charging arrangements would be subject to consultation.

The CAA welcomes feedback from heliport operators, prospective vertiport operators, Advanced Air Mobility developers, infrastructure providers and other interested stakeholders on the proposed approach, including views on how regulatory costs should be recovered over time and suggestions for alternative funding models that may better support proportionate, sustainable and cost-reflective regulation.

Expected Benefits and Outcomes

This investment will support the safe introduction of Future Flight technologies and Advanced Air Mobility operations while providing greater regulatory certainty for operators, infrastructure developers, investors and Government.

By developing the regulatory framework in advance of market growth, the proposal will improve clarity regarding future regulatory requirements, support investment decisions and reduce uncertainty for prospective market participants.

The proposal will also support the CAA's readiness for future oversight responsibilities and help ensure that future regulatory frameworks are informed by evidence, operational experience and stakeholder engagement. More broadly, it supports Government objectives relating to innovation, connectivity and economic growth while helping position the UK as a leader in emerging aviation technologies and aerospace innovation.

Investment to Outcome

Investment	**Expected Outcome**
Regulatory Policy Development	Clear future framework for heliports and vertiports

Technical and Safety Analysis	Safe integration of emerging infrastructure
Industry Engagement	Greater certainty for operators, developers and investors
International Collaboration	Alignment with emerging international approaches
Capability Development	CAA readiness for future oversight responsibilities

FY2027/28 Success Measures

Area	Expected Outcome	FY2027/28 Success Target
Regulatory Framework Development	Initial framework established	Agreed development milestones achieved
Industry Engagement	Stakeholders actively engaged	Engagement programme completed
Future Readiness	Preparedness for future oversight responsibilities	Operating model and regulatory approach defined
International Alignment	Awareness of international developments	Relevant developments assessed and incorporated where appropriate

The CAA will monitor delivery of framework-development milestones through existing governance arrangements and future Value & Impact reporting, focusing on improvements in regulatory readiness and the establishment of foundations for future heliport and vertiport oversight.

Future Development, Risks and Dependencies

The current proposal focuses on regulatory preparedness rather than implementation of a permanent oversight regime. Future capability, operating model, charging arrangements and funding requirements will depend on market development, regulatory obligations and Government policy decisions.

Risk / Dependency	Potential Impact	Mitigation
Slower-than-anticipated market development	Regulatory capability developed earlier than required	Phased and proportionate approach focused on discovery activity
Faster-than-anticipated market development	Increased pressure on future capability requirements	Early framework development and stakeholder engagement

Risk / Dependency	Potential Impact	Mitigation
Evolving international standards	Regulatory uncertainty	Active monitoring of international developments
Changes in Government policy	Altered scope or priorities	Continued engagement with Government and Future Flight programmes

What are the trade-offs if this investment is not made?

Without this investment, the CAA's ability to establish and implement an appropriate regulatory framework for heliport and vertiport operations could be constrained.

Future Flight initiatives may face greater uncertainty regarding regulatory requirements, infrastructure developers may have less clarity regarding future approvals and oversight arrangements, and the UK may be less well positioned to support the introduction of Advanced Air Mobility technologies. Over time, this could require more reactive and potentially less efficient development of regulatory frameworks as demand emerges.

Who will be impacted?

The proposal is expected to benefit heliport and vertiport operators, Advanced Air Mobility and eVTOL operators, airport and infrastructure developers, technology providers, emergency services, Future of Flight programme participants and potential investors.

Subject to future consultation, any long-term funding model would remain consistent with the CAA's User-Pays and Equitable charging principles, with organisations benefiting from or creating demand for the regulatory framework contributing towards its costs.

5.8 Airworthiness Capacity

Funding Summary

Item	Value
Investment Requirement	£1.3m
Increase in Charges	12.4% increase in Airworthiness Organisation annual charges
Indicative Additional Capability	Enhanced Airworthiness oversight, certification and technical support capability
Primary Driver	Increased oversight demand and technical capacity requirements
Funding Type	Recurring

Expected Implementation Period	FY2027/28 onwards
Stakeholder Benefit	Improved service performance, increased oversight coverage, stronger technical resilience and greater predictability for customers.

Why is this change needed?

The CAA's Airworthiness function is responsible for ensuring that aircraft remain safe throughout their operational life. Its responsibilities include oversight of maintenance, production, continuing airworthiness and maintenance training organisations, engineer licensing activities, technical approvals, aircraft certification activities and specialist engineering assessments.

Since EU Exit, both the volume and complexity of Airworthiness activity have increased significantly. The CAA is now responsible for oversight of approximately 1,300 organisational approvals, including around 400 overseas organisations that previously sat outside its direct oversight responsibilities.

Demand has increased across continuing airworthiness oversight, overseas organisation approvals, aircraft certification projects, technical assessments and specialist engineering support activities. At the same time, industry expectations regarding the timeliness, predictability and consistency of regulatory services continue to grow.

The CAA has sought to manage these pressures through internal reprioritisation, process improvements and risk-based deployment of existing resources. While these measures have enabled delivery of critical regulatory functions, they have also resulted in reduced oversight coverage in some areas and longer application and approval lead times.

Feedback received through pre-consultation engagement reinforced these findings. Stakeholders identified concerns relating to application turnaround times, predictability of service delivery, responsiveness and oversight coverage, alongside a clear expectation that any additional investment should deliver measurable improvements in customer outcomes.

Without additional investment, workload pressures are expected to continue affecting service performance, oversight capacity and organisational resilience. The proposed investment is intended to address these issues while supporting the continued delivery of effective, proportionate and safety-focused regulation.

Why the proposed capability and investment are appropriate.

The CAA recognises the importance of ensuring that Airworthiness regulation remains proportionate, efficient and responsive to changing industry needs.

The proposed £1.3 million investment has been developed following assessment of current workload pressures, oversight requirements, service performance challenges,

customer feedback and future demand forecasts. It represents the minimum additional capability considered necessary to improve service delivery, strengthen oversight coverage and increase organisational resilience.

Funding will support additional capability across continuing airworthiness oversight, aircraft certification, technical approvals, engineer licensing, aircraft import and export activities and specialist engineering support.

Capability will be deployed flexibly across the highest-priority areas to improve responsiveness, reduce service bottlenecks and strengthen delivery of core Airworthiness activities. Recruitment will be phased throughout FY2027/28 to support effective onboarding, workforce development and knowledge transfer.

How will funding be used?

The investment will support additional Airworthiness capability across three principal areas:

Investment Area	Purpose
Oversight Capability	Increase delivery of planned continuing airworthiness and organisational oversight activities
Certification and Technical Capability	Improve application processing, technical assessments, certification activity and specialist engineering support
Workforce Capability and Resilience	Strengthen succession planning, technical resilience and long-term sustainability of the Airworthiness function

Implementation Timeline

Phase	Activity	Expected Outcome
FY2027/28 Q1	Recruitment activity begins.	Recruitment campaigns launched.
FY2027/28 Q2	Initial appointments made Capability expansion milestone	Additional capability begins entering service. Additional specialist capability in post, under training and contributing to delivery
FY2027/28 Q3-Q4	Continued recruitment, onboarding and training	Increased technical capacity across priority areas.
FY2028 onwards	Additional capability competent and operational	Mature operating model and improved service performance

Expected Benefits and Outcomes

The investment is expected to improve service performance by increasing capacity available to process applications, approvals, aircraft certifications and technical assessments. This should support faster and more predictable regulatory decision-making, reduce backlogs and improve responsiveness to customers.

Additional capability will increase the proportion of planned oversight activity delivered, strengthening risk-based oversight and improving assurance across the regulated population.

The proposal will also improve organisational resilience through greater succession depth, broader distribution of specialist expertise and reduced dependency on small specialist teams. This will strengthen the CAA's ability to respond to future regulatory demand, technological developments and industry growth.

Customers should benefit from:

- Improved application turnaround times.
- Greater predictability of service delivery.
- Increased oversight coverage.
- Improved responsiveness.
- More consistent regulatory decision-making.
- Stronger technical capability and resilience.

Stakeholders consistently indicated during engagement that success should be judged by customer outcomes rather than volumes of regulatory activity. The proposed investment is therefore focused on delivering measurable improvements that are visible to industry.

Investment to Outcome

Investment Area	Expected Outcome
Enhanced Oversight Capability	Increased oversight coverage and delivery of planned oversight activity
Enhanced Certification and Technical Capability	Improved service performance and reduced application backlogs
Enhanced Workforce Capability and Resilience	Reduced dependency on small specialist teams and improved organisational resilience
Airworthiness Capability Review Improvements	More efficient delivery model and stronger long-term sustainability

Success Measures

The CAA expects the investment to improve service performance, oversight delivery and organisational resilience over time.

Measure	FY2027/28 Target
Applications delivered within published service standards	≥85%
Planned oversight activity delivered	≥85%
Progress towards transition from AWOS (limited) to AWOS (optimum)	Demonstrable progress during FY2027/28
Additional Airworthiness capability recruited and operational	Capability implemented and delivering
Airworthiness application backlogs	Reduction against baseline

The CAA will continue working with industry to refine customer-focused performance measures, including those relating to turnaround times, responsiveness and customer experience.

Progress will be reported through existing performance reporting arrangements and future Value & Impact reporting to provide visibility of whether the anticipated benefits are being realised.

Future Development

The proposed investment represents an important first step in strengthening Airworthiness capability and improving service delivery.

The Airworthiness function remains within the scope of the Airworthiness Capability Review and the Funding Structure Reform programme described in Chapter 6. These initiatives continue to consider future operating models, oversight approaches, resource requirements and charging arrangements to ensure Airworthiness regulation remains effective, proportionate and sustainable.

The CAA will continue to assess workload demand, organisational resilience, industry needs and future regulatory responsibilities as this work progresses. Any significant future changes to capability, operating models or funding arrangements would be subject to the CAA's normal planning and consultation processes.

Risks, Mitigations and Dependencies

Risk / Dependency	Potential Impact	Mitigation
Recruitment of specialist Airworthiness personnel	Benefits realised later than planned and ongoing	Early recruitment activity, phased onboarding, targeted

Risk / Dependency	Potential Impact	Mitigation
takes longer than anticipated	pressure on service performance	workforce planning and enhanced succession planning
Competitive labour market for engineering expertise	Increased recruitment and retention pressures	Workforce development, talent pipeline activity and broader deployment of technical support capability
Higher-than-anticipated regulatory demand	Continued pressure on service delivery and oversight activity	Ongoing workload monitoring, prioritisation and risk-based resource allocation
Dependence on specialist teams	Reduced organisational resilience and increased vulnerability to staff turnover or absence	Increased succession depth and expansion of specialist capability
Continued growth in overseas oversight activity	Additional pressure on technical resources and delivery performance	Enhanced planning and prioritisation of international oversight activity

The CAA will continue to monitor these risks and dependencies throughout implementation to ensure that the anticipated benefits of the investment can be realised effectively.

What are the trade-offs if this investment is not made?

Without this investment, the Airworthiness function will remain under increasing pressure to deliver oversight, approval and certification activities within existing resources.

Application backlogs and service delivery pressures are likely to persist, limiting oversight coverage and increasing dependence on a small number of specialist personnel. Over time, this would reduce organisational resilience and constrain the CAA's ability to respond effectively to future regulatory demand, technological change and industry growth.

Who will be impacted?

The costs of this investment will be recovered through the Airworthiness Scheme of Charges, reflecting the principle that organisations benefiting from, and creating demand for, Airworthiness regulation should contribute towards its cost.

The primary impact will fall on organisations subject to Airworthiness oversight, including production organisations, maintenance organisations, maintenance training organisations, continuing airworthiness management organisations, approved engineering organisations and other regulated entities.

Customers should benefit from improved service performance, enhanced oversight coverage, increased regulatory responsiveness and stronger technical resilience. The

investment contributes to the recommended increase in Airworthiness Organisation annual charges, of which 12.4% relates to the proposed Airworthiness Capacity investment.

Overall, the proposal will strengthen the resilience of the UK's Airworthiness oversight system, improve outcomes for customers and support the CAA's mission of Protecting People and Enabling Aerospace.

5.9 Safety Operations & Assurance

Funding Summary

Item	Value
Investment Requirement	£0.8m
Increase in Charges	0.7% across Safety charging schemes
Indicative Additional Capability	7 specialist roles across document management, workforce capability and safety governance
Primary Driver	Strengthening safety governance, continuous improvement, standards, competency management and emerging risk capability
Funding Type	Recurring
Expected Implementation Period	FY2027/28 to FY2028/29, with benefits realised progressively as wider regulatory transformation initiatives are implemented.
Stakeholder Benefit	Earlier identification of emerging safety risks, greater consistency in regulatory decision-making, improved workforce capability, clearer regulatory guidance and a more effective, risk-based approach to safety oversight

Why is this change needed?

Effective aviation safety regulation depends not only on frontline oversight activity, but also on the governance, standards, competency management, organisational learning and continuous improvement arrangements that support it. These capabilities help ensure regulatory activity remains evidence-based, proportionate and focused on the areas of greatest safety benefit.

The aviation sector is becoming increasingly complex through digitalisation, automation, future flight technologies and growing volumes of operational and safety data. At the same time, the CAA is implementing its Safety Strategy, developing the UK State Safety Programme and strengthening risk-based approaches to regulation.

Organisational reviews undertaken as part of the Safety Strategy programme, including more than 150 interviews and stakeholder engagements across SARG, identified improvement opportunities relating to document governance, workforce competency management, organisational learning, continuous improvement and the management of emerging risks.

The proposed investment will address these capability gaps and support the governance, competency and safety-management arrangements needed to sustain wider regulatory transformation initiatives, including the Future Surveillance Operating Model (FSOM) and Customer Account Management (CAM).

Why the proposed capability and investment are appropriate?

The proposed £0.8 million investment supports additional capability across document management, training and competency management, and safety governance and continuous improvement.

The proposal represents the minimum level of additional capability required to deliver the improvements identified through the Safety Strategy programme, support maturation of the UK State Safety Programme and maintain alignment with ICAO expectations and international good practice relating to safety management, organisational learning and continuous improvement.

The investment is focused on strengthening the organisational systems, governance arrangements and processes used to identify, assess and respond to emerging and changing safety risks across the aviation system while improving regulatory consistency, workforce capability and organisational resilience.

How funding will be used

Funding will strengthen capability across three key areas:

Capability Area	**Roles**
Document Management	Strengthen the governance, accessibility and consistency of regulatory information across SARG.
Training and Competence Management	Enhance technical training, competency management and workforce capability development to support greater consistency and resilience across regulatory teams.
Safety Development, Continuous Improvement and Co-ordination	Strengthen governance arrangements, horizon scanning, organisational learning and continuous improvement activities to support management of emerging risks and delivery of the Safety Strategy and State Safety Programme.

Delivery will be phased across FY2027/28 and FY2028/29 to align with wider transformation initiatives including FSOM, CAM and the development of enhanced risk-based regulatory approaches. While capability will begin to be established during

FY2027/28, benefits are expected to be realised progressively as new governance arrangements, competency frameworks and ways of working become embedded across SARG.

Expected benefits and outcomes.

Although these capabilities operate primarily behind the scenes, they directly support the quality, consistency and effectiveness of safety regulation.

The investment is expected to strengthen the CAA's ability to identify and manage emerging risks, support more evidence-based regulatory decision-making and improve organisational learning and continuous improvement. It will also improve workforce capability, regulatory consistency and the quality of guidance and information available across SARG.

These improvements should provide industry with greater confidence that regulatory oversight remains proportionate, evidence-based and focused on areas of greatest safety benefit.

Investment to Outcome

Investment Area	**Expected Outcome**
Safety Governance & Continuous Improvement	Earlier identification and management of emerging risks and a more mature, adaptive safety system.
Training & Competency Management	Improved workforce capability, resilience and consistency of regulatory delivery.
Document Management	Improved governance, accessibility and management of regulatory information.

Success Measures

The investment is intended to strengthen organisational capability, workforce competency and the management of emerging safety risks.

Measure	**FY2027/28-FY2028/29 Target**
Safety improvement, recommendation and emerging safety risk monitoring or improvement actions tracked through governance arrangements	>90% progressed within agreed timescales
Emerging or changing safety risks assessed through agreed governance processes	>90% assessed within agreed timescales
Priority safety risk improvements translated into regulatory, policy, oversight or other safety improvement recommendations where appropriate	>90% delivered within agreed timescales

Measure	FY2027/28-FY2028/29 Target
Training and competency framework implementation	100% adoption across SARG
Competency-based approach for applicable operational roles	Implemented across 90% of applicable roles
Document management framework implementation	Framework established and operational

The CAA will monitor progress through existing performance reporting arrangements and future Value & Impact reporting to assess whether the investment is improving organisational capability, workforce competency, document governance and management of emerging risks.

What are the trade-offs if this investment is not made?

Without this investment, the CAA's ability to implement its Safety Strategy, mature the UK State Safety Programme and strengthen risk-based regulation would become increasingly constrained.

Improvements in organisational learning, workforce capability, regulatory consistency, emerging risk management and document governance would be delayed, reducing organisational resilience and limiting the CAA's ability to respond proactively to an increasingly complex aviation environment.

Over time, this could weaken the effectiveness of governance and continuous improvement arrangements that support frontline regulatory delivery and effective management of emerging safety risks.

5.10 Cargo Security Oversight

Funding Summary

Item	Value
Investment Requirement	£0.2m
Increase in Charges	12.0%
Charging Scheme Impacted	Aviation Security Cargo Charges
Indicative Additional Roles	2 Aviation Security Compliance Auditors
Primary Driver	Enhanced Cargo Security Oversight and Assurance

Item	Value
Funding Type	Recurring
Expected Implementation Period	FY2027/28 onwards
Stakeholder Benefit	Stronger security assurance, improved compliance monitoring and increased confidence in the UK aviation cargo security framework.

Why is this change needed?

The UK aviation cargo security regime plays a critical role in protecting the aviation system and supporting the secure movement of freight, mail and other goods through domestic and international supply chains.

The CAA delivers oversight of a large and diverse population of regulated entities operating across the cargo security framework. As cargo supply chains continue to evolve and regulatory expectations develop, the CAA has identified a need to increase oversight capacity in order to maintain assurance coverage, strengthen organisational resilience and support a proportionate, risk-based approach to regulation.

The proposal is focused solely on strengthening oversight and assurance activity through additional audit capability. It does not propose any changes to regulatory requirements, charging structures or risk categorisation arrangements.

Why the proposed capability and investment are appropriate?

The CAA recognises the importance of ensuring that regulatory activity remains proportionate and represents value for money.

The proposed £0.2 million investment has been developed following assessment of current oversight requirements, the size and complexity of the regulated population, operational resilience needs and affordability considerations for industry.

The proposal provides for the recruitment of two additional Aviation Security Compliance Auditors and represents the minimum sustainable increase in capability considered necessary to strengthen resilience and support enhanced assurance activity across the cargo security regime.

How will funding be used?

Funding will support the recruitment, training and deployment of two additional Aviation Security Compliance Auditors, together with associated operational support costs.

The additional capability is expected to provide more than 200 additional auditor deployment days each year, increasing the CAA's capacity to undertake inspections, assurance activities and compliance monitoring across the regulated cargo sector.

This additional flexibility will enable oversight activity to be targeted more effectively towards areas of greatest assurance need while maintaining appropriate coverage of the regulated population.

Implementation Timeline

Phase	Activity	Expected Outcome
FY2027/28 Q1	Recruitment of additional compliance auditors.	Additional oversight capability established.
FY2027/28 Q1-Q2	Training and operational readiness activities.	Auditors fully deployed.
FY2027/28 Q2-Q3	Delivery of enhanced oversight and assurance programme.	Increased regulatory assurance and oversight activity.
FY2027/28 Q3-Q4	Enhanced engagement and compliance monitoring across the regulated population	Improved visibility of sector-wide compliance and emerging risks

Expected benefits and outcomes.

The investment will strengthen the CAA's ability to deliver effective oversight of the aviation cargo security regime and provide greater assurance that security requirements are being implemented consistently across the regulated sector.

Additional capability will increase the resilience of the oversight function, strengthen engagement with regulated entities and improve the CAA's ability to identify and respond to compliance issues and emerging risks.

The proposal will also provide greater assurance to Government regarding the effectiveness of the UK's aviation cargo security framework while supporting delivery of a proportionate, risk-based regulatory approach.

Collectively, these improvements will strengthen confidence in the effectiveness, consistency and resilience of cargo security oversight.

Success Measures

Because of the sensitive nature of aviation security oversight activities, detailed operational performance metrics are not included within this consultation document. Publication of such information could disclose information regarding regulatory assurance arrangements and is therefore not considered appropriate.

Success will be demonstrated through:

Area	Expected Outcome
Capability	Two additional Aviation Security Compliance Auditors recruited or in post
Oversight Delivery	Enhanced oversight and assurance programme implemented
Regulatory Assurance	Increased assurance regarding compliance with aviation security requirements
Regulatory Resilience	Improved resilience and flexibility within the cargo security oversight function
Stakeholder Engagement	Increased engagement with regulated entities across the cargo security regime

The CAA will continue to use detailed internal performance and assurance measures to monitor delivery, assess regulatory effectiveness and provide assurance to Government and other relevant stakeholders.

What are the trade-offs if this investment is not made?

Without this investment, the CAA's ability to strengthen oversight and assurance activity across the cargo security regime would remain constrained by existing resource levels.

This would reduce flexibility within the oversight programme, limit resilience within the function and constrain the CAA's ability to respond to changing priorities, emerging risks and increasing regulatory expectations.

Over time, this may reduce the level of assurance available to Government and industry regarding the effectiveness of oversight across the UK aviation cargo security framework.

Who will be impacted?

The proposed investment will be funded through the Aviation Security Cargo Charging Scheme and will result in an average 12.0% increase in cargo security charges for regulated entities within the regime.

The charges apply to organisations operating within the regulated aviation cargo security framework, including Cargo Regulated Agents, Known Consignors, Suppliers of In-Flight Supplies and other regulated cargo entities.

While the direct cost falls on regulated entities, the benefits extend across the wider aviation system. Airlines, airports, freight and logistics operators, Government and security stakeholders will benefit from stronger security assurance, improved compliance monitoring and increased confidence in the effectiveness of the UK's aviation cargo security framework.

The CAA therefore considers recovery through the Aviation Security Cargo Charging Scheme to be appropriate, reflecting the principle that organisations creating demand for,

and directly benefiting from, enhanced oversight and assurance should contribute towards its cost.

5.11 Economic Regulation Cost Recovery

Summary

The CAA's economic regulation activities protect the interests of current and future consumers while supporting efficient investment, sustainable growth and operational resilience across the UK aviation sector.

Economic regulation activity is expected to remain at historically high levels during FY2027/28 as major airport operators progress significant investment, expansion and infrastructure development programmes. This includes economic regulation work relating to the Heathrow H8 price control, development of the future Gatwick G8 regulatory framework, Heathrow Airport expansion activities and associated Development Consent Order (DCO) processes.

Given the expected increase in activity and the significant uncertainty surrounding some of these programmes, particularly Heathrow expansion, the CAA is proposing increases to a number of economic regulation recovery caps.

These changes are intended to provide sufficient flexibility to recover the costs of regulatory activity where demand exceeds current planning assumptions. They do not represent an increase in the CAA's core funding requirement and should not be interpreted as forecast expenditure.

Consistent with the CAA's charging principles, costs will continue to be recovered directly from the organisations creating demand for the regulatory activity rather than being distributed across the wider aviation sector.

Important Point Regarding Recovery Caps

The proposed recovery caps represent the **maximum amount that may be recovered** and should not be interpreted as forecast expenditure.

Actual cost recovery will depend upon the volume, complexity and timing of regulatory activity undertaken during the year.

The proposed cap increases provide flexibility where activity is greater than currently anticipated and ensure that costs can continue to be recovered from the organisations creating demand for the work.

Proposed Recovery Cap Changes

Activity	Current Cap	Proposed Cap	Indicative FY2027/28 Forecast	Change
Heathrow Capacity Expansion	£5.0m	£8.0m	£6.5m - £7.0m	£3.0m

Heathrow H8 Price Control	£4.5m	£5.0m	£4.7m	£0.5m
Gatwick Future Regulation (G8)	£1.2m	£2.0m	£1.5m	£0.8m
Heathrow DCO Activity	£0.7m	£1.0m	£0.8m	£0.3m

Why activity is increasing.

Activity	**Why Activity is Increasing**	**Key Outcome**
Heathrow H8	Increased oversight of performance, investment delivery, service quality, financial resilience and airport charges.	Protection of consumers and effective scrutiny of airport charges and investment delivery.
Heathrow Capacity Expansion	Development of the future regulatory framework, assessment of early cost recovery proposals, affordability assessments, economic analysis and stakeholder engagement.	Independent scrutiny of investment proposals and development of a regulatory framework that protects current and future consumers.
Gatwick G8	Development of the next regulatory framework for Gatwick Airport.	Evidence-based future regulatory arrangements that support consumers and efficient investment.
Heathrow DCO Activity	CAA role as statutory consultee providing specialist aviation expertise and regulatory advice.	Independent aviation expertise supporting nationally significant infrastructure decisions.

Stakeholder Benefit

Stakeholder	**Expected Benefit**
Consumers	Independent scrutiny of airport charges, investment plans, affordability and service quality.
Airlines	Greater transparency and assurance regarding airport costs, investment programmes and charging proposals.
Airports	Clear regulatory frameworks that support efficient investment and long-term planning.
Government	Robust and evidence-based oversight of nationally significant aviation infrastructure projects.

Why are Recovery Cap Changes Needed?

Economic regulation activity is expected to remain at elevated levels throughout FY2027/28.

The primary drivers include:

- final decisions, implementation activities and any appeals associated with the Heathrow H8 price control.
- development of the regulatory framework associated with Heathrow expansion.
- assessment of early cost recovery arrangements and affordability considerations associated with Heathrow expansion.
- development of the future Gatwick G8 regulatory framework.
- input to the Heathrow Development Consent Order process.
- monitoring of airport resilience, operational performance and service quality; and
- increased stakeholder engagement and consumer impact assessment.

Many of these activities are subject to external factors, including airport investment programmes, planning processes, Government policy and infrastructure development timetables. The proposed recovery cap increases ensure that the CAA can recover costs where the scale of activity exceeds current assumptions.

Increasing a recovery cap does not represent a commitment to incur expenditure up to that limit. Rather, it provides a mechanism through which costs can be recovered should additional regulatory activity be required.

What Outcomes Does Economic Regulation Deliver?

The purpose of economic regulation is to protect the interests of current and future consumers while supporting efficient airport investment and long-term resilience across the aviation sector.

Economic regulation helps ensure that:

- airport charges remain justified and proportionate.
- investment programmes represent efficient use of consumer funds.
- consumers benefit from improved service quality and operational resilience.
- airports remain financially sustainable.
- major infrastructure proposals are subject to independent scrutiny; and
- regulatory decisions are transparent, evidence-based and proportionate.

Consumers ultimately pay for airport infrastructure through airport charges and airline costs. Effective economic regulation helps ensure that consumers receive value for money

from airport investment and are protected from inefficient expenditure and inappropriate charging arrangements.

Heathrow H8 Price Control

Strategic Importance

Heathrow is the UK's largest airport and one of Europe's most significant international aviation hubs. Regulatory decisions affecting Heathrow have implications for passengers, airlines, investors, trade, connectivity and the wider UK economy.

Why is the Cap Increasing?

The proposed increase from £4.5 million to £5.0 million reflects anticipated activity associated with:

- implementation of the H8 price control.
- monitoring compliance with licence obligations.
- scrutiny of investment delivery.
- oversight of operational performance and service quality.
- monitoring of financial resilience; and
- implementation activity and any associated appeals.

Expected Outcomes

This work will support effective economic regulation by ensuring that:

- airport charges remain proportionate.
- investment commitments are delivered efficiently.
- operational performance is monitored effectively; and
- consumers receive fair value from airport charges.

Heathrow Capacity Expansion

Why is the Cap Increasing?

Potential expansion at Heathrow remains one of the most significant infrastructure proposals currently under consideration within UK aviation.

During FY2027/28 the CAA expects increased activity associated with:

- development of the future economic regulatory framework.
- assessment of early cost recovery proposals.
- affordability and value-for-money assessments.
- consumer impact analysis.

- review of financing and investment arrangements; and
- stakeholder engagement and consultation activities.

The proposed increase from £5.0 million to £8.0 million reflects the uncertainty surrounding the timing, scope and complexity of future activity.

The increase does not represent forecast expenditure. Instead, it provides sufficient flexibility to recover costs should regulatory activity increase beyond current expectations.

Expected Outcomes

This work will help ensure that:

- consumers receive value for money from airport investment.
- airport charges reflect efficient and justifiable costs.
- investment proposals are independently scrutinised.
- affordability considerations are appropriately assessed; and
- future regulatory arrangements are designed in the interests of current and future consumers.

Important Clarification

Activity associated with Heathrow expansion remains dependent upon Government policy, planning processes and decisions taken by Heathrow Airport.

The proposed recovery cap increase should not be interpreted as reflecting any view regarding the merits or outcome of future expansion proposals.

Gatwick Future Regulation (G8)

Why is the Cap Increasing?

The CAA will begin development of the next phase of economic regulation for Gatwick Airport during FY2027/28.

This work is expected to include:

- economic and financial analysis.
- assessment of passenger and airline outcomes.
- evaluation of infrastructure investment plans.
- development of future regulatory options; and
- stakeholder consultation and engagement.

The proposed increase from £1.2 million to £2.0 million reflects the anticipated increase in activity as planning for the next regulatory period progresses.

Expected Outcomes

This work will support:

- efficient infrastructure investment.
- appropriate charging arrangements.
- protection of passenger interests.
- transparent regulatory decision-making; and
- effective long-term economic regulation of Gatwick Airport.

Heathrow Development Consent Order (DCO)

Why is the Cap Increasing?

The proposed increase from £0.7 million to £1.0 million reflects anticipated CAA involvement in the Heathrow Development Consent Order process.

As a statutory consultee, the CAA may be required to provide specialist expertise relating to:

- aviation operations.
- airspace.
- safety and resilience.
- economic regulation.
- passenger impacts; and
- consumer considerations.

The proposed increase provides flexibility to recover costs associated with project-specific regulatory activity where demand exceeds current planning assumptions.

Expected Outcomes

This work will help ensure that:

- aviation impacts are accurately assessed.
- decisionmakers receive independent aviation expertise.
- safety, resilience and consumer considerations are appropriately reflected; and
- nationally significant infrastructure proposals benefit from robust regulatory analysis.

Benefits and Value for Money

Expected Outcomes and Success Measures

Area	Expected Outcome
Heathrow H8	Effective oversight of licence obligations, airport charges and investment commitments.
Heathrow Expansion	Independent scrutiny of affordability, consumer interests and investment proposals.
Gatwick G8	Development of an evidence-based future regulatory framework.
Heathrow DCO	Timely provision of independent aviation expertise and regulatory advice.
Consumers	Protection from unjustified costs and inefficient investment.
Industry	Greater transparency and confidence in regulatory decision-making.
Government	Independent, evidence-based support for nationally significant aviation infrastructure decisions.

Value for Money and Cost Recovery

Economic regulation activity remains subject to the challenge, prioritisation and value-for-money principles set out in Chapter 4.

The CAA regularly reviews:

- resource requirements.
- programme priorities.
- opportunities for efficiency.
- allocation of regulatory costs; and
- the appropriateness of cost recovery arrangements.

The proposed recovery cap changes do not increase the CAA's underlying core funding requirement. They ensure that, where additional regulatory activity is required, costs can continue to be recovered directly from the organisations creating demand for that activity.

Because costs are recovered directly from the airports and organisations generating demand for the activity, these proposals do not increase charges for the wider aviation sector.

Transparency and Reporting

The CAA is committed to providing transparency regarding economic regulation activity and the basis on which associated costs are recovered.

Stakeholders will continue to receive information on:

- the nature of regulatory activities undertaken.
- significant changes in workload.
- material programme developments; and
- the rationale for cost recovery.

This supports effective stakeholder engagement and provides assurance that expenditure remains proportionate to the regulatory activity being delivered.

Conclusion

Economic regulation activities remain a vital component of the CAA's statutory responsibilities and play a key role in supporting efficient, resilient and consumer-focused aviation markets.

The proposed FY2027/28 recovery cap changes primarily provide flexibility to recover costs associated with major economic regulation programmes, including Heathrow H8, Heathrow expansion, Gatwick G8 and Heathrow Development Consent Order activity.

The proposals do not represent forecast expenditure commitments. Rather, they ensure that where additional regulatory activity is required, costs can be recovered from the organisations creating demand for that work.

This approach is consistent with the CAA's charging principles and helps ensure that consumers, airlines, airports, investors and Government continue to benefit from robust, independent and evidence-based economic regulation.

5.12 Summary

The CAA considers the proposed FY2027/28 package to represent a targeted and proportionate response to the changing demands placed upon the aviation regulatory system. The proposals are focused on maintaining essential regulatory capability, implementing new statutory responsibilities, responding to emerging risks and technologies, and supporting a safe, secure and consumer-focused aviation sector.

The proposed investments have been developed following extensive challenge, prioritisation and affordability assessment. As described in Chapter 4, £5.2 million of identified funding requirements have been absorbed, deferred, rephased or removed prior to consultation, helping to ensure that the final package remains focused on activities that are necessary to deliver regulatory outcomes and statutory responsibilities.

Across the proposals presented in this chapter, the CAA has sought to provide greater transparency regarding:

- the regulatory need being addressed.
- the evidence supporting investment.

- how funding will be used.
- the benefits expected to be delivered; and
- the measures that will be used to assess success.

Many of the proposed investments support ongoing regulatory responsibilities rather than time-limited projects. Together, they are intended to ensure that the CAA remains capable of protecting people, enabling aerospace and delivering effective, proportionate and risk-based regulation in an increasingly complex aviation environment.

The following chapter outlines progress on Funding Structure Reform and the further steps being taken to simplify charging arrangements, improve transparency and strengthen the alignment between charges and regulatory activity.

6. Funding Structure Reform (FSR)

6.1 Introduction

The CAA's Funding Structure Reform (FSR) programme is a multi-year initiative to improve the transparency, consistency and efficiency of the statutory charging framework.

The programme was established following recommendations from the Arms-Length Bodies Review and subsequent stakeholder engagement. Through this engagement, stakeholders broadly supported the principles underpinning the CAA's funding model, whilst identifying opportunities to simplify charging arrangements, improve transparency and reduce administrative burden.

A detailed review of the CAA's funding arrangements, charging structures and regulatory services concluded that the existing framework provides a solid foundation and continues to support effective cost recovery. The review did not identify a need for fundamental redesign. Instead, it highlighted opportunities to improve how charges are structured, communicated and administered.

As a result, the programme is focused on targeted reform rather than wholesale change. Its objectives are to:

- simplify charging arrangements.
- improve transparency and predictability.
- strengthen alignment between regulatory activity and cost recovery.
- reduce unnecessary administrative burden; and
- support a sustainable and proportionate charging framework.

The following sections summarise progress to date, proposals included within this consultation and areas of future development.

6.2 Progress to Date

Since its launch, the Funding Structure Reform (FSR) programme has delivered a number of improvements intended to simplify charging arrangements, improve transparency and strengthen the long-term sustainability of the CAA's funding framework.

Foundations for Reform

The programme has established a common set of charging principles and governance arrangements that now underpin charging policy across the CAA. These principles support a more consistent approach to cost recovery, helping ensure that charges remain transparent, proportionate and aligned with the activities being funded.

The programme has also introduced enhanced charging and financial modelling capability, provided greater visibility of service-level costs and strengthened the evidence base used to support future charging decisions.

CPIH-linked Price Indexation

A consistent approach to inflationary adjustments has been introduced through CPIH-linked price indexation across statutory charging schemes.

This change improves predictability for stakeholders, supports the long-term sustainability of regulatory funding and reduces the likelihood of larger corrective increases being required in future years where charges fall behind underlying cost pressures.

Aviation Security Charging Reform

The programme has successfully delivered reforms to the Aviation Security charging framework, including changes to charging mechanisms intended to improve transparency, strengthen cost reflectivity and provide greater financial predictability for both customers and the CAA.

The reforms have also reduced administrative complexity and improved consistency in charging approaches across regulatory functions. Experience gained through implementation is now informing similar simplification initiatives across other charging schemes.

Improved Transparency and Reporting

The programme has supported wider improvements in transparency and accountability, including the development of:

- enhanced service-level reporting.
- stronger links between investment decisions and regulatory outcomes.
- improved consultation and stakeholder engagement materials.
- the CAA's emerging Value & Impact reporting framework; and
- the foundations for wider finance transformation activity across the organisation.

Together, these developments provide stakeholders with greater visibility of how charges are set, how funding is used and how investment contributes to regulatory outcomes.

Benefits Delivered to Date

Progress to date has demonstrated that meaningful improvements can be achieved without fundamentally redesigning the existing charging framework. The programme has:

- improved transparency and predictability for charge-payers.
- strengthened the sustainability of the CAA's funding model.
- reduced administrative complexity.
- improved cost reflectivity and consistency across charging arrangements; and
- established stronger foundations for future simplification and modernisation.

These outcomes provide a platform for the next phase of Funding Structure Reform, which focuses on further simplification of charging schemes, improvements to customer experience and strengthening the relationship between regulatory activity and cost recovery.

6.3 Focus of the Project During FY2027/28

The primary focus of Funding Structure Reform during FY2027/28 has been the Safety and Airspace Regulation Group (SARG). Building on the foundations established during earlier phases of the programme, work during the year has concentrated on two complementary areas:

1. **Simplification:** The simplification workstream seeks to reduce complexity within charging documentation and charging structures, making them easier for customers to navigate and understand.
2. **Mechanism Reform:** The mechanism workstream focuses on improving administrative efficiency, financial sustainability and transparency by reviewing how charges are calculated and collected.

Together, these reforms aim to improve the customer experience, reduce unnecessary administrative burden and strengthen the longer-term sustainability of the charging framework.

6.4 Simplification Proposals

The simplification workstream has undertaken a comprehensive review of charging documentation and scheme structures across SARG.

Over time, charging arrangements have evolved in response to new regulatory responsibilities, legislative changes and operational requirements. While effective in supporting cost recovery, this has resulted in a charging framework that can be complex for stakeholders to navigate.

The proposals included within this consultation seek to address this complexity by:

- reducing duplication across charging documents.
- improving consistency of structure and presentation.
- consolidating charging schemes where appropriate.
- simplifying charging schedules and explanatory material; and
- improving the accessibility of charging information.

Document design work is ongoing, however based on progress to date, simplification is expected to deliver the following:

Measure	Current	Proposed	Reduction
Charging Schemes	10	5	50%
Document Word Count	67,000	22,000	67%
Charge Lines	1,200	900	25%

Measure	Current	Proposed	Reduction
Customer Data Returns	>1,000	0	100%

Charging Documentation

A significant element of the simplification programme has focused on the structure of charging documentation itself.

The proposed approach consolidates existing charging schemes into a smaller number of more comprehensive documents, reducing the volume of material that customers must navigate while maintaining transparency regarding individual charges and services.

Common information that is currently repeated across multiple charging schemes has been centralised, creating a more consistent and streamlined customer experience.

Effective from FY2027/28, the following changes will be made to scheme document structures to support ease of customer navigation by placing the majority of relevant charges in a consistent space and delivering administrative efficiencies by reducing the number of documents requiring maintenance and upkeep.

Current Charging Scheme	Proposed Charging Scheme
Flight Operations	Flight Operations
General Aviation	
Aerial Application Certificates	
Personnel Licensing 3. Flight Crew Licences 4. Certification, Authorisation and Approval of Persons and Associated Training Courses 5. Approval of Flight Simulator Training Devices and Flight Simulator Training Device Operators 6. Declared or Approved Training Organisations	
Aerodrome and Air Traffic Management Regulation	Airspace, Air Traffic Management & Aerodromes
En Route Air Traffic Control Services Regulation	
Instrument Flight Procedures	
Personnel Licensing 7. Licensing of Air Traffic Controllers 8. Flight Information Service Officers (FISOs)	

Current Charging Scheme	Proposed Charging Scheme
9. Radio Operator's Certificate of Competence (ROCC)	
Airworthiness	Airworthiness
Aircraft Registration	
Personnel Licensing 10. Aircraft Maintenance Engineer Licensing 11. Authorisation and Approval of Persons and Organisations Providing Part-, Part-145 or Part-147 Engineer Training	
Personnel Licensing 12. Medical Examinations for Personnel Licenses	Aeromedical

Accompanying these refined charging documents will be a general terms document. This will provide overarching policies and charging conditions in a single, centralised location. This move will ensure consistency in charging arrangements moving forward and will ease customer navigation and administration. Separately published documents establishing the CAA's refund and waivers policy and overseas travel rates will be included within this structure.

The charging schemes for Remotely Piloted Aircraft Systems (RPAS) and Spaceflight will remain unchanged at this time. Charging schemes relating to Air Operator Licensing, Air Travel Organisers' Licensing and Economic Regulation of Airports will be reviewed over the next six months, potentially resulting in further consolidation.

The simplification of charges may include a small number of immaterial changes to specific fee levels where consolidating and standardising rates helps to improve consistency and clarity. Where these opportunities are already identified we have included details in chapter 11 of this consultation. Where further opportunities are identified, these will be detailed in the consultation response document. If consolidation would have anything other than a nominal impact, these will be deferred to the FY2028/29 charging consultation.

Benefits of Simplification

Collectively, the simplification proposals are expected to deliver:

- clearer explanations of charges and services.
- a more user-friendly charging framework.
- a significant reduction in the volume of charging documentation.

- fewer individual charge lines; and
- improved consistency across charging schemes.

These changes are intended to improve stakeholder understanding while reducing the administrative effort required to maintain and update charging arrangements.

6.5 Mechanism Changes Included in this Consultation.

Alongside simplification, the programme has reviewed a number of charging mechanisms to identify opportunities to improve transparency, efficiency and financial sustainability.

Variable Charging

Following the successful introduction of annual variable charging within Aviation Security, the CAA is proposing to adopt the same approach across safety charging schemes. The change is intended to improve financial predictability for both customers and the CAA, whilst reducing the administrative burden associated with monthly billing and payment processes.

Under the current approach, variable charges are calculated and invoiced each month using passenger and cargo volumes reported by regulated entities. While this ensures costs are linked to activity levels, it can also create uncertainty as invoice values fluctuate throughout the year.

From 2027/28, the CAA proposes to move to a single annual variable charge based on activity levels from the previous financial year. This would mean customers receive one annual invoice covering their variable charge contribution for the year ahead.

Using prior-year activity data provides greater certainty at the start of the financial year, allowing both customers and the CAA to plan more effectively. It also reduces the volume of invoices, payments and supporting administration required throughout the year.

To support customers with cash-flow management, organisations will be able to choose either:

- payment of the invoice within 30 days; or
- payment through ten equal monthly Direct Debit instalments.

A similar approach was introduced for Aviation Security charges during 2026/27 and has operated successfully, reducing administrative activity for both customers and the CAA while maintaining effective cost recovery.

The proposal does not change which organisations pay variable charges, nor does it change the overall approach to allocating costs. The change relates solely to how and when charges are calculated and invoiced.

Variable charging remains a vital component of the overall funding model. It helps ensure that organisations contributing greater demand for regulatory activity make an appropriate contribution towards the associated costs. Variable charges therefore continue to work

alongside annual oversight charges, which are generally based on the complexity of the regulated organisation, to ensure that both scale and complexity are reflected within the charging framework.

The proposal applies to the following variable charging mechanisms:

- Air Operator Certificate (AOC) variable charges.
- Aerodrome variable charges; and
- Air Traffic Services (ATS) variable charges.

The transition to annual billing will take place during 2027/28. Monthly variable charge invoicing will continue until May 2027. Charges raised up to this point will be based on the existing approach using monthly passenger and cargo activity data.

From May 2027 onwards, customers will receive a single annual variable charge invoice for 2027/28. This invoice will be calculated using activity data covering the period April 2026 to March 2027.

This approach ensures a smooth transition from monthly to annual billing while maintaining continuity in cost recovery arrangements.

Aerodrome Safety Charges

The CAA is proposing to simplify the way the aerodrome charging structures work. The most significant opportunity is a change in the way aerodrome annual charges are calculated, replacing the current methodology with a charging structure that more closely reflects the complexity of the aerodrome being regulated whilst reducing administrative burden for operators. Alongside this, changes are also proposed for initial applications and significant changes.

Annual Oversight Charges

Under the current charging framework, annual charges are determined using information provided through operator returns, including forecast aircraft movements and the size of aircraft using the aerodrome. While this approach was developed to recognise differences in operational scale, our review found that these metrics do not always provide a good indication of the level of regulatory oversight required.

As part of the Funding Structure Reform programme, the CAA reviewed the factors that drive aerodrome oversight activity and assessed whether there are more appropriate and sustainable ways to allocate regulatory costs. The review concluded that certain operational characteristics, particularly certification or licensing status and instrument flight capability, provide a stronger indication of regulatory complexity than forecast traffic volumes alone.

The proposed charging model therefore places greater emphasis on the complexity of an aerodrome's operation, creating a clearer and more transparent link between the level of regulatory oversight required and the charges incurred.

A key benefit of the proposed approach is that it creates a clearer distinction between complexity and scale within the overall funding framework.

Under the proposed funding structure:

- annual aerodrome charges would primarily recover costs associated with the complexity of regulatory oversight.
- variable charges would continue to recover costs associated with the scale of activity taking place; and
- together, these mechanisms would ensure that both complexity and operational volume are appropriately reflected in overall cost recovery.

The CAA believes this better reflects the way regulatory resources are deployed in practice. While operational volumes remain important, the level of oversight required is often driven by factors such as certification requirements, operating environment, instrument procedures and associated regulatory obligations.

The review also identified that the current charging model does not always distribute costs in a way that reflects the underlying effort required to regulate various categories of aerodrome.

In particular, the least complex aerodromes currently account for a relatively small proportion of overall cost recovery despite requiring a greater proportion of regulatory oversight activity than their financial contribution would suggest. This means a greater share of costs is currently borne by other aerodromes within the charging scheme.

To address this imbalance, the CAA is proposing to increase the baseline contribution made by lower-complexity aerodromes. The intention is not to increase total cost recovery, but to ensure costs are distributed more equitably across regulated entities and more closely reflect the resources required to support and oversee each category of operation.

The proposed approach is consistent with the CAA's charging principles and the broader expectation that charges should bear a reasonable relationship to the costs incurred in providing regulatory services.

The review also identified opportunities to strengthen financial control and improve confidence in the charging process.

Under the current arrangements, annual charges rely heavily on forecast information supplied by aerodrome operators. While the vast majority of operators provide accurate and timely information, the CAA has limited ability to independently validate future operational forecasts before charges are calculated.

This can lead to:

- disputes regarding forecast assumptions.
- invoice corrections and reconciliations.

- differing interpretations of charging requirements; and
- situations where minor changes in forecast activity result in significant changes to annual charges.

The current model can also create "cliff-edge" effects where relatively minor changes in operational forecasts result in movement between charging bands and a disproportionate change in charges from one year to the next.

The proposed model removes much of this volatility by relying on objective operational characteristics that are already known to, or maintained by, the CAA. These characteristics change relatively infrequently and can be independently verified.

As a result, the proposed structure is expected to produce a more stable charging framework, with most aerodromes remaining within the same category from year to year unless there is a fundamental change to the nature of their operation, such as:

- obtaining or relinquishing certification.
- introducing new instrument approach procedures.
- significant changes to operating capability; or
- other material changes affecting regulatory complexity.

This should provide greater predictability for customers whilst also improving financial control and revenue assurance.

The current charging framework contains eleven charging bands which are largely influenced by forecast operational activity.

The CAA proposes to replace these with four categories that better reflect regulatory complexity.

Proposed Aerodrome Categories

Proposed Category	Typical Characteristics	Relative Regulatory Complexity	Proposed Annual Charge
C1	GA Unit, or licensed with visual approaches only	Low	£4,390
C2	Licensed up to Cat I, certificated visual only, or licensed with air traffic control	Medium-Low	£17,800
C3	Certificated with an approach up to Cat I	Medium-High	£22,330

Proposed Category	Typical Characteristics	Relative Regulatory Complexity	Proposed Annual Charge
C4	Certificated, better than Cat I, or A-SMGCS	High	£54,131

The CAA recognises that changes to charging methodologies can affect customers differently. Detailed modelling has therefore been undertaken to assess the impact of the proposed changes across the aerodrome population.

The analysis indicates that the proposal primarily redistributes costs to better align contributions with regulatory complexity rather than materially changing the overall level of cost recovery.

As a result:

- some aerodromes are expected to experience reductions in annual charges where their current contribution exceeds the level indicated by their oversight requirements.
- some aerodromes are expected to experience increases where their current contribution is lower than would be expected based on regulatory effort.
- most aerodromes are expected to experience relatively modest changes; and
- the majority of aerodromes are expected to benefit from greater year-to-year stability and predictability.

A summary of the expected impact is provided below.

Distribution of Customer Impacts

Current Banding	Current Charge	Proposed C1 £4,390	Proposed C2 £17,800	Proposed C3 £22,330	Proposed C4 £54,131	Total
A	£3,367	26	**1**			27
B	£4,921	13	**2**	**1**		16
C	£10,101	9	3			12
D	£14,763	5	6	2		13
E	£17,094	3	3	3		9
F	£21,756			2		2
G	£27,195	1	3	9	**3**	16
H	£38,850					none
J	£27,195		1			1
K	£46,361		1	7	8	16
L	£54,131				4	4
Total		**57**	**20**	**24**	**15**	**116**

Customer impact bands

Impact Range	Number of Aerodromes	Percentage of Aerodromes
Reduction greater than 20%	30	26%
Reduction between 10% and 20%	22	19%
Reduction between 0% and 10%	0	0%
Increase between 0% and 10%	9	8%
Increase between 10% and 20%	8	7%
Increase greater than 20%	47	40%

Comparison of Current and Proposed Approaches

Current Approach	Proposed Approach
11 charging bands	4 complexity categories
Customer forecasts required	Based on CAA-held data
Annual returns required	No charging return required
Complexity and scale recovered together	Complexity and scale recovered separately
Potential band movement from forecast changes	Greater charging stability
Limited alignment with oversight effort	Improved alignment with oversight effort

Aerodrome Initial Applications

Currently, charges for initial aerodrome applications are based on a combination of fixed fees and hourly charges. The multi-tier fixed fee structure was originally developed to reflect differences in operational scale; however, initial applications and significant development projects are often highly bespoke, with the level of regulatory effort varying considerably between individual projects.

In practice, many applications require regulatory activity beyond that assumed within the initial charging bands, resulting in additional invoicing. This can create administrative inefficiencies for both applicants and the CAA and does not always provide the clearest link between regulatory effort and cost recovery.

The CAA therefore proposes to remove the fixed component of the initial application charge and recover costs solely through hourly charges incurred during the approval process. Charges would be billed monthly in arrears, ensuring applicants pay only for the regulatory effort required to assess their application.

Summary

The proposed changes do not alter the regulatory activities being funded. Rather, they simplify the charging approach, improve transparency and consistency, and ensure charges more closely reflect the regulatory effort required for individual projects.

Overall, the CAA considers that the proposed model delivers a better balance between simplicity, transparency, equity and financial sustainability. It provides a stronger link between regulatory oversight requirements and cost recovery, reduces administrative burden on customers and the CAA, and establishes a more stable charging framework that is expected to remain appropriate as the sector continues to evolve.

The CAA welcomes stakeholder views on whether the proposed approach represents an appropriate basis for future aerodrome charging arrangements.

Air Operator Certificates (AOCs)

The CAA is proposing a small but important administrative improvement to the way annual Air Operator Certificate (AOC) charges are calculated and invoiced.

Under the current arrangements, AOC holders are required to submit bi-annual fleet returns which are then used to inform the calculation of annual charges. However, analysis undertaken as part of the Funding Structure Reform project found that return rates are mixed, with a significant proportion of operators not submitting updated information within the required timescales.

As a result, annual invoices are often raised using aircraft registration data already held by the CAA. This generally proves to be an accurate alternative for customer-submitted fleet returns, with minor discrepancies relating to aircraft status or utilisation. The proposed change would therefore use CAA-held aircraft registration data as the primary source of charging information, removing the need for a separate bi-annual fleet return process.

Importantly, this proposal does not change:

- which organisations are charged.
- the basis on which charges are calculated.
- the charging structure.
- the level of cost recovery; or
- the amount individual operators are expected to pay.

The proposal is solely intended to remove an unnecessary administrative step and improve the efficiency of the charging process.

The CAA considers that the existing charging methodology is operating effectively and continues to provide an appropriate basis for allocating costs across AOC holders. The issue identified through the review relates to administration rather than charging policy. As a result, no changes are being proposed to the underlying charging structure.

To ensure operators continue to have confidence in the billing process, customers will be given the opportunity to review the aircraft data that will be used to calculate their annual charge before invoices are issued. This will allow operators to identify any aircraft that should not be included within the charging calculation and notify the CAA accordingly.

By completing this validation activity before invoices are raised, the CAA expects to avoid subsequent billing queries and provide greater certainty for both customers and the regulator.

The proposed approach is expected to deliver a number of benefits:

- removal of the bi-annual fleet return process.
- reduced administrative burden for operators.
- improved data quality and consistency.
- greater certainty regarding annual charges; and
- a more efficient charging process for both customers and the CAA.

Comparison of Current and Proposed Approaches

Current Approach	**Proposed Approach**
Bi-annual fleet return required from operators	Charging data sourced from CAA-held registration records
Operators submit bi-annual fleet returns, with validation and corrections often required after billing.	The CAA uses fleet information already held and validated before billing.
Higher administrative burden for operators and the CAA.	Reduced administration and improved efficiency.
Charging categories based on fleet size and complexity	No change proposed

In summary, the proposal is designed to simplify the administration of the AOC charging process without changing the underlying charging methodology. It makes greater use of data already held by the CAA, reduces unnecessary administration and provides greater certainty and transparency for operators.

Design and Certification

As part of the Funding Structure Reform programme, the CAA has reviewed the charging arrangements that apply to Design and Certification activities to identify opportunities to improve consistency, transparency and ease of administration.

The review identified that similar certification activities are currently subject to different charging approaches, with some applications attracting fixed charges whilst others are recovered through a combination of application fees and hourly charging. While these arrangements have evolved over time to meet specific regulatory requirements, they can make the charging framework more difficult for customers to understand and administer.

The CAA is therefore proposing to adopt a more standardised approach to charging for design and certification applications.

Standardised Certification Applications

For the majority of certification applications, the CAA proposes the introduction of a common charging approach comprising:

- an initial non-refundable application charge of £911 to recover administrative and application processing costs; and
- recovery of all subsequent technical assessment and certification activity through hourly charges based on the regulatory effort incurred at £303 per hour.

This approach would apply to all certification applications except:

- minor modifications, which will continue to be billed as a fixed fee;
- hourly charging rates for general aviation aircraft and equipment at £204 per hour.

Proposed Design & Certification Charging Structure

Application Type	Proposed Charging Approach	Proposed Charge
Standard certification applications*	Non-refundable application charge	**£911**
Standard certification applications*	Technical assessment and certification activity	**£303 per hour (£204 per hour for general aviation aircraft and equipment)**
Minor modifications	Fixed charge	**£134**

Annual Type Certification Charges

The CAA is not proposing any changes to annual type certification charges. These charges will continue to apply under the existing arrangements and remain an important

mechanism for recovering the costs associated with ongoing oversight and maintenance of type certification activities.

Why is this change being proposed?

The proposed changes are intended to simplify and standardise charging arrangements across the Design and Certification scheme.

Specifically, the changes are expected to:

- establish a more consistent charging approach across certification activities.
- improve transparency by providing a clearer link between regulatory effort and charges incurred.
- reduce administrative complexity for both customers and the CAA.
- remove historic inconsistencies between similar application types.
- improve the predictability and understanding of charging arrangements; and
- support the CAA's wider objective of creating a simpler, clearer and more sustainable charging framework.

The proposals do not alter the regulatory activities being delivered nor is it expected to change overall levels of recovery. Rather, they seek to ensure that the method of recovering costs is more transparent, consistent and easier for stakeholders to understand. It is expected that most customers will pay the same under the proposed charging structure as they do currently.

6.6 Areas Under Development

The programme has also undertaken exploratory work in a number of additional areas where further development is required before specific proposals can be brought forward. The CAA wishes to share its emerging thinking on these areas and invite stakeholder feedback to help inform future development.

The Funding Structure Reform programme continues to explore additional opportunities to improve charging arrangements. No changes are proposed in these areas for FY2027/28. The information provided below outlines areas currently under review and is intended to support early stakeholder engagement before any future proposals are developed.

Airworthiness Organisations (Part-145)

As part of the Funding Structure Reform programme, the CAA has reviewed the current charging arrangements for Part-145 approved maintenance organisations to assess whether there are opportunities to improve transparency, reduce administrative burden and strengthen the relationship between regulatory oversight and cost recovery.

The review identified that the current charging model relies heavily on turnover declarations submitted by organisations. While this approach has been in place for many

years, turnover is not always a reliable indicator of the regulatory oversight effort required by the CAA. Organisations with similar turnover can require significantly different levels of oversight, whilst organisations with very different turnover levels can generate similar regulatory workloads.

The review also identified a number of practical challenges associated with the current approach, including:

- reliance on customer-supplied financial information.
- administrative effort associated with collecting and validating turnover data.
- limited assurance over charging inputs.
- customer queries and disputes regarding categorisation.
- difficulty demonstrating a clear relationship between charges and regulatory effort; and
- reduced transparency regarding the factors driving annual charges.

In response, the CAA has explored an alternative charging model based on objective regulatory information already held by the CAA, rather than customer-provided turnover declarations. The proposed direction of travel would replace turnover-based charging with a structure based on organisational complexity and scope of approval.

Importantly, the CAA is not proposing to implement this change in 2027/28. Further development and stakeholder engagement is required before any final decisions are taken, and implementation is not anticipated before 2028/29. We are sharing the emerging proposal now to provide transparency and seek feedback from industry before any future consultation on implementation.

Under the emerging model, organisations would be categorised using information already held by the CAA relating to their approvals and operating characteristics. The proposed model introduces a simple distinction between Low Complexity and High Complexity organisations.

Proposed Category	Definition	Regulated Entities	Illustrative Annual Charge
Low Complexity	Organisations that do not hold A1, A3 or B1 ratings	369 (54%)	£4,918
High Complexity	Organisations holding one or more A1, A3 or B1 ratings	312 (46%)	See Table Below

The review found that A1, A3 and B1 approvals provide a simple, objective and auditable indicator of regulatory complexity and oversight effort.

The proposed model separates the questions of:

- How complex is the organisation?
- How much oversight is likely to be required within that complexity group?

Low-complexity organisations would continue to pay broadly the same total charge as they do today, providing protection for smaller and less complex organisations. Any future redistribution would primarily focus on higher-complexity organisations where oversight requirements are greatest.

For high-complexity organisations, annual charges would be differentiated using two additional factors:

- organisation size; and
- breadth of approved ratings.

Customer Group	Definition	Regulated Entities	Illustrative Annual Charge
Small + One Rating	Fewer than 200 staff and one qualifying rating (A1, A3 or B1)	170 (25%)	£9,271
Small + Two or More Ratings	Fewer than 200 staff and multiple qualifying ratings	43 (6%)	£13,906
Large + One Rating	200+ staff and one qualifying rating	61 (9%)	£18,542
Large + Two or More Ratings	200+ staff and multiple qualifying ratings	38 (6%)	£37,083

The review also identified opportunities to improve transparency within the charging framework.

Under the emerging design:

- additional site charges will continue to be shown as a separate charging component.
- the current standalone Premium Charge mechanism would be removed; and
- premium oversight costs would instead be incorporated into the annual charge structure, better reflecting the actual distribution of effort.

The intention is to make charging arrangements easier to understand whilst preserving the overall recovery of regulatory costs.

The current modelling has been designed around a number of key principles:

- protect low-complexity organisations from increases.
- improve the relationship between charges and regulatory effort.

- increase transparency.
- reduce administrative burden.
- improve revenue assurance; and
- make greater use of information already held by the CAA.

The preferred option developed to date concentrates redistribution of recovery amongst the most complex organisations whilst protecting the majority of the population.

Excluding 52 organisations for which analysis is ongoing, the current modelling indicates:

- 349 organisations would be unchanged, all of which hold low complexity approvals.
- 143 organisations would see increases, of which all hold high complexity approvals.
- 137 organisations would see reductions under the current model design, of which 77 would be greater than 10%; and
- the largest impacts would fall on larger organisations holding multiple complex approvals.

It is expected that the change in approach to categorisation will result in some customers seeing significant changes in their annual charges. These entities currently consume roughly a third of planned regulatory oversight effort yet only contribute around a quarter of the aggregate oversight funding budget.

No changes are proposed for FY2027/28, and organisations will continue to be charged under the existing arrangements. However, the CAA welcomes stakeholder views on the proposed direction of travel to help shape future development and any potential implementation from 2028/29 onwards. In particular, we would welcome feedback on:

- whether turnover remains an appropriate basis for allocating regulatory costs.
- the proposed use of approval characteristics and organisation size as charging metrics.
- the proposed complexity groupings.
- the treatment of additional sites and premium oversight costs; and
- the potential impact of the proposed model on different types of maintenance organisation.

The feedback received through this consultation will inform the next phase of analysis and help determine whether the proposed approach should be developed further for implementation in future charging years. Based on feedback received, the intention will be to seek consistent changes across the broader Airworthiness Organisation annual charging structure.

Air Traffic Services (ATS)

As part of the Funding Structure Reform programme, the CAA has begun a review of the Air Traffic Services (ATS) charging framework to assess whether the current charging model remains the most appropriate means of distributing regulatory costs.

Under the current arrangements, annual charges are primarily determined by the number of air traffic controllers providing the service. While this approach provides a simple and objective basis for categorising organisations, it places significant emphasis on the scale of an operation rather than the complexity of the regulatory oversight required.

Initial analysis suggests that, while controller numbers remain an important indicator of organisational scale, they may not always provide the best proxy for regulatory effort. Organisations with similar staffing levels can present very different regulatory challenges depending on the nature of the service being provided, operational complexity and associated regulatory requirements.

As a result, the CAA is exploring whether there may be opportunities to create a clearer distinction between:

- complexity, which drives much of the regulatory oversight activity undertaken by the CAA; and
- scale, which influences the volume of activity being regulated.

This is broadly consistent with the approach being developed for aerodrome charging arrangements and reflects a wider objective of ensuring charging structures more closely align with the factors that drive regulatory effort in practice.

Potential areas being explored include:

- whether the current controller-based categorisation remains appropriate.
- whether other indicators could provide a better measure of regulatory complexity.
- how complexity and operational scale should be reflected within the overall charging framework.
- opportunities to simplify the charging structure.
- opportunities to improve predictability and transparency for customers; and
- whether a revised charging model could better align cost recovery with oversight effort.

At this stage, no preferred option has been identified, and no changes are proposed for 2027/28.

The CAA intends to continue analysis and engagement during 2027/28 with the aim of developing more detailed proposals for consideration as part of the 2028/29 Schemes of Charges consultation.

Before developing formal proposals, the CAA would welcome feedback on the current charging arrangements and any areas that may benefit from reform.

In particular, we would welcome views on:

- what works well within the current charging structure.
- what does not work well.
- whether the number of air traffic controllers remains an appropriate basis for categorisation.
- factors that should be considered when assessing organisational complexity.
- any areas where the charging framework could be simplified; and
- opportunities to improve transparency, predictability and administrative efficiency.

Stakeholder feedback will help shape the next phase of design work and ensure any future proposals are informed by operational experience and customer insight.

Training Organisations

As part of the Funding Structure Reform programme, the CAA has reviewed the charging arrangements for Approved Training Organisations (ATOs) and other training providers to assess whether the current charging framework remains the most effective way of recovering regulatory costs.

The review identified that the current charging structure has evolved over time and is now highly modular in nature, with charges determined through a combination of training and site approvals. While this approach was originally intended to provide flexibility, it has also created a charging framework that can be difficult for both customers and the CAA to navigate.

As a result, stakeholders frequently report that invoices can be difficult to understand and reconcile against their approvals. Internally, the complexity of the charging structure also makes annual invoice production a resource-intensive process, requiring significant manual effort to validate charging information and resolve customer queries.

The review identified several challenges with the current arrangements, including:

- a large number of charging components and billing combinations.
- invoices that can be difficult for customers to interpret and verify.
- significant administrative effort associated with invoice preparation and validation.
- high volumes of customer queries following invoice issuance.
- charges that can change significantly following relatively minor changes to organisational approvals; and

- increasing difficulty demonstrating a clear relationship between regulatory effort and customer charges.

In particular, the current structure means that relatively small amendments to an organisation's approvals may result in changes to charging categories or additional charging elements. In some cases, these changes can have a disproportionate impact on annual charges when compared with the corresponding change in regulatory oversight activity.

The review also identified that the current charging model does not always consistently reflect the factors that drive regulatory effort. While some charging components are closely linked to oversight requirements, others reflect historic charging arrangements that have evolved over time and may no longer provide the clearest proxy for regulatory complexity.

The CAA has explored a number of alternative charging approaches, including options that make greater use of organisational complexity indicators and regulatory oversight characteristics.

The objective is not simply to redesign the charging structure, but to develop a model that is:

- simpler for customers to understand.
- easier to administer.
- more transparent.
- more stable from year to year; and
- more closely aligned to the regulatory effort required to oversee different organisations.

Initial analysis has identified several potential opportunities, including:

- reducing the number of charging components.
- simplifying charging categories.
- placing greater emphasis on the characteristics that drive oversight activity.
- reducing invoice complexity.
- improving consistency between organisations with similar regulatory profiles; and
- creating a clearer relationship between charges and regulatory effort.

However, further work is required before a preferred option can be identified. In particular, the CAA is continuing to work closely with regulatory teams to better understand the relationship between approval structures, organisational complexity and oversight effort, and to ensure that any future charging model can be applied consistently across the sector.

Although the CAA is not proposing a fundamental change to the charging basis for training organisations at this stage, we recognise that there are opportunities to improve the customer experience in the short term.

During 2027/28, we will therefore seek to simplify and clarify the presentation of training organisation charges wherever possible. This will include reviewing charging descriptions, improve supporting guidance and simplify elements of the charging documentation to make it easier for customers to understand how charges are applied.

These improvements form part of the wider Minimum Viable Product (MVP) simplification programme described earlier in this consultation.

The CAA is not proposing changes to the underlying training organisation charging model for 2027/28.

Additional analysis is required to:

- assess alternative charging methodologies.
- understand customer impacts.
- validate the relationship between charging metrics and regulatory effort.
- develop transition options; and
- ensure any future model can be implemented consistently and transparently.

The CAA expects this work to continue during 2027/28 and will use feedback from this consultation to help shape future proposals.

At this stage, the CAA is seeking views on both the current charging framework and the broader direction of travel.

In particular, we welcome feedback on:

- aspects of the current charging structure that work well.
- aspects that are unnecessarily complex.
- whether current charges are easy to understand and reconcile.
- whether charges appropriately reflect the level of oversight required.
- opportunities to simplify charging arrangements; and
- factors that should be considered in any future redesign of the charging framework.

Feedback received through this consultation will help inform future development and ensure that any subsequent proposals are informed by customer experience as well as regulatory requirements.

In summary, the CAA believes there is a compelling case for simplifying training organisation charging arrangements. However, further design work is required before a

preferred solution can be developed. In the meantime, we will continue to improve the clarity and usability of the existing charging framework while working with stakeholders and regulatory teams to develop a more sustainable long-term approach.

6.7 Looking Ahead

The Funding Structure Reform (FSR) programme is expected to conclude its formal delivery phase during 2027, having established a simplified, more transparent and more sustainable framework for recovering the costs of regulation.

The remaining programme activity will focus on:

- completing outstanding charging reviews.
- embedding new charging structures and cost recovery mechanisms.
- finalising supporting tools, guidance and analytical capabilities.
- incorporating lessons learned from programme delivery; and
- transitioning ownership of charging governance and continuous improvement activities into business-as-usual arrangements.

While the programme itself will conclude, the principles and objectives which underpin Funding Structure Reform will continue to shape the evolution of the CAA's charging framework. The work undertaken through the programme has established the foundations for a more transparent, evidence-based and customer-focused approach to charging that can continue to evolve as regulatory requirements and stakeholder expectations change.

Responsibility for ongoing development will transfer to the CAA's permanent funding and charging function, which will continue to review charging arrangements, engage with stakeholders and identify opportunities for simplification, burden reduction and improved cost reflectivity.

Future development will be informed by:

- stakeholder feedback.
- experience of implementing the reforms described in this consultation.
- changes in regulatory requirements.
- developments in the aviation sector; and
- the continued application of the CAA's charging principles of being Sustainable, Equitable, Accountable and Clear.

The CAA remains committed to ensuring that charging arrangements continue to evolve in a transparent and proportionate manner, supporting effective regulation while delivering value for money for charge-payers and reducing unnecessary administrative burden wherever possible.

7. Customer Impact Assessment

7.1 Introduction

The CAA recognises that the aviation sector continues to face a range of commercial and operational pressures. When developing these proposals, particular consideration was given to affordability and proportionality. Proposed funding requirements have therefore been subject to extensive challenge and prioritisation, resulting in £5.2 million of activities being removed, deferred or rephased before consultation.

This chapter assesses the potential impact of the proposals on charge-payers, explains how affordability considerations have informed the final package and provides an overview of the outcomes and benefits expected to be delivered through the proposed funding.

7.2 Overall Impact and Affordability

The CAA recognises that many parts of the aviation sector continue to face cost pressures arising from inflation, workforce challenges, ongoing investment requirements, supply chain constraints and wider economic uncertainty.

Affordability has therefore been considered throughout the development of the FY2027/28 proposals. This has included:

- reducing the overall funding package through challenge and prioritisation.
- deferring and rephasing lower priority activity.
- absorbing a proportion of inflationary pressures internally.
- applying existing affordability protections within charging structures; and
- reviewing cost allocation and charging methodologies.

As described in **Chapter 4**, approximately **£4.6m** of identified funding requirements were removed, deferred, rephased or absorbed before the final package was developed. The CAA has also absorbed approximately **£0.6m** of inflationary cost pressures through internal efficiencies and cost management measures.

Actions Taken to Reduce Customer Impact

Action	Outcome
Internal absorption of inflationary pressures	£0.6m absorbed by the CAA
Challenge and prioritisation exercise	£4.6m removed, deferred, rephased or absorbed
Rephasing of investment activity	Reduced FY2027/28 funding requirement whilst maintaining intended outcomes

Action	Outcome
Existing charging protections	Reduced impacts for smaller operators and lower-volume users
Review of cost allocation methodologies	Improved alignment between regulatory activity and cost recovery

CAA Charges in Context

In assessing affordability, the CAA has considered not only the absolute level of charges but also the regulatory outcomes, service improvements and customer benefits that those charges are intended to support.

The CAA's assessment indicates that statutory charges remain a relatively small component of overall aviation costs. The CAA's core regulatory cost base equates to approximately **54 pence per passenger journey**, representing only a very small proportion of the overall cost of air travel. The cost of CAA regulation continues to equate to **less than 0.1% of annual sector turnover.**

The CAA's charges also represent a relatively small component of the wider costs incurred by many regulated entities. For example, a Private Pilot Licence application fee of £279 compares with typical private pilot training costs of approximately £8k-£15k, with the regulatory fee representing only a small proportion of the overall cost of obtaining a licence.

In the commercial sector, airline operating costs are driven significantly more by factors such as fuel, labour, airport charges, aircraft leasing, maintenance, infrastructure investment and wider operating expenditure. Fuel alone accounts for approximately 29% of global airline operating costs.

Through stakeholder engagement, the CAA has consistently heard that, whilst the cost of regulatory compliance may be a significant factor, the CAA's charges are often small relative to wider operating and compliance costs. Stakeholders have also highlighted that delays to approvals and regulatory processes can have negative impacts through lost earnings, operational disruption or reduced recreational flying opportunities. The CAA seeks to strike the right balance between service performance, cost of compliance, maintaining an efficient cost base, and most importantly, ensuring the effectiveness of our regulatory system.

The CAA's analysis suggests that regulatory charges are generally a small component of the overall costs faced by regulated entities when compared with wider operating, training and compliance costs. However, the CAA recognises that impacts may vary between sectors and individual organisations and welcomes stakeholder feedback on the affordability of the proposals and the assumptions underpinning this assessment.

The affordability assessment therefore considers not only the level of proposed charges, but also the benefits they are intended to deliver and the consequences of not making the proposed investments.

Existing Affordability Protections

The CAA's charging framework already contains a range of mechanisms designed to moderate impacts on smaller organisations and lower-volume users. These include tiered charging structures, variable charging mechanisms and differential charging arrangements that reflect the scale and nature of regulated activity.

In assessing customer impacts, the CAA has had regard to the principles set out in *Managing Public Money*. Existing charging arrangements already provide a range of affordability protections, and the CAA's assessment does not indicate a clear case for further action beyond these arrangements. Any move to introduce subsidised charges would require explicit approval from HM Treasury with robust supporting evidence. Existing charging arrangements already incorporate a range of affordability mechanisms.

The CAA has not identified evidence that would currently support additional affordability measures beyond these arrangements but welcomes stakeholder feedback and evidence through this consultation.

7.3 What Customers Receive

Stakeholder feedback consistently highlights the importance of understanding not only the level of charges being proposed but also the outcomes those charges support.

The FY2027/28 proposals are intended to maintain and enhance regulatory services that support consumers, industry and the wider aviation sector.

What Customers Receive

Investment Area	Customer Benefit
CPIH Indexation	Maintains service levels, regulatory capability and organisational resilience
Legislative Reform and Rulemaking	Faster implementation of regulatory change, improved regulatory responsiveness and greater regulatory certainty
Consumer Protection	Stronger consumer protections, enhanced compliance monitoring and more effective enforcement
Airworthiness Capability	Reduced backlogs, improved turnaround times and increased oversight capacity

Investment Area	Customer Benefit
Ground Handling Oversight	Direct safety oversight and stronger organisational accountability
Aviation Security and Cargo Oversight	Enhanced assurance and regulatory resilience
Future Aviation and Innovation	Increased regulatory readiness for emerging technologies
Customer Experience and Modernisation	Simpler customer journeys, improved digital services and reduced administrative burden

The CAA's assessment is that one of the greatest benefits to industry comes from improved regulatory performance, including faster approvals, greater regulatory certainty, improved responsiveness and reduced regulatory friction. These benefits can support investment, innovation and operational efficiency across the aviation sector.

The CAA will report on delivery and benefits through the Value and Impact Report, future charging consultations and ongoing stakeholder engagement activities.

7.4 Impact by Customer Group

The figures below represent average impacts across each charging population. Individual customer impacts may vary depending on regulatory profile, charging scheme participation and the specific proposals applicable to that organisation.

Impact by Customer Group

Customer Group	Principal Areas Affected	Expected Benefits	Impact Considerations
Airlines and Air Operators	Safety oversight, airworthiness, consumer protection, security regulation, legislative reform	Improved regulatory responsiveness, stronger safety assurance, enhanced consumer protection and more agile rulemaking arrangements	Will experience varying increases in regulatory charges depending on the scale and nature of operations and services provided. ***Average increase 6.9%***
Airports and Aerodromes	Aerodrome oversight, security regulation, consumer	Continued safety and security oversight, support for airspace modernisation,	Impacts will vary according to airport size, complexity and

Customer Group	Principal Areas Affected	Expected Benefits	Impact Considerations
	protection, airspace modernisation and resilience activities	consumer protection activities and operational resilience	applicable charging arrangements. ***Average increase 7.4%***
Ground Handling Organisations	Ground handling oversight and associated regulatory assurance activities	Improved safety assurance, enhanced oversight and more consistent industry standards	Introduction of dedicated oversight arrangements will result in additional regulatory charges for affected organisations. ***New Charge***
Maintenance, Engineering and Airworthiness Organisations	Airworthiness capability, technical oversight, approvals and certification activities	Improved approval and certification capability, greater resilience and more responsive regulatory services	Charges may increase to support additional specialist capability and regulatory capacity. ***Average increase 18.5%***
Aviation Security-Regulated Entities	Aviation security and cargo security oversight	Enhanced compliance monitoring, risk-based assurance and strengthened security oversight	Impacts will vary according to the nature and scale of regulated activities undertaken. ***Average increase 15.6%***
Emerging Aviation Sectors	RPAS, Advanced Air Mobility, vertiports, Future Flight and innovation-related activities	Greater regulatory clarity, improved regulatory readiness and support for safe innovation and growth	Supports the development of future aviation markets and operating models. ***Average increase 6.1%***

8. Future Funding Outlook

8.1 Introduction

The CAA recognises the importance of providing stakeholders with greater visibility of future regulatory developments, emerging demands and the factors that may influence future funding requirements.

Throughout engagement on statutory charging proposals, stakeholders have consistently emphasised the value of forward visibility to support business planning, investment decisions and engagement on future regulatory priorities. While annual charges are consulted upon each year, many of the drivers of regulatory expenditure develop over a much longer timeframe.

To support greater transparency, this chapter explains:

- what the CAA has learned through its strategic workforce and financial planning processes.
- how those insights are reflected in the organisation's Medium-Term Financial Plan (MTFP).
- the principal pressures and commitments currently expected to influence future resource requirements; and
- the funding approaches that may be considered as those requirements mature.

The information presented is intended to support stakeholder understanding and informed discussion. It should not be interpreted as a commitment to future spending levels, funding arrangements or charging decisions.

8.2 What We Have Learned Through Strategic Planning

Over recent years the CAA has strengthened its organisational planning processes through the development of a more integrated Operational Workforce Planning (OWFP) framework.

This work has brought together directorates across the organisation to assess future workload, capability requirements, workforce planning assumptions and expected regulatory demands over a multi-year horizon.

The process has highlighted several important themes.

First, the aviation sector is becoming increasingly complex. Alongside the CAA's traditional safety, economic and consumer protection responsibilities, the organisation is supporting the adoption of emerging technologies, implementation of legislative reform, environmental sustainability objectives and transformation of the UK's aviation infrastructure.

Second, the pace of regulatory change is increasing. The proposed **Civil Aviation (Consumer Protection and Regulatory Reform) Bill** would provide the CAA with new

responsibilities and enforcement powers, while also enabling significant reform of passenger rights, rulemaking arrangements and airspace modernisation.

Third, demand for specialist expertise continues to grow. Many future activities require highly specialised skills, including aviation engineering, airspace design, digital technology, data analytics, economics, legal and policy expertise, environmental regulation and consumer enforcement. Increasingly, specialist skills in artificial intelligence and cyber security are also in demand.

Finally, a significant proportion of future activity is expected to develop over multiple years rather than within a single annual planning cycle. This reinforces the need for a structured medium-term planning approach capable of identifying emerging funding pressures at an early stage.

These insights have informed the development of the CAA's Medium-Term Financial Plan.

8.3 Developing the Medium-Term Financial Plan

The CAA is currently strengthening its Medium-Term Financial Planning (MTFP) capability to provide a clearer view of future commitments, emerging regulatory demands and affordability considerations over a multi-year horizon.

The MTFP builds on insights generated through the Operational Workforce Planning (OWFP) process, which considers future workload, workforce requirements, capability needs, strategic objectives and anticipated changes in the regulatory environment.

While development of the MTFP remains ongoing, initial planning has identified a number of areas that are likely to create future resource pressures beyond FY2027/28. These include both known commitments arising from legislative and regulatory change and emerging demands associated with technological innovation, growth in aviation activity and evolving stakeholder expectations.

The MTFP is intended to support:

- earlier identification of future funding pressures.
- improved workforce and capability planning.
- better alignment between strategic priorities and funding requirements.
- greater accountability through more transparent engagement with stakeholders; and
- improved decision-making regarding future investment and affordability.

As the framework matures, the CAA will continue to refine forecasts, assumptions and funding scenarios. Future iterations will provide an increasingly robust basis for assessing affordability, prioritisation and potential approaches to cost recovery.

8.4 Current Medium-Term Planning Assumptions

The current MTFP assumptions are based on information available at the time of publication and remain subject to review.

Inflation and Cost Pressures

Inflation remains a significant driver of future expenditure. Current planning assumptions indicate that inflationary pressures are likely to continue affecting pay costs, technology investment, professional services, accommodation and supplier expenditure over the medium term.

Future planning assumptions currently include:

Assumption	Current Planning View
CPIH inflation	Expected to remain a recurring cost driver
Pay awards	Continued pressure to maintain competitiveness for specialist skills
Technology & digital costs	Above-average inflationary impacts expected, linked in part to Artificial Intelligence enabled services
Regulatory workforce	Additional specialist capability likely required in selected areas
Passenger demand growth	Expected to increase regulatory workload and complexity

Workforce and Specialist Skills

The CAA continues to operate in specialist labour markets where expertise in aviation safety, engineering, economics, digital technology, legal services, AI, policy development and consumer protection remains highly competitive.

Future workforce requirements will therefore continue to be influenced by market conditions and the need to attract and retain specialist capability.

8.5 Emerging Benefits and Offsetting Opportunities

Based on outputs from the OWFP process and the ongoing development of the Medium-Term Financial Plan (MTFP), the CAA has identified several areas that may give rise to future resource requirements beyond FY2027/28.

These pressures reflect the CAA's current understanding of emerging regulatory responsibilities, capability requirements and strategic priorities. The potential funding approaches shown below are indicative only and do not represent future charging decisions.

Area	Nature of Future Pressure	Potential Future Cost Recovery Approach
Rulemaking & Regulatory Policy	Capacity and capability required to support the ongoing development and maintenance of a modern UK aviation rulebook, including policy development, consultation activity, economic analysis, impact assessment, regulatory evaluation and ongoing maintenance of aviation regulations.	Potential recovery through increases across statutory charging schemes benefiting from the regulatory framework, subject to consultation.
Future Flight & Emerging Technologies	Regulatory oversight of Advanced Air Mobility (AAM), Remotely Piloted Aircraft Systems (RPAS), novel aircraft, autonomous systems and emerging propulsion technologies. Includes the expected transition of activities currently supported through government-funded Future Flight programmes.	Potential phased recovery from regulated sectors benefiting from ongoing regulatory support. Potential further cross-industry recovery to support the safe and sustainable integration of new technologies alongside existing aviation, subject to consultation.
Artificial Intelligence & Digital Regulation	Development of regulatory approaches, assurance frameworks and specialist capability to support the increasing use of artificial intelligence, automation and digital decision-making across the aviation sector.	To be determined as future regulatory requirements and industry adoption mature.
Consumer Protection & Enforcement	Expansion of consumer protection, enforcement and compliance activities arising from implementation of the Civil Aviation (Consumer Protection and Regulatory Reform) Bill, including stronger passenger rights oversight and enforcement powers.	Potential recovery from sectors generating demand for consumer protection and enforcement activity, subject to legislative powers and consultation.
Core Safety Capacity	Maintaining and enhancing the specialist capability required to deliver the CAA's core safety functions, including airworthiness,	Primarily funded through existing safety charging arrangements, with any future changes considered through

Area	Nature of Future Pressure	Potential Future Cost Recovery Approach
	certification, licensing, safety assurance and oversight of emerging technologies. Future demand will be influenced by aviation growth, technological change and evolving regulatory requirements.	normal governance, affordability assessment and consultation processes.
Ground Handling and Heliports Oversight	Continued maturation of the ground handling and heliports regulatory framework, including inspections, safety assurance, performance monitoring, data analysis and risk-based oversight activity.	Direct recovery from Ground Handling Service Providers and Heliports through future charging arrangements, subject to consultation.
Environmental Sustainability	Support for aviation decarbonisation initiatives, Sustainable Aviation Fuel developments, environmental analysis and sustainability-related regulatory activities.	Funding approach to be reviewed as future regulatory responsibilities become clearer. Exploration of a polluter-pays model to be considered.
National Airport Noise Evidence Capability	Maintaining and enhancing the CAA's evidence, analysis and research capability to support airport noise assessment, policy development, airspace change programmes and government decision-making. Future pressures may arise from increased demand for independent technical analysis, environmental assessment and stakeholder engagement relating to airport and airspace developments. Expectation of transfer from grant to industry funding.	Funding arrangements will be reviewed as future requirements develop and may include recovery from sectors benefiting from these activities, subject to policy decisions and consultation.
Climate Adaptation & Aviation Resilience	Supporting the aviation sector's preparedness for climate-related risks, including extreme weather events, infrastructure resilience	Funding arrangements will be considered as future responsibilities and regulatory requirements become clearer,

Area	Nature of Future Pressure	Potential Future Cost Recovery Approach
	and long-term climate adaptation requirements. Future activity may include evidence development, regulatory oversight, risk assessment and industry engagement to strengthen system resilience.	with any cost recovery proposals subject to consultation.

The pressures outlined above represent the CAA's current assessment of the most likely drivers of future regulatory activity and funding requirements. They reflect areas identified through strategic workforce and financial planning, existing government policy, legislative developments and ongoing regulatory programmes. The scale, timing and funding arrangements associated with these pressures will continue to evolve as planning assumptions mature and further information becomes available. Consequently, stakeholders should view these as the CAA's current "known knowns" rather than future funding decisions or charging proposals. Any future charging changes would be subject to separate analysis, governance and consultation before implementation.

The future pressures described above sit alongside a number of expected benefits arising from current investment programmes, service modernisation initiatives and regulatory reform. While many future activities are likely to require additional capability and specialist expertise, the CAA also expects to realise benefits through the continued digitalisation of services, simplification of regulatory processes, improved use of data and technology, and the more effective deployment of regulatory resources.

Key areas where benefits are expected to emerge include:

- Customer Experience and Modernisation (CX&M) initiatives, which are intended to reduce customer effort, improve service delivery and create productivity improvements through increased digital adoption.
- Future Surveillance Operating Model (FSOM) and wider safety transformation activities, which are expected to support a more risk-based and intelligence-led approach to regulation, helping regulatory resources to be focused where they deliver the greatest value.
- Funding Structure Reform (FSR) initiatives, which should reduce administrative burden, simplify charging arrangements and improve transparency for customers.
- CAA Rulemaking capability, which is expected to improve the efficiency of regulatory change, reduce unnecessary regulatory friction and support the removal or updating of outdated requirements.

- Artificial Intelligence, automation and digital tools, which may create opportunities to improve productivity, strengthen analytical capability and reduce both internal administration and customer burden over time.

The CAA expects that some benefits will be realised directly by customers through improved services and reduced administrative effort, while others will be realised internally through greater efficiency, helping ensure that the organisation remains appropriately sized and able to respond to future demands without relying solely on increases in resource.

As the Medium-Term Financial Plan continues to mature, the CAA intends to improve its assessment of both future funding pressures and expected benefits, providing stakeholders with greater visibility of the balance between future investment requirements and anticipated efficiency gains.

8.6 Looking Ahead: Known Pressures and Known Uncertainties

The future funding outlook presented in this chapter reflects the CAA's current understanding of the environment in which it expects to operate.

The pressures described above represent the areas that are visible today through the OWFP process, current business planning assumptions, anticipated legislative reforms and ongoing regulatory programmes.

However, the aviation sector continues to evolve rapidly. Future Government policy decisions, technological developments, economic conditions, international regulatory obligations and market changes may alter both the timing and scale of future requirements.

Accordingly, stakeholders should view this chapter as a description of the CAA's current assessment of the **"known knowns"** rather than a prediction of future charging decisions.

While the CAA can identify a number of probable future pressures today, it cannot yet know the full extent of future regulatory demands, policy changes or technological developments that may emerge over the next five to ten years.

The Medium-Term Financial Plan is therefore intended to be a living framework that will continue to evolve as new information becomes available. Any future funding proposals will remain subject to challenge, prioritisation, affordability assessment and formal consultation before implementation.

8.7 Conclusion

The CAA is committed to improving transparency regarding future regulatory developments and the factors that may influence future funding requirements.

The organisation's Operating and Workforce Financial Planning process and Medium-Term Financial Plan have identified a number of significant trends that are expected to shape future regulatory activity, including legislative reform, consumer protection, airspace

modernisation, innovation, environmental sustainability, security and continued technological transformation.

While future funding decisions remain subject to consultation and approval, providing visibility of these emerging pressures helps stakeholders understand the direction of travel, supports longer-term planning and enables more informed engagement on future regulatory priorities.

This outlook represents the CAA's best assessment of the challenges and opportunities visible today. It will continue to evolve as new information emerges and as the future shape of UK aviation regulation becomes clearer.

9. Consultation Questions

The CAA welcomes views from all stakeholders on the proposals set out in this consultation.

Consultation responses will inform the CAA's final decisions on the proposed FY2027/28 charging package. Stakeholders are encouraged to provide supporting evidence where possible, including operational data, performance information, analysis, benchmarking or customer feedback, to support their views.

Where respondents disagree with a proposal, identify affordability concerns, or propose alternative approaches, they are encouraged to provide evidence and explain the potential implications for regulatory outcomes, service performance, consumers and industry.

The CAA will carefully consider all responses received before finalising its proposals.

Q1. Overall Package

Do you agree with the overall FY2027/28 charging package set out in this consultation?

Please explain your views, including any elements you support or do not support.

Q2. Regulatory Priorities and Investment

Do you agree that the proposed investment areas and priorities reflect the key regulatory challenges and responsibilities facing the CAA over the coming years?

Please explain your views and identify any areas that should be prioritised differently.

Q3. Value for Money

Do you consider that the proposed investments represent an appropriate and proportionate use of charge-payer funding?

Please explain your views, including whether you consider the expected benefits justify the associated costs.

Q4. Charging Structure and Cost Recovery

Do you agree with the proposed charging structures and cost recovery approaches described in this consultation?

Please identify any areas where you believe further changes, simplification or alternative approaches should be considered.

Q5. Affordability and Impact

What impact, if any, would the proposed changes in charges have on your organisation or sector?

Please describe any affordability concerns and provide supporting information where possible.

Q6. Future Funding Priorities

Are there any emerging risks, regulatory requirements or future challenges that the CAA should consider when planning future investment and funding priorities?

Please provide supporting evidence where possible.

Q7. Measuring Success

What information, service standards or performance measures would help demonstrate that the proposed investments are delivering value and improved regulatory outcomes?

Q8. Additional Comments

Please provide any additional comments, evidence or suggestions that the CAA should consider before finalising its FY2027/28 charging proposals.

10. Next Steps

10.1 Consultation Process

The CAA welcomes feedback on all aspects of the proposals set out in this consultation. Responses received during the consultation period will be reviewed alongside supporting evidence, stakeholder engagement feedback, affordability considerations and the CAA's statutory responsibilities.

Stakeholders are encouraged to provide evidence-based responses and, where relevant, identify alternative approaches, implementation considerations or additional evidence that the CAA should take into account before final decisions are made.

Particular value will be placed on responses that:

- provide evidence on affordability and customer impacts.
- challenge or support the assumptions used within this consultation.
- identify potential unintended consequences of proposals.
- suggest alternative approaches to cost recovery; or
- provide views on future funding priorities and regulatory developments.

10.2 Review and Decision-Making

Following the close of the consultation, the CAA will:

- review and analyse consultation responses.
- consider evidence and views provided by stakeholders.
- assess affordability, customer impacts and value for money.
- review any alternative approaches proposed through consultation responses.
- determine whether modifications to the proposals are appropriate; and
- finalise proposals through the CAA's governance and approval processes.

In reaching final decisions, the CAA will balance stakeholder feedback, affordability considerations, regulatory requirements and the need to maintain effective safety, security and consumer protection outcomes.

The CAA will also consider whether consultation responses identify new evidence or customer impacts that may warrant modifications to the proposed charging arrangements.

10.3 Publication and Implementation

Following completion of the review process, the CAA will publish:

- a summary of consultation responses.
- its response to key themes raised by stakeholders.
- final decisions on the proposals.
- details of any amendments made following consultation; and
- the approved statutory charging arrangements for FY2027/28.

Subject to approval, revised charges will take effect from 1 April 2027.

10.4 Ongoing Engagement

The CAA is committed to maintaining ongoing dialogue with stakeholders beyond the annual consultation process.

Engagement will continue through:

- the Finance Services Forum (FSF).
- future charging consultations.
- the annual Value & Impact Report.
- the CAA Annual Report and Accounts; and
- targeted engagement activities with customers, industry representatives and other stakeholders.

These arrangements will support continued development of charging arrangements, provide visibility of delivery against commitments and help ensure future funding decisions remain informed by evidence, stakeholder feedback and emerging regulatory priorities.

The CAA remains committed to improving transparency, accountability and value for money, ensuring that stakeholders can understand how charge-payer funding is used, the outcomes it delivers, and the benefits realised through regulatory investment.

11. Detailed Change Proposals by Scheme

11.1 Aeromedical

Document Changes

The proposed charging document comprises the following existing documents and document sections from FY2027/28.

- Personnel Licensing
    - 12. Medical Examinations for Personnel Licenses

Pricing Changes

All charges in this scheme will be increased by 6.1%, made up of price indexation (3.6%), legislative reform (1.8%) and safety and assurance (0.7%) investment proposals.

The Aeromedical Examiner (AME) certification charges are proposed for amendment to recognise the additional level of effort involved in these regulatory activities.

In addition to the above, the Funding Structure Reform simplification review described in section 6 of this document has recommended further amendments to charges to support consistency and consolidation.

The specific proposed changes are set out below.

Area	Current Position	Proposed Position	Impact
Aeromedical Examiner (AME) certification	Initial certification £1,759; renewal £1,407; annual recertification £447	Initial certification £2,052; renewal £1,641; annual recertification £543 for AMEs with Class 3 privileges	Reflects the additional oversight required for Class 3 medical certification activities. Impacts within 10%-20%.
AMEs without Class 3 privileges	Annual recertification £447	Annual recertification £453	No material change currently expected following inflationary uplift; final position to be confirmed.

Structural Changes

There are no proposals for change in this consultation.

11.2 Air Operator Licensing

Pricing Changes

All charges in this scheme will be increased by 3.6%, in line with price indexation. The exceptions to this are listed below.

Variable charges will be increased by 15.2%, made up of price indexation (3.6%) and consumer protection (11.6%) investment proposals. The following charges are impacted by this change:

Current Reference	Charge	Current Rate	Proposed Rate
2.2 Table 2 (1)	Passenger	0.85 pence	0.98 pence
2.2 Table 2 (2)	Cargo	4.3 pence	4.95 pence

Structural Changes

Alternative Dispute Resolution (ADR) Accreditation and Oversight Charges

The CAA has overseen Alternative Dispute Resolution (ADR) arrangements available to aviation consumers since 2016.

Following the Digital Markets, Competition and Consumers Act 2024, and subject to the introduction of the relevant secondary legislation, the CAA expects to assume responsibility for accrediting aviation ADR providers and undertaking ongoing oversight of accredited schemes.

The CAA proposes to recover the efficient costs associated with these functions directly from accredited ADR providers. This will ensure that the costs of accreditation and ongoing oversight are borne by the organisations creating demand for the service, in accordance with the CAA's charging principles and Managing Public Money requirements.

The proposed charges are:

Charge Type	Proposed Charge
ADR Accreditation Application Charge	**£9,725**
ADR Annual Continuation and Oversight Charge	**£18,225 per annum**

The accreditation application charge would apply to organisations seeking accreditation as an aviation ADR provider and would recover the costs associated with assessing applications, determining compliance with accreditation requirements and post-accreditation assurance activity.

The annual continuation and oversight charge would apply to accredited ADR providers and would recover the costs associated with ongoing monitoring, assurance, reporting, engagement and oversight activities.

Compared with the current arrangements, the proposed application charge represents an increase of £1,109 (12.9%), while the annual continuation charge represents a decrease of £2,453 (11.9%). The increase in the application charge reflects the inclusion of post-accreditation assurance activity, while the reduction in the annual charge reflects the expected level of ongoing oversight activity under the new framework.

The CAA welcomes views on the proposed charging arrangements, including the proposed charge levels, the activities included within the charges and the proposed approach to cost recovery.

11.3 Air Travel Organisers' Licensing

Pricing Changes

All charges in this scheme will be increased by 10.4%, made up of price indexation (3.6%) and consumer protection (6.8%) investment proposals.

Structural Changes

There are no proposals for change in this consultation.

11.4 Airspace, Air Traffic Management & Aerodromes

Document Changes

The proposed charging document comprises the following existing documents and document sections from FY2027/28.

- Aerodrome and Air Traffic Management Regulation
- En Route Air Traffic Control Services Regulation
- Instrument Flight Procedures
- Personnel Licensing
    - 7. Licensing of Air Traffic Controllers
    - 8. Flight Information Service Officers (FISOs)
    - 9. Radio Operator's Certificate of Competence (ROCC)

Pricing Changes

All charges in this scheme will be increased by 6.1%, made up of price indexation (3.6%), legislative reform (1.8%) and safety and assurance (0.7%) investment proposals.

In addition to the above, the Funding Structure Reform simplification review described in section 6 of this document has recommended the following amendments to charges to support consistency and consolidation:

Area	Current Position	Proposed Position	Impact
ATCO and ROCC licence endorsements	Renewal, revalidation and reactivation/reissue applications charged separately at £125-£136	Single standard charge of £138	Simplifies the charging structure. Most applicants will see very little change.

Structural Changes

Variable Charging

As described in Chapter 6, the CAA proposes to extend the annual variable charging approach currently used within Aviation Security to safety charging schemes. The proposal is intended to improve financial predictability for both customers and the CAA, while reducing the administrative burden associated with monthly invoicing and payment processes.

From FY2027/28, variable charges would be invoiced annually using passenger and cargo activity data from the previous financial year, rather than being calculated and billed monthly. Customers would receive a single annual invoice and would have the option to pay either within 30 days or through ten equal monthly Direct Debit instalments.

The proposal does not change the organisations that pay variable charges, the costs being recovered, or the overall charging methodology. It changes only the timing and administration of charge collection. The proposal applies to Aerodrome and Air Traffic Services (ATS) variable charging schemes.

A transition period will apply during FY2027/28, with monthly billing continuing until May 2027. Thereafter, annual variable charges will be calculated using activity data from April 2026 to March 2027.

Further information is provided in Chapter 6, Funding Structure Reform.

Airport Annual Oversight Charges

As described in Chapter 6, the CAA proposes to revise the aerodrome annual oversight charging framework so that charges are based primarily on regulatory complexity rather than forecast operational activity. The proposal would replace the current eleven charging bands with four categories reflecting factors such as certification status, instrument flight capability and the overall complexity of the aerodrome operation.

Under the proposed funding structure, annual charges would primarily recover the costs associated with oversight complexity, while variable charges would continue to reflect the scale of activity undertaken. This is intended to provide a clearer link between regulatory effort and cost recovery, improve year-on-year charging stability and reduce reliance on forecast operational data.

The proposed annual charges are:

Category	Typical Characteristics	Proposed Annual Charge
C1	GA unit or licensed aerodrome with visual approaches only	£4,390
C2	Licensed up to Cat I, certificated visual only, or licensed with air traffic control	£17,800
C3	Certificated with an approach up to Cat I	£22,330
C4	Certificated above Cat I or operating A-SMGCS	£54,131

The proposal is intended to improve the alignment between charges and regulatory complexity while maintaining overall cost recovery. Detailed modelling indicates that the changes primarily redistribute existing costs between aerodrome categories rather than increasing the overall level of cost recovery. The majority of aerodromes are expected to benefit from a more stable and predictable charging framework.

Further information, including the rationale for the change and detailed customer impact analysis, is provided in Chapter 6, Funding Structure Reform.

Airport Initial Application Charges

The CAA proposes to simplify charging arrangements for initial aerodrome and vertiport applications. Under the proposal, the current fixed application charge would be removed, and regulatory costs would instead be recovered through hourly charges incurred during the approval process. This approach is intended to ensure applicants pay only for the regulatory effort required, improving transparency and alignment between charges and the work undertaken.

Further information is provided in Chapter 6, Funding Structure Reform.

Ground Handling

As described in Section 5.6, the CAA proposes to introduce a new Ground Handling Service Provider (GHSP) Declaration Charge to support implementation of the new Ground Handling Oversight regime. For FY2027/28, a charge of £4,700 per organisation is proposed, based on an estimated population of approximately 100 GHSPs. As this will be the first year of operation, the charge has been designed as a pragmatic approach to recovering implementation and initial operating costs while the CAA develops a better understanding of the regulated population and oversight requirements. The charging structure will be reviewed ahead of FY2028/29, and any future changes would be subject to consultation.

Item	FY2027/28 Proposal
Charge Type	Ground Handling Service Provider Declaration Charge
Estimated Regulated Population	Approximately 100 GHSPs
Charge	£4,700 per organisation

Further information is provided in Section 5.6, *Ground Handling Oversight*.

Heliports, Vertiports and Advanced Air Mobility

As described in Section 5.7, the CAA proposes a £0.1 million investment to support regulatory preparedness for future heliport, vertiport and Advanced Air Mobility (AAM) operations. To contribute towards implementation and initial operating costs, the CAA proposes an initial Heliport, Vertiport and AAM Registration Charge of £3,300 per entity. The proposal reflects the early stage of market development and the current uncertainty regarding the future regulatory framework, regulated population and oversight requirements. The charging approach will be reviewed as the framework and market mature, with any future changes subject to consultation.

Item	FY2027/28 Proposal
Charge Type	Heliport, Vertiport and AAM Registration Charge
Charge	£3,300 per entity
FY2027/28 Funding Requirement	£0.1 million

Further information is provided in Section 5.7, *Heliports, Vertiports and Advanced Air Mobility*.

Aerodrome/Vertiport Development Project Approval Charges

The CAA proposes to clarify the circumstances in which Aerodrome/Vertiport Development Project Approval charges apply. The proposal would introduce a clearer definition of a "major development project" to improve transparency and provide greater certainty regarding the types of aerodromes and vertiport developments that fall within scope of the existing charging provisions.

A major development project would be defined as an aerodrome or vertiport development, infrastructure project, operational change or other proposal requiring a material level of CAA assessment, technical review, approval activity or regulatory engagement beyond routine oversight. Examples may include:

- Runway, taxiway or movement area developments
- Terminal or passenger handling developments

- Apron or infrastructure expansion projects.
- Vertiport infrastructure developments
- Significant operational changes affecting capacity, airspace, safety or regulatory approvals, and
- Other developments requiring dedicated regulatory assessment or approval activity by the CAA.

This proposal does not change the existing charging structure or rates. The current application fee of £1,649, including the first six hours of work, and the additional hourly rate of £275 would remain unchanged. The proposal is intended only to clarify how the existing charges are applied and improve consistency and certainty for applicants.

Temporary Aerodrome and Heliport Licence Charges

The CAA proposes to introduce an additional hourly charge where temporary aerodrome or heliport licence applications require a materially greater level of regulatory assessment than would normally be expected. Existing licence fees would remain unchanged at £511 for a temporary day licence and £1,025 for a temporary day and night licence.

Where an application requires a higher level of regulatory effort than is normally associated with the grant of a temporary licence, an additional charge of £275 per hour would apply. Examples may include:

- Large-scale or complex temporary operations.
- Applications involving novel or unusual operating arrangements.
- Applications requiring extensive stakeholder engagement or coordination activity.
- Applications requiring significant additional safety assessment; or
- Applications submitted at short notice that require additional regulatory intervention.

The proposal would enable the CAA to recover the costs of additional regulatory activity where applications require a materially greater level of assessment and oversight than is normally associated with the grant of a temporary licence. The CAA considers this a proportionate approach, as it retains the existing fixed-fee structure for lower complexity applications while ensuring that the costs of additional regulatory effort are borne by the organisations generating that demand.

11.5 Airworthiness

Document Changes

The proposed charging document comprises the following existing documents and document sections from FY2027/28.

- Airworthiness
- Aircraft Registration
- Personnel Licensing
    - 10. Aircraft Maintenance Engineer Licensing
    - 11. Authorisation and Approval of Persons and Organisations Providing Part-, Part-145 or Part-147 Engineer Training

Pricing Changes

All charges within this scheme will increase by 6.1%, comprising price indexation (3.6%), legislative reform (1.8%) and Safety Operations & Assurance (0.7%). The exceptions to this are listed below.

Airworthiness organisation annual charges, as currently listed in Table 16, will be increased by 18.5%, made up of price indexation (3.6%) legislative reform (1.8%), Safety Operations & Assurance (0.7%) and airworthiness capacity (12.4%).

Applicable Approvals	> £2.25m Activity Value	£1.125m to £2.25m Activity Value	< £1.125m Activity Value	Additional Site Charge
Part-21 Subpart G (A and/or B) **Part-145: A1, A3 (Complex Motor-powered Aircraft), B1**	£23,842	£11,652	£5,828	£5,828
Part-CAMO (all ratings)	£11,920	£11,652	£5,828	£5,828
BCAR: A8-21 (A6) and A8-21 (E6) combined; A8-22 (E5)	£11,652	£11,652	£5,828	£5,828
Part-21 Subpart G (C and/or D only)	£17,881	£5,828	£5,828	£5,828
Part-145: A2, A3 (other than Complex Motor-powered Aircraft), A4, B2, B3, C and D **BCAR: A8-1 (A1), A8-2 (A2), A8-3 (B1), A8-25 (C5), A8-21 (A6), A8-21 (E6), A8-9 (F1), A8-23 (M1), A8-26 (S1)** **Any other approval**	£5,828	£5,828	£5,828	£5,828

Applicable Approvals	> £2.25m Activity Value	£1.125m to £2.25m Activity Value	< £1.125m Activity Value	Additional Site Charge
Part-CAO (all ratings) BCAR: A8-24 (M2), A8-15 (M3)	£3,252	£3,252	£3,252	£2,293

Structural Changes

Design and Certification Charging Structure

As part of the Funding Structure Reform programme, the CAA proposes to simplify and standardise charging arrangements for Design and Certification activities.

For most certification applications, the CAA proposes to introduce a common charging structure comprising an initial non-refundable application charge of **£911**, together with hourly charges of **£303 per hour** for subsequent technical assessment and certification activity. Applications for general aviation aircraft and equipment will be charged at an hourly rate of **£204 per hour**.

Minor modification applications will continue to be subject to alternative charging arrangements where a fixed-fee approach remains appropriate.

The proposal is intended to improve consistency and transparency across the charging scheme while maintaining cost recovery in line with regulatory effort. The CAA does not propose any changes to annual type certification charges.

Application Type	Proposed Charge
Standard certification applications	£911 application charge + £303/hour (£204/hour for GA)
Minor modifications	£134

Further information on the proposal, including rationale and impact assessment, is provided in section 6 of the main consultation document.

Part-66 Examination Fee Alignment

The CAA currently charges £60 for each Part-66 written examination module or part module attempt.

Part-66 examinations are delivered through the same examination environment as Part-FCL examinations and incur comparable delivery costs. The CAA also incurs ongoing costs to maintain and develop the Part-66 examination question bank and ensure continued compliance with regulatory requirements.

The CAA therefore proposes to increase the Part-66 examination fee to align it with the equivalent Part-FCL examination fee and better reflect the costs of delivering the service. For FY2027/28 this fee is proposed at £103.

The proposed fee would align charges across comparable personnel licensing examinations and contribute to the costs of examination delivery, administration, and maintenance of the Part-66 question bank.

The CAA considers this proposal proportionate and consistent with its cost recovery principles, as the revised fee more accurately reflects the cost of providing the service.

Change to Hard Copy Logbook Submission Charges

The CAA currently charges £61 where an applicant chooses to submit a hard copy logbook instead of a digital version.

Hard copy logbooks require additional administrative effort to process, including manual handling and review of physical records. They can also take longer to assess and create additional risks associated with handling original documents.

The CAA therefore proposes to increase the charge for hard copy logbook submissions to better reflect the cost of providing this service and to encourage the use of digital submissions where available. The proposed charge is £150.

Applicants will continue to be able to submit hard copy logbooks where necessary. However, the revised charge ensures that the additional costs of providing this service are borne by those choosing to use it, consistent with the user-pays principle. The proposal is also expected to encourage greater use of digital submissions, supporting more efficient processing.

This proposal does not change the evidence requirements for logbooks. It only changes the charge applied when a hard copy logbook is submitted instead of a digital version.

11.6 Aviation Security

Pricing Changes

All charges in this scheme will be increased by 3.6%, in line with price indexation (3.6%). The exceptions to this are listed below.

Regulated agents (cargo operators) annual charges, in-flight supplier annual charges and known consignor renewal charges, as currently listed in section 6 of the Aviation Security charging scheme, will be increased by 15.6%, made up of price indexation (3.6%) and Cargo Security Oversight investment (12.0%). The proposed changes are:

Reference	Charge	Current	Proposed
Table 5	Regulated Agent - screener of cargo	£6,167	£7,129

Table 5	Regulated Agent - non-screener of cargo	£1,312	£1,517
Table 6	Known Consignor (renewal)	£852	£985
Table 7	Super A – Super Site	£8,463	£9,783
Table 7	A – Large Site	£6,348	£7,338
Table 7	B – Medium Site	£4,232	£4,892
Table 7	C – Small Site	£2,116	£2,446

Structural Changes

Review of NASP Airline Cyber Charges

In FY2026/27, the CAA introduced a differentiated charging structure for NASP-regulated airlines as part of wider changes to cyber security charging arrangements. The intention was to provide a more proportionate distribution of charges across regulated entities whilst beginning to address the gap between the costs incurred by the CAA in delivering cyber security oversight activities and the income recovered through charges.

Following implementation, the CAA has reviewed the airline charging structure in light of operational experience, stakeholder feedback and further consideration of potential charging methodologies.

As part of this review, the CAA considered whether objective characteristics exist that could provide a reliable basis for differentiating cyber security oversight charges between airlines. Whilst a number of approaches were considered, the CAA concluded that there is currently no consistently applicable metric that provides a sufficiently robust and transparent basis for distinguishing levels of regulatory oversight effort between different airlines.

This differs from the airport sector, where passenger volumes provide an objective indicator of operational scale and complexity and therefore remain an appropriate basis for differentiated charging.

The CAA therefore proposes to replace the current two-tier airline charging structure with a single annual charge applicable to all NASP-regulated airlines.

Current Approach	**Proposed Approach**
Short-haul airlines: £6,445	All airlines: £8,500
Long-haul airlines: £12,890	

Under the proposed approach:

- airlines currently paying £6,445 would see an increase of £2,055 per annum.
- airlines currently paying £12,890 would see a decrease of £4,390 per annum; and

- the overall level of revenue recovered from airline cyber security oversight activities would remain broadly unchanged.

The CAA considered whether all airlines should instead be charged at the current lower rate of £6,445. However, this would reduce annual revenue recovered from airline cyber security oversight activities by approximately £70,000 and would further increase the gap between oversight costs and charge income.

The proposal is therefore not intended to increase overall revenue recovery from airlines, but rather to distribute the existing revenue requirement through a simpler charging structure.

The CAA also considered whether charges should be linked directly to oversight activity undertaken for individual airlines. Whilst this could more closely reflect regulatory effort incurred in a particular year, it would result in less predictable charges for industry and increased administrative complexity for both regulated entities and the CAA.

The CAA therefore considers that a fixed annual charge remains the most proportionate and practical charging approach.

This proposal would simplify the airline charging structure, improve transparency, and ensure that cyber security oversight costs continue to be recovered through a stable and predictable charging mechanism while maintaining broad revenue neutrality across the airline population.

11.7 Economic Regulation of Airports

Pricing Proposals

All charges in this scheme will be increased by 3.6%, in line with price indexation. The exceptions to this are listed below.

Variable charges will be increased by 15.2%, made up of price indexation (3.6%) and consumer protection (11.6%) investment proposals. The following charges are impacted by this change:

Reference	Charge	Current Rate	Proposed Rate
2.1 a	Heathrow Airport Limited	9.56 pence	11.01 pence
2.1 a	Gatwick Airport Limited	3.73 pence	4.30 pence
2.1 b	Other Airports (>500k arriving passengers per annum)	2.20 pence	2.53 pence

In addition, we propose to amend the following levels of the charging caps to ensure financial sustainability and to mitigate delivery risk levels for FY2027/28:

Activity	FY2026/27 Cap	FY2027/28 Cap
Heathrow Capacity Expansion	£5.0m	£8.0m
Heathrow H8 Price Control	£4.5m	£5.0m
Gatwick G8	£1.2m	£2.0m
Heathrow DCO Activity	£0.7m	£1.0m

Structural Changes

There are no proposals for change in this consultation.

11.8 Flight Operations

Document Changes

The proposed charging document comprises the following existing documents and document sections from FY2027/28.

- Flight Operations
- General Aviation
- Aerial Application Certificates
- Personnel Licensing
    - 3. Flight Crew Licences
    - 4. Certification, Authorisation and Approval of Persons and Associated Training Courses
    - 5. Approval of Flight Simulator Training Devices and Flight Simulator Training Device Operators
    - 6. Declared or Approved Training Organisations

Pricing Changes

All charges in this scheme will be increased by 6.1%, made up of price indexation (3.6%), legislative reform (1.8%) and safety and assurance (0.7%) investment proposals.

In addition to the above, the Funding Structure Reform simplification review described in section 6 of this document has recommended further amendments to charges to support consistency and consolidation.

The specific proposed changes are set out below.

Area	Current Position	Proposed Position	Impact
Pilot theoretical examinations	Two examination rates of £71 and £97	Single examination rate of £103	Creates a consistent charging approach. Some examinations increase to ensure customers are treated equally.
FRTOL examiner approvals	Certification charges £451, re-certification charges £337	Single charge of £424	Aligns with other examiner charging arrangements. Changes range from -£27 to +£87 depending on application type.
Declared balloon operator annual continuation charges	Eight passenger-capacity bands ranging from £1,560 to £3,207	Three simplified bands: Up to 30 passengers (£1,897), 31-60 passengers (£2,627), Over 60 passengers (£3,403)	Simplifies charging arrangements. Individual operators may see small increases or decreases depending on passenger band.

Structural Changes

Variable Charging

As described in Chapter 6, the CAA proposes to extend the annual variable charging approach currently used within Aviation Security to safety charging schemes. The proposal is intended to improve financial predictability for both customers and the CAA, while reducing the administrative burden associated with monthly invoicing and payment processes.

From FY2027/28, variable charges would be invoiced annually using passenger and cargo activity data from the previous financial year, rather than being calculated and billed monthly. Customers would receive a single annual invoice and would have the option to pay either within 30 days or through ten equal monthly Direct Debit instalments.

The proposal does not change the organisations that pay variable charges, the costs being recovered, or the overall charging methodology. It changes only the timing and administration of charge collection. The proposal applies to the Air Operator Certificate (AOC) variable charging scheme.

A transition period will apply during FY2027/28, with monthly billing continuing until May 2027. Thereafter, annual variable charges will be calculated using activity data from April 2026 to March 2027.

Further information is provided in Chapter 6, Funding Structure Reform.

AOC Annual Charges

This proposal would simplify the administration of annual Air Operator Certificate (AOC) charging by using aircraft registration information already held by the CAA to calculate charges, rather than requiring operators to submit separate bi-annual fleet returns. The CAA's review found that registration data is already used in many cases and generally provides an accurate basis for charging.

The proposal would not change which organisations are charged, how charges are calculated, the charging structure, the level of cost recovery, or the charges payable by individual operators. Operators would continue to have the opportunity to review and validate the aircraft information used before invoices are issued, helping to maintain the accuracy of charges and reduce the need for subsequent billing queries.

The CAA expects this change to reduce administrative burdens for operators, improve efficiency and data consistency, and simplify the annual charging process without affecting the underlying charging methodology.

A full description of the proposal, including the rationale, expected benefits and comparison with the current arrangements, is provided in Chapter 6 of the consultation document.

Clarification of Aircraft Type Rating Exemption (ATRE) Charges

The CAA has identified that applicants for Aircraft Type Rating Exemptions (ATREs) regularly seek clarification regarding the charges applicable to their applications. This is primarily because the descriptions currently included within the Scheme of Charges do not align closely with the options available within the associated AVOKA application form, making it difficult for some applicants to identify the correct charge.

The CAA therefore proposes a number of administrative amendments to improve clarity and consistency between the Scheme of Charges and the application process. These changes include correcting an existing cross-reference error within the Scheme of Charges, updating charge descriptions so that they align with the terminology used within the AVOKA application form, and providing greater clarity regarding the existing charging structure.

The proposal is administrative in nature and does not introduce any new charges or amend existing charge levels. Its purpose is to reduce applicant confusion; improve transparency and ensure the Scheme of Charges more accurately reflects the application routes currently available.

The charges are:

- Training Exemption
- Initial Full Exemption
- Re-issue of Full Exemption (12 months)

- Training ATRE Renewal
- Re-issue of Full Exemption (36 months)

Clarification of Charges for Exemptions and Approvals Relating to Flight Rules and Speed Limitations

The CAA has identified inconsistencies between the terminology and information contained within the Scheme of Charges and the associated application process for approvals issued under SERA.6001. These differences have resulted in customer enquiries regarding the approval options available, applicable charges and approval validity periods.

To improve clarity and consistency, the CAA proposes a number of administrative amendments to the Scheme of Charges. These include updating references from "permissions" to "approvals", clearly distinguishing between 12-month and 36-month approval options, and aligning the published charging information with the existing application process.

The proposal does not introduce new charges, increase existing charges or alter the basis on which charges are applied. The changes are intended solely to improve transparency, reduce customer enquiries and ensure applicants can more easily identify the approval option relevant to their circumstances.

Application Type	12-Month Charge	36-Month Charge
Application in respect of a single aircraft	£175	£386
Application in respect of two or more aircraft	£354	£782

Approval of Language Testing Bodies

The CAA has reviewed the certification and oversight arrangements for Language Testing Bodies (LTBs), including the regulatory activity required to assess applications, review documentation, conduct site inspections and undertake continuing oversight. As part of this review, the CAA has introduced a dedicated Language Testing Body certification framework, providing a more structured approach to the approval and oversight of organisations conducting aviation language proficiency testing.

To support this revised certification framework, the CAA proposes changes to the Personnel Licensing Scheme of Charges. The proposal is intended to align charges with the regulatory activity required to certify and oversee Language Testing Bodies, improve transparency for applicants and certificate holders, and introduce a continuation charging arrangement that better reflects the revised oversight model.

Application Type	Initial Charge	Three-Year Continuation Charge
Initial application for grant of a Language Testing Body Certificate	£6,522	£4,151
Addition of a testing site (with site inspection)	£1,778	N/A
Addition of a testing site (without site inspection)	£988	N/A
Administrative amendments	£197	N/A

Under the current arrangements, organisations pay an initial certification charge of £5,019 and an annual oversight charge of £3,585. Under the proposed arrangements, the initial certification charge would increase to £6,522 and the annual oversight charge would be replaced by a three-year continuation charge of £4,147 (invoiced 1/3 annually). The CAA considers that these changes provide a more appropriate reflection of the regulatory effort associated with the certification and oversight of Language Testing Bodies, while supporting a simpler and more transparent charging framework.

Additional costs may apply in relation to overseas site applications and audits in accordance with Section 16 of the Scheme of Charges.

Ongoing Oversight Charges for Wet-Leased Foreign Aircraft

The CAA is seeking stakeholder views on whether the Scheme of Charges should be amended to enable recovery of the costs associated with the ongoing regulatory oversight of foreign-registered aircraft operated by UK air carriers under approved wet lease arrangements.

Under the current charging framework, charges apply primarily to the assessment and approval of wet lease applications. Whilst the CAA recovers the costs of reviewing and approving these arrangements, there is currently no specific mechanism for recovering the costs associated with the continuing oversight undertaken after approval has been granted. This may include operational monitoring, compliance assessments, safety oversight activities, liaison with foreign aviation authorities and associated regulatory administration.

The CAA considers that the current charging framework may not fully reflect the ongoing regulatory effort associated with foreign-registered aircraft operated by UK air carriers. The purpose of this consultation is therefore to explore whether a charging mechanism should be introduced to support recovery of these ongoing oversight costs and, if so, what form such a mechanism should take.

No specific charging proposal or charge level is being proposed at this stage. Instead, the CAA is seeking views on:

- whether ongoing oversight charges for foreign-registered aircraft operated under approved wet lease arrangements would be appropriate.
- whether such aircraft should be incorporated within existing charging arrangements or be subject to a separate charging mechanism; and
- any affordability, proportionality or implementation considerations that should be taken into account.

The CAA will consider stakeholder feedback before determining whether a charging mechanism should be developed. Should the CAA decide to proceed, any detailed charging proposal, including charge levels and implementation arrangements, would be subject to further analysis and consultation before implementation.

11.9 General Terms

Document Changes

The proposed charging document comprises the following existing documents and document sections from FY2027/28.

- CAA Overseas Travel Charging

Pricing Proposals

All charges in this scheme will be increased by 3.6%, in line with price indexation.

Structural Changes

Clarification of Overseas Travel Charging Methodology

The CAA has received a small number of customer queries regarding the application of Overseas Travel charges and has identified opportunities to improve the clarity of the existing charging provisions. Whilst the current approach is intended to recover the travel, subsistence and staff time costs associated with delivering overseas regulatory activities, some aspects of the methodology are not explicitly described within the Scheme of Charges.

The CAA therefore proposes a number of amendments to clarify how Overseas Travel charges are calculated and apportioned. In particular, the revised wording would explain how distance charges are calculated, how costs are apportioned where multiple destinations or entities are included within a single trip, and how travel undertaken on air carriers subject to CAA oversight is treated. The amendments would also provide greater clarity regarding the application of the charging methodology in circumstances not specifically described within the current Scheme of Charges.

The proposal does not introduce a new charging methodology or increase existing charges. Its purpose is solely to improve transparency, consistency and customer

understanding of the existing arrangements and to provide greater certainty regarding how Overseas Travel charges are applied.

Clarification of Refund Arrangements for Rejected Licence Applications

The CAA is proposing amendments to clarify the basis on which application charges are levied and the circumstances in which refunds may be issued for personnel licensing applications.

The CAA incurs costs in assessing and processing applications regardless of whether a licence, rating, certificate or approval is ultimately granted. However, experience suggests that the current wording may create an expectation that application fees are linked to the successful outcome of an application, rather than the assessment activity undertaken by the CAA.

The proposal would clarify that application charges are payable for the assessment and processing of an application and are not contingent on the successful grant, extension, amendment or issue of a licence, rating, certificate or approval. It would also clarify that fees will not normally be refunded where an application is rejected following assessment, whilst continuing to allow refunds where an application is withdrawn before assessment begins, or where a refund is required as a result of a CAA administrative error or applicant overpayment.

The proposal does not introduce any new charges or increase existing charge levels. Its purpose is to improve transparency and ensure the Scheme of Charges more clearly reflects the basis on which application fees are charged, whilst supporting a consistent approach to the treatment of refunds across licensing activities.

11.10 Remotely Piloted Aircraft Systems (RPAS)

Pricing Changes

All charges in this scheme will be increased by 6.1%, made up of price indexation (3.6%), legislative reform (1.8%) and safety and assurance (0.7%) investment proposals.

Structural Changes

There are no proposals for change in this consultation.

11.11 Spaceflight

Pricing Proposals

There are no proposals for change in this consultation.

Structural Changes

There are no proposals for change in this consultation.