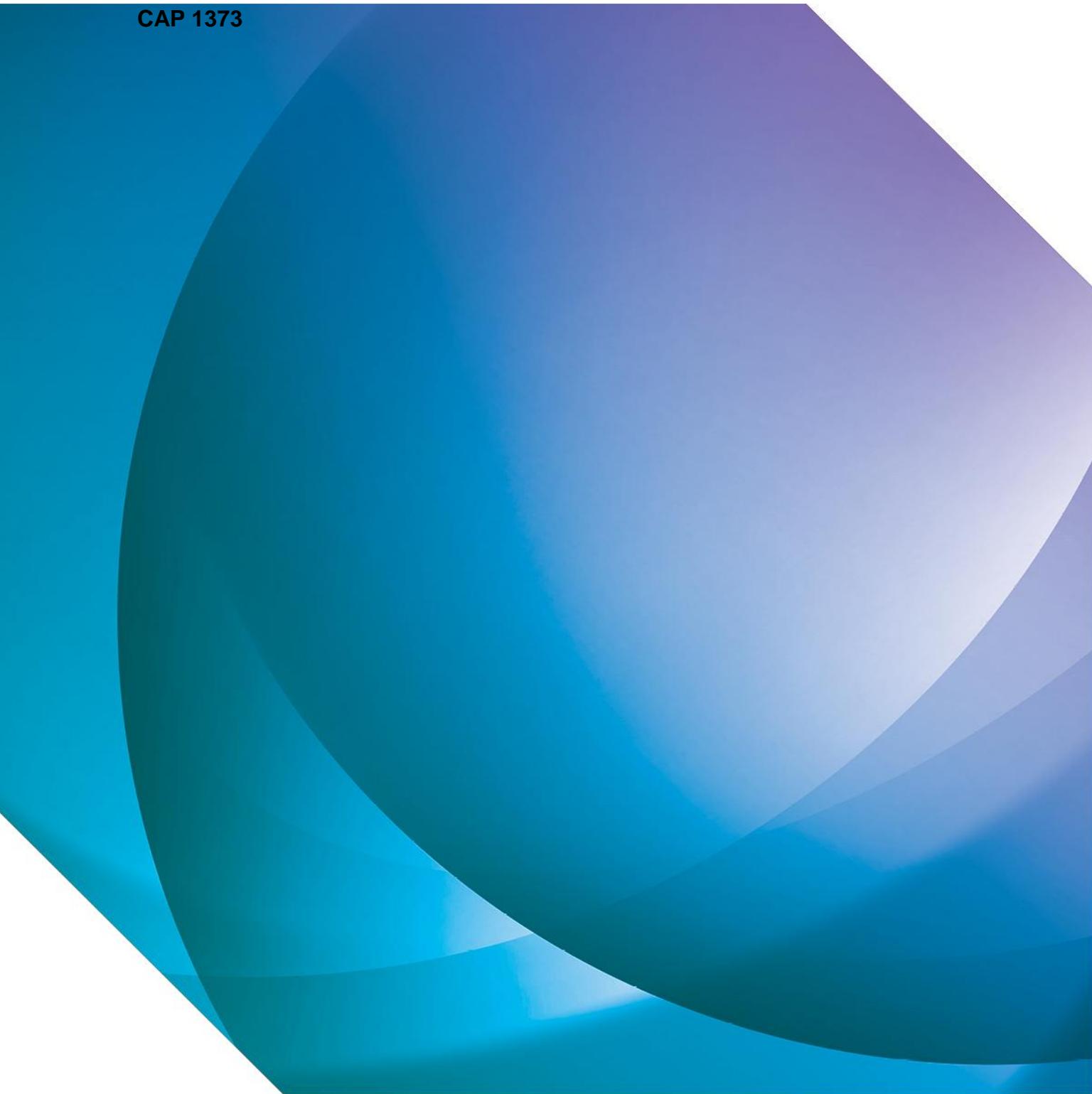


CAA statutory charges 2016/17 consultation document (excluding air display and low flying permission proposed charges)

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Chapter 1

Foreword

As a body funded directly by charges paid by those we regulate we fully understand the difficulties the industry continues to face and recognise this when setting our charges. The CAA faces significant cost pressures - pay and non-pay increases in our cost base and a need to invest to modernise our systems and ways of doing business. We are determined to deliver long-term efficiencies and better customer service by improving our management structure, modernising the way we manage and carry out our activities, and interacting more collaboratively with the industry we regulate. Over the last 10 years we have reduced our operating costs in real terms by more than 35% and FTEs in the Regulatory sector by 29%¹.

Employment costs represent 58% of our total costs. Therefore they must be a primary source of efficiencies if we are to deliver an acceptable outcome. As part of the CAA's five year strategic plan, which covers the financial years 2011/12 to 2015/16, we set ourselves stretching financial targets which included substantially containing the growth in employment costs, including ongoing pension costs. We set a financial target that we will save at least £16m in employment costs over the 5 year plan period. By 31 March 2015, we had achieved £14.8m savings, which is ahead of target.

We are committed to controlling costs while investing to deliver savings and improvements in the medium to long-term. Two work streams in particular, Performance Based Regulation and the Transformation Programme, are intended to add value and efficiency to the CAA.

As such the target for 2016/17 has been set so that operating costs are held at 2015/16 budgeted levels, which will enable charges to remain at current levels overall. Where additional activities are required in relation to the Pricing Review of London Heathrow Airport and the New London Runway, specific charging mechanisms have been incorporated to recover the costs.

¹ Excluding the effect of Aviation Security's move from the DfT to the CAA

However, the UK implementation of the European Alternative Dispute Resolution (ADR) Directive has resulted in changes to the CAA's approach to consumer complaint handling. Consequently, the costs relating to the Passenger Advice and Compliant Team (PACT) which were previously recovered from the variable charges within the Air Transport Licensing (ATL) Scheme and Regulation of Airports Scheme are now recovered by a new per compliant charge, leading to reductions in the variable charge of the ATL Scheme and Licenced and Non-Licenced airports, within the Regulation of Airports Scheme. There are also a number of individual structural changes resulting from changes to European Aviation Safety Agency (EASA) / Air Navigation Order (ANO) regulations that are described under sections 5.1 to 5.3.

The CAA continues to be required by the UK Government to fully recover its costs from industry in accordance with section 11 of the Civil Aviation Act 1982 and additionally, for the Regulatory Sector, to achieve annually the highest of a 3.5% rate of return on the current cost of capital employed or break-even after interest and tax.

The CAA Board has determined the best pricing policy for 2016/17 and although there was great pressure to increase charges, it has been able to ensure that prices remain unchanged from 2015/16 levels subject to the exceptions referred to above. However, this period of consideration has resulted in the proposed revisions being implemented with effect from 1 June 2016. Each current Scheme of Charges will remain in force until formally revoked by the implementation of a revised Scheme. As a result, charges that are due on 1 April 2016 will remain unchanged from 2015/16 levels.

However, due to the recent publication of the UK CAA Civil Air Display Review report, a separate charges consultation regarding the proposed amendments to Air Display and Low Flying Permission charges within the General Aviation Scheme has been produced. Therefore this document excludes proposed amendments to Air Display and Low Flying Permission charges.

We believe the charging proposals included within this document represent a fair and balanced approach to charging and look forward to receiving feedback on these proposals from industry.

Chapter 2

Introduction

The purpose of this consultation document is to advise the aviation industry of the CAA proposals for revisions to the existing CAA Charges Schemes, due to take effect from 1 June 2016.

We welcome comments on all aspects of the proposals, including the charges structure and the level or amount of the charges.

We request that your comments on the charge proposals relating to Air Displays and Low Flying Permission charges contained within the CAA General Aviation Scheme of Charges are made directly to the Air Displays and Low Flying Permission Charges Consultation which also commences on the 1 February 2016 and completes on 29 February 2016.

Chapter 3

Development activities

Transformation programme

In April 2014, the Board approved the Transformation Programme (TP) Business Case with the first of the TP projects due to be delivered this year, and the remainder successively over the next two to three years. However, while some key capabilities have been delivered, progress in some parts of the programme has not been as quick as had been planned. As a consequence, the programme has undergone a 6-week review exercise which involved looking at the status of each project and, where necessary, strengthening our plans. In September 2015, a revised strategy for the Transformation Programme – Set up for success - with new milestones, based on deliverables and metrics which will provide quantifiable evidence of progress was produced. The programme plan has been re-structured in the following way:

- **Entity Performance Tool (EPT) into Performance Based Regulation (PBR) – Delivered in August 2015**

The Entity Performance Tool (EPT) captures information about risks. It supports the PBR approach. It ensures that we capture the right safety-related data and judgements, by the right people in the right way. It complements the Q-Pulse system, which is the tool we use to schedule and track our audit activities. The Entity Performance Tool (EPT) tool will be rolled out to all areas of the Safety & Airspace Regulation Group (SARG).

- **Stakeholder Management (Phase 1) – Delivered in December 2015**

Phase 1 of this project will deliver our new website. Information from our current website is being transferred across to the new site. The tool that sits behind the new website (the 'Content Management System') will enable us to manage and maintain our website more easily than the current system in use. Once complete, this will allow us to deliver further improvements in how we interact with our customers in follow-on phases of this project.

- **Aviation Statistics – Planned delivery in Spring 2016**

The Aviation Statistics project will deliver a new IT system for the management of data collected from airlines and airports. It will make it easier for us and for people outside the CAA to use the data. Data submitted will be automatically validated and the system will improve our ability to provide tailored reports. We will also be able to make changes to the system to expand range types of data we gather and report on.

- **ATOL Licensing – 2016/17**

The ATOL Licensing project will deliver a new online self-service system for travel businesses to apply for, amend or renew their ATOL licence and by which they can track their licence applications. This system will replace the current paper-based system, which relies on Microsoft Excel, and will enable us to provide a quicker service to the travel industry.

Other elements of the programme will be reviewed and re-planned in order to create joined-up approaches to online services and information management. The three inter-connected projects within the programme that will work closely together are:

- **Information Strategy**

Delivering a single solution for how we all create, store, share, protect and retrieve our information.

- **Customer Relationship Management and Portal**

Delivering online forms and an online portal to enable customers to submit applications, supported by a CRM system that enable us to manage our interactions with our customers.

- **Stakeholder Management (Follow-on phase)**

Taking advantage of the functionality the new website provides so that we can improve how we interact with, and provide information to, our stakeholders.

In addition, the programme will provide a support service to help further embed and develop the PBR and Service Optimisation approaches as they transition into 'business as usual'. PBR and Service Optimisation are the two key business

transformation approaches which have delivered, and will continue to deliver, changes to the way we do business.

And finally:

- **Corporate Services Improvement (CSI)**

The aim of the CSI project is to update our ageing Finance, Procurement and Human Resources (HR) IT systems, so it is an important project to get right. Although extensive initial work has already been undertaken, we have taken time out to reflect on the benefits that we wish to secure and as a result this project has been planned to resume in 2016.

Performance based regulation

The UK's excellent aviation safety record is underpinned by a prescriptive system of rules, regulations and standards for those organisations providing aviation products and services. As the prescriptive system has matured, its potential to deliver further safety improvements has become limited. The UK Government's Better Regulation Principles require regulators to reduce the burden associated with existing rules and to regulate only when necessary in a way that is targeted, proportionate, and informed by a comprehensive assessment of risk.

As with many regulated sectors, the evolution of standards and rules often lags behind developments in technology, business models and consumer trends, making them less and less fit for purpose. With the number of commercial flights forecast to rise and the pace of change across the aviation industry set to increase, safety regulation must also evolve to remain relevant, effective and deliver the required safety outcomes.

PBR oversees and improves aviation safety. It is changing the way we carry out our oversight responsibilities and collect, analyse and use safety information. This approach aims to strengthen and standardise many of our existing regulatory processes and functions and can be grouped into five areas:

1. Consistently gathering and analysing safety risk information about all parts of an organisation's operations and capturing them as a single regulated entity.

2. Assessing the performance of each entity to manage their safety risks and agreeing with the Accountable Manager the actions that are needed to uphold standards and further enhance safety.
3. Grouping safety risk information about entities into sectors of the industry with similar types of operation for example, small aerodromes, offshore helicopters, large airlines, to create a better understanding of the top risks and good practice approaches to managing them.
4. Making more informed decisions about the safety outcomes that we and the industry should aim to deliver to better manage the top risks across the sectors - and setting out the actions required of different stakeholder groups for example, entities, sectors, EASA, International Civil Aviation Organisation (ICAO), to achieve them.
5. Directing regulatory resources proportionately to oversight activity and safety improvement projects that focus our attention on the entities and sectors where standards are not being upheld, or where there is the significant potential to enhance safety.

We expect these changes to improve the performance of the industry to manage safety risks, and the performance of the CAA to oversee them effectively. It will improve our ability to allocate regulatory resources to areas with the greatest potential to enhance safety, as well as deliver efficiency in the way our core oversight processes are carried out.

The PBR Industry Group, launched in February 2015 in response to the feedback to the 2014 PBR conference, has gone from strength to strength in collaborating with the CAA in its transformation to a Performance Based Regulator. Engagement with EASA has continued and the Agency is fully supportive of the CAA's approach; briefings have been provided at Director-level every 6 months and the results can be seen in the positive feedback from the Agency during recent standardisation audits as well as in the content of EASA publications on the subject.

The second conference was delivered in October 2015 with over 100 industry attendees. A further consultation (Civil Aviation Publication (CAP) 1345), via a CAA Business Engagement Assessment in line with Government guidelines, commenced

in October 2015 with responses requested from industry by 31 December 2015. No negative feedback was obtained and the CAA has concluded that the PBR principles are broadly accepted.

PBR will become fully implemented for the Airworthiness sector from April 2016 and thereafter it is desired to further embed and mature the PBR principles over a two-year phase and broaden its horizons to capture other regulatory areas within the CAA. From the established solid foundations and together with continued close industry participation, PBR will enable industry, as well as CAA benefits, to be achieved.

General aviation (GA) programme

It is now over two years since we published the CAA Response to the [Government's GA Red Tape Challenge](#) (CAP 1123) and set up the GA Unit as part of our key approach to the proportionate and risk-based regulation of GA. The CAA GA Unit broadly covers the non-commercial private use of aircraft so is very much focused on the sport and recreational end of the GA sector. As we committed to, the GA Unit is ensuring that the regulatory regime for the GA sector is taking a different path and is becoming less onerous than that applied to the commercial aviation sector.

Over the coming year and beyond we will continue to apply our principles for the regulation of GA namely:

- Only regulate directly when necessary and do so proportionately;
- Deregulate where we can;
- Delegate where appropriate;
- Do not gold-plate and quickly and efficiently remove gold-plating that already exists.

We have achieved a lot during the last two years, much of which is set out in the GA Unit's [Annual Report](#) issued earlier this year but there still remains much that needs to be done, both for the nationally regulated aircraft fleet and the Europe-wide EASA fleet. Of course there are areas where we have not gone far enough or quickly

enough for some stakeholders but equally we have made some changes that have surprised some stakeholders. More detail of what we have done and updates as more is completed are available on the CAA website at: <http://www.caa.co.uk/ga>. Domestically we have been able to make changes that have had a real effect and we are equally committed to working with our colleagues in EASA and other states to improve GA regulation Europe-wide. EASA is also committed to proportionate and risk-based regulations and this will be ever more important as we continue progress in 2016 and onwards. Over the coming months we will be considering our strategy for the GA sector and our GA Unit for the next 5 years to ensure we stay true to our principles and continue to deliver a proportionate risk-based regulatory regime, with appropriate charges, for the GA Sector.

Alternative dispute resolution (ADR)

Following the UK implementation of the European Alternative Dispute Resolution (ADR) Directive, the CAA's policy is to incentivise voluntary participation by airlines in private ADR arrangements ([CAP 1286](#) refers). For passengers travelling with airlines who do not sign up to ADR for the resolution of disputes relating to Regulation (EC) 261/2004 and Regulation (EC) 1007/2006 (where the CAA is designated as a body to which passengers can complain), the CAA will provide a residual complaints service. For 2016/17, this residual service will be provided by the CAA's existing Passenger Advice and Complaints Team (PACT). For April and May 2016, the existing charges within the Air Transport Licensing Scheme and the Regulation of Airports Scheme will be recovering these costs as currently. However, with effect from 1 June 2016 the CAA proposes to introduce a new complaints-based charge which will reflect the actual demand placed on the residual service by airlines that do not voluntarily sign up to ADR.

Airspace change process (ACP)

Under Section 70(1) of the Transport Act 2000, the CAA has a statutory function to maintain a high standard of safety on the provision of UK air traffic services.

Following a major review of the ACP that was commissioned by the CAA, extra requirements were recommended for implementation to improve the overall process. As a result, the CAA will be consulting industry on the implementation of these recommendations in February 2016 and therefore will not be part of this Charges Consultation.

Chapter 4

Financial position

The CAA has made some significant improvements to its operating efficiencies in recent years while continuing to meet our regulatory responsibilities. The CAA's operating budget has reduced in real terms by 35% in the last 10 years. This is the result of reforms to the CAA's pension scheme, control of pay and operating efficiencies across all CAA activities.

However, like many other public sector organisations, the CAA is under pressure to reduce budgets still further while continuing to deliver on its core regulatory duties effectively, and in some cases take on new activities.

The target budget, on which the charging proposals have been based, has been set so that operating costs are held at 2015/16 budgeted levels², which will enable charges to remain at current levels overall. Holding the 2016/17 budget at these expenditure levels provides the CAA with a significant number of challenges which we are committed to overcome.

² Except where additional activities are required (e.g Review of London Heathrow Airport & New Runway activities)

Chapter 5

Proposals for individual schemes

Having set out the background to these proposals and the CAA's overall financial position, the remainder of this document focuses on proposals for each of the Charges Schemes that are maintained by the Regulatory Sector. For the purposes of financial analysis within this document, the Aerodrome Licensing and Aerodrome ATS Regulation Scheme, the En Route ATC Services Regulation Scheme and the Air Traffic Controllers (ATCO) Licensing element of the Personnel Licensing Scheme relating to SARG, have been taken together, as proposals for these three areas of regulation have been developed as a single package.

The main pricing strategy for 2016/17 is zero price increases from the current year (2015/16). However, due to the reallocation of the costs of the Passenger Advice & Complaints Team as a result of the UK implementation of the European Alternative Dispute Resolution (ADR) Directive, price reductions have resulted within the Air Transport Licensing and Economic Regulation of Airports Schemes.

There are a number of individual structural changes resulting from changes to EASA / Air Navigation Order (ANO) regulations that are described under sections 5.1 to 5.3 below.

Safety regulation schemes of charges

5.1 The structural changes and pricing proposals of the Safety Regulation Schemes are detailed below:

Air Operator and Police Air Operator certification scheme

Structural changes

i. **Variation to add an aircraft type to an AOC or PAOC**

Where an AOC holder wishes to add a new aircraft type to its existing fleet, the current Scheme is not clear on whether that aircraft type/variant is materially different, or not, to an existing approved aircraft type already

operating under the AOC. In the CAA's decision process, if it is deemed to be not a material difference, then the aircraft type would be added to the AOC at no charge but where there were deemed material differences then the full charge under paragraph 3.2 would be applied.

It is therefore proposed to provide clarity on when the CAA will charge to add an aircraft type/variant to an existing AOC/PAOC by reference to the EASA Type Certificate Data Sheets (TCDS) (aeroplanes) or to the EASA Type Rating and Licence Endorsement List (helicopters). These two sources will provide a definitive list of aircraft variants under type to which reference may be made by the prospective applicant via the CAA web site prior to making an application to the CAA. It is planned to make these lists available by 1 June 2016 when it is intended that the updated Scheme will be implemented. These documents will be maintained and periodically updated by the CAA.

As the additional aircraft type/variant applications are fairly limited in number per annum, the affect upon income generation is not expected to be material.

Pricing proposals

It is proposed that all charges within this Scheme will remain at 2015/16 prices.

Full details of the proposals for this Scheme are contained in the [enclosure](#).

Airworthiness scheme

Structural changes

- i. [Brazilian Bilateral Air Safety Agreement and Approved Part-145 Aircraft Maintenance Organisations](#)

The Brazilian / EU Bilateral Air Safety Agreement requires the oversight of the National Civil Aviation Agency (Agência Nacional de Aviação Civil in Portuguese), also known as ANAC, RBHA³ 145 Approved Maintenance Organisation Repair Station Certificate holder that also holds a valid

³ RBHA means 'Brazilian Aeronautical Certification Regulation' in Portuguese.

EASA Part-145 approval issued by the UK to be transferred to the UK. The new bilateral is similar in type to the existing USA (Federal Aviation Administration (FAA)) and Canadian (Transport Canada Civil Aviation (TCCA)) Bilaterals already incorporated within the Scheme. As a consequence, the proposed charges will accord more to those applicable for the TCCA. (See section 3.6.5 of the Airworthiness Scheme Enclosure for further details.)

As the number of Brazilian held Part-145 approvals are very few, the impact on income generation is not expected to be material.

ii. [Part-145 and Part-M SpF privileges to issue ARCs](#)

Following the UK implementation of Commission Regulation (EU) 2015/1088 published on 27 July 2015, in respect of ELA 1⁴ aircraft not involved in commercial operations, Part-145 or Part-M Subpart F maintenance organisations performing the annual inspection contained in the maintenance programme may, if appropriately approved, perform the airworthiness review and, subject to this being satisfactory, issue the corresponding Airworthiness Review Certificate (ARC) and send a copy to the CAA accordingly. A further privilege would be available for Part-145 and Part-M Subpart F approval holders in respect of ELA 2⁵ aircraft not involved in commercial operations, to be able to process the approval of maintenance programmes.

It is proposed to charge the same price as applicable to a variation to a Part-M Sub Part F approval being £866 and being subject to excess hour charges. If both the above privileges were applied for on the same application, then the initial application charge would remain at £866 but subject to excess hour charges. Any approved Part-145 or Part-M Subpart F maintenance organisation approved to issue ARCs in respect of ELA1 aircraft may be authorised to use the CAA's ARC Online system and pay the same charges as currently applicable to approved Continued

⁴ ELA 1 - European Light Aircraft 1 as defined in Article 2 of Commission Regulation (EU) No 1321/2014.

⁵ ELA 2 - European Light Aircraft 2 as defined in Article 2 of Commission Regulation (EU) No 1321/2014.

Airworthiness Management Organisations (CAMOs). The income generated from this proposal is not expected to be significant.

iii. [Part 21G approvals](#)

Currently there is only one initial charge for a Part 21G approval which covers a variety of ratings from full production of aircraft to the production of small components related to the build of an aircraft. As a consequence and in line with the regulatory involvement, it is proposed to split the initial application charge between the larger A and/or B ratings from the smaller C and/or D Part 21G ratings. The proposed charges would be £13,464 for the A and/or B ratings and £3,366 for the C and/or D ratings. The initial fees are already subject to additional charges for excess hours incurred in processing the application and therefore the impact upon income is not expected to be significant.

The annual fee for a Part 21G approval holder will continue to be £3,366 for the C and/or D rated organisations. There will be no impact on income generation as these organisations already provide a certificate of annual turnover to the CAA that permits the current lowest charge of £3,366 to apply.

iv. [BCAR chapter A8-20 approval transmissions](#)

In the CAA's drive to rationalise its BCAR approvals to fall more in line with those from EASA, the CAA has informed industry over the last two years that it wishes the BCAR Chapter A8-20 approval holders to convert to BCAR Chapter A8-23, A8-24 and/or A8-25 approvals. The CAA informed industry in December 2014 that the BCAR Chapter A8-20 approvals will no longer be valid after 31 January 2016 and that all applications to convert must be received by this date. As a consequence, the associated charges for E4/M5 approvals will be deleted. The impact on income generation will not be material.

v. [Aircraft group ratings](#)

Following a review carried out by the CAA in 2014 into the way that aircraft types have been listed on EASA approval certificates, a decision

was taken (and conveyed to industry via issue of CAA Information Notice 2014/106 on 24 June 2014), to consolidate individual aircraft types into generic groups for holders of A2, A3 and A4 ratings. The revised policy applies to non-complex aircraft defined in Article 3 of Regulation (EC) No. 216/2008, with the exception of multi-engine helicopters. The new groups within the A2 and A3 ratings are based on the group ratings established by EASA for Part-66 aircraft maintenance engineer's licenses. Aircraft that fall into the A4 rating, remain subject to National licensing requirements.

Where an approved organisation intends to add aircraft within an existing group rating, it is not necessary to submit a variation application to the CAA. Changes to the 'Scope of Work' within an existing group may be accomplished by submitting an amendment to the organisation's exposition. Where a new group rating or individual aircraft type rating is required, a variation application must be submitted to the CAA along with the fee prescribed in the Airworthiness Scheme of Charges.

The CAA is now proposing to amend its charging structure with regard to aircraft rating groups to accommodate this change. The proposal is as follows:

- Delete paragraph 3.6.3 e) – this has now been overtaken by the new CAA approach to aircraft rating groups.
- All variations for Part-M Subpart F approvals to be at £866 per application, subject to excess hour charges in accordance with the Airworthiness Scheme, regardless of the number of separate requirements contained within that application subject to the existing excess hour charges.
- All variations for Part-145 approvals to remain at £1,667 excepting the following where the charge is £866 per application, subject to excess hour charges in accordance with the Airworthiness Scheme, on the basis that all separate requirements under the application relate to one or more of the following:
 - Adding an A2, A3 or A4 aircraft rating group;

- Adding a single aircraft type relating to an A2, A3, or A4 rating for which the organisation does not already hold the group;
- All variations for Part-M Subpart G approvals remain at £1,667 excepting those applications that contain only the addition of aircraft not exceeding 5,700kg where the application fee will be £866 subject to excess hour charges in accordance with the Airworthiness Scheme.
- Where a concurrent application for Part-M Subpart F and Subpart G is made then the application charge will continue to be £1,667 subject to excess hour charges in accordance with the Airworthiness Scheme.

The impact on income generation is unlikely to be significant as a result of this proposal as its main purpose is to make the application process with regard to charging easier to understand and apply.

Pricing proposals

Subject to the above structural changes, it is proposed that all existing charges within this Scheme will remain at 2015/16 prices.

Full details of the proposals for this Scheme are contained in the [enclosure](#).

Personnel licensing scheme

Structural changes

i. Major organisational or management changes

Currently, there is no initial application charge in respect of major organisational or management changes concerning Flying Training ATOs⁶ and Part-147 Engineering ATOs, only a maximum charge of £49,600 with hours incurred invoiced monthly in arrears – paragraphs 7.10 (Flying Training ATO) and 8.4 (Part-147 Engineering ATO) of the Scheme refers.

⁶ ATO means Approved Training Organisations.

In keeping with other charge types within the Scheme, it would be consistent to apply an initial application charge being subject to additional hourly charges up to the maximum of £49,600.

Therefore, it is proposed to introduce an initial application charge of £1,000 subject to additional charges, as currently, at £170 per hour up to a maximum charge of £49,600 in any year or part of a year during which the investigations are carried out.

There would be no impact on income generation.

ii. **Part-147 engineering course approvals**

Currently, there is no excess hour charge provision for Part-147 Organisation course approvals. This is inconsistent with the Flying Training ATO charges.

Therefore the proposal is to mirror the excess hour provisions current under paragraphs 7.9.2 and 7.9.3 relating to Flying Training ATOs, being excess hour charges at £170 per hour for initial and variation applications up to a maximum of £49,600.

The Part-147 Organisation charges are considered reflective of the work conducted and therefore the impact upon income generation should be minimal unless poorly completed applications are received.

iii. **Medical examination charges**

The CAA has consulted with industry on the future structure of its Medical Department so as to enable segregation of service provision from the duty of the CAA to regulate medical pilot and ATCO examinations. The CAA Board has proposed closing the CAA's Aeromedical Centre and withdrawing the current CAA medical examination fees in the next Scheme of Charges. CAA colleagues within the Medical Department are currently being consulted on re-organisational issues, the results from which are expected to be reviewed during the Charges Consultation period. Industry will be informed as to the resultant changes and associated time periods for transition.

It is expected that the resultant reduction in examination income will be matched by savings within the re-organised Medical Department.

- iv. [Charges for the addition of sailplane ratings to existing Sailplane Pilot Licence \(SPL\) / Light Aircraft Pilot Licence \(Sailplane\) \(LAPL\(S\)\) on recommendation received by the CAA from the British Gliding Association \(BGA\)](#)

The BGA is currently making recommendations to the CAA to gradually convert holders of the BGA Gliding Certificates to EASA LAPL(S) or SPL Licences with or without appropriate Sailplane Instructor/Examiner privileges. Charges are applied as per the Scheme of Charges for the CAA to convert these applications. Following current EASA-FCL Regulations, it is required that these BGA Certificates must be converted by 7 April 2018 for pilots to be able to fly EASA type sailplanes as from 8 April 2018. This transition period is currently under review by EASA as to the future regulatory requirements for sailplanes.

Once the LAPL(S) or SPL licence has been granted then any subsequent application to add a rating or certificate to the LAPL(S) or SPL currently would attract a fee of £88. However, where the BGA reviews an application from a sailplane licence holder to add a rating or certificate to his/her licence, and subsequently recommends to the CAA for the CAA to issue such rating or certificate, it is proposed that the applicant pays the CAA a charge of £38 for each rating or certificate granted.

- v. [National accreditation of awarding organisations to conduct EASA Part-66 training courses by its training centres](#)

During 2015, the CAA agreed to approve applications received from organisations that wished to be accredited as awarding organisations in respect of conducting EASA Part-66 training courses by its training centres. The proposed initial charge of £3,574 was applied with any excess hours being charged at £170 per hour up to a maximum of £9,870 in any year or part of the year in which the investigations for the approval was carried out by the CAA. An annual continuation charge of £3,574, due

on 1 June 2016 and thereafter annually on 1 April each year, is also proposed to apply.

The increase in income generation is not likely to be material for 2016/17.

Pricing proposals

Subject to the above structural changes, it is proposed that all existing charges within this Scheme will remain at 2015/16 prices.

Full details of the proposals for this Scheme are contained in the [enclosure](#).

Aerodrome licensing and aerodrome ATS regulation scheme

Structural changes

i. Rescue and firefighting services (RFFS) – approved training providers

Following the progress concerning the training of aerodrome RFFS personnel following transition to Commission Regulation (EU) No. 139/2014 (Aerodromes) (EU Rules), the CAA will no longer approve training providers for the delivery of structured learning and assessment programmes. The responsibility for ensuring that personnel are trained, equipped and qualified to operate in the aerodrome environment will rest with the aerodrome operator.

As a consequence, para 5.2 of the Scheme concerning RFFS Approved Training Providers, will be deleted with a resultant income loss of approximately £25k per annum.

ii. Air Navigation Service Provider (ANSP) certification and designation charges for Air Traffic Control Services

Currently, there is only provision in the Scheme to apply excess hour charges in respect of initial application to certify an organisation to provide ATC services at UK aerodromes up to a maximum of £82,900 in any 12-month period following receipt of the application. A concurrent application for an ATC service ANSP to be certified and designated, or for an existing certified ATC ANSP to be designated at a new location, is not subject to excess hour charging.

This is inconsistent, and therefore it is proposed to introduce excess hour charging for an application for designation of a certified ANSP for ATC services at an aerodrome(s), to adopt a maximum excess hour charge equivalent to an extra 70 hours (£11,620) above the relevant initial charge under Table 4 of the Scheme during any year, or part of the year in which the investigations are carried out by the CAA.

Where a concurrent application is received for certification as an ANSP for ATC services together with designation at one or more aerodromes, a combined excess hour charging will apply. For example, for a concurrent application to grant ANSP ATC services plus designation at two aerodromes the maximum excess hour charge per year or part of the year in which the investigations are carried out by the CAA will be a combined maximum charge composed of i) certification of the ANSP for ATC services, £72,060, plus ii) designation per aerodrome, £23,240 (£11,620 x 2).

As the occasion of new ANSPs providing ATC services at UK aerodromes is relatively rare the impact on income generation is not expected to be significant.

iii. Meteorological (MET) ANSP charges

All ANSP types are currently subject to an annual charge excepting the MET ANSP service. It is proposed to introduce an annual charge for the MET ANSP of £864 (resources akin to that for the current Commercial AIS ANSP). The impact on income generation is not expected to be material but with the possibility of 58 UK aerodromes at which MET services are currently provided by 26 UK MET providers the number of MET providers could extend to incorporate MET provision by foreign organisations and so potentially an additional £28k per annum could be generated.

The impact on income generation is not expected to be significant but will ensure direction is taken to secure full cost recovery.

iv. **London airport new runway**

Once the UK Government has made its decision on whether London Heathrow or London Gatwick airport will be approved to construct a new runway, the associated airport development regulatory charges to recover the costs incurred will be agreed directly with the London airport concerned and will not form part of this Charges Consultation. The CAA will also be commencing some work before the Government decision. The recovery of these costs will also be agreed directly with Gatwick and Heathrow airports.

Pricing proposals

Subject to the above structural changes, it is proposed that all existing charges within this Scheme will remain at 2015/16 prices.

Additionally, it has been assumed that Work Load Unit volumes, being the metric that drives the Aerodrome and ATS variable charges, will increase by 4.3% relative to the forecast for the financial year 2015/16.

Details of the changes made are contained in the [enclosure](#).

General aviation scheme (excluding air display and low flying permission proposed charges)

Structural changes

i. **Safety standards acknowledgement & consent (SSAC)**

SSAC was introduced by the CAA in April 2015 in collaboration with industry to allow experience flights to take place in historic military aircraft and CAP632 provides information concerning SSAC. Although a few organisations have assisted the CAA in applying this concept it is now proposed to make an initial charge of £3,360 based on an average 21 hours work to process this type of application. The same charge is proposed to apply for annual continuation of the approval to be payable on 1 April each year under issue of a CAA invoice. The impact on income generation is not expected to be material.

ii. [Part-NCC and Part-SPO declarations](#)

In preparation for the adoption by the CAA of Part-NCC (Non-Complex Commercial Aircraft Operations) the General Aviation and the Aerial Application Certification Schemes have already included a charge of £112 for the initial declaration and variation charge of £81. However, in light of more detailed information being obtained from EASA, the initial charge is proposed to be levied in respect of each aircraft rather than per declaration where the declaration may contain more than one aircraft. This is because it is required to investigate the operational, maintenance and registration documents that apply to each aircraft.

In anticipation of the introduction of Part-SPO (Special Operations) and declarations being made later in 2016/17 for identification by its introduction in April 2017, it is proposed to charge the same initial declaration charge of £112 per aircraft under Part-SPO.

The variation charge will remain as a per declaration charge regardless of whether the aircraft contained in the variation declaration relates to Part-NCC and/or Part-SPO.

There have been no declarations received to date. The impact upon income generation in 2016/17 is expected to result in approximately £40k by the UK's adoption deadline of Part-NCC being 26 August 2016 and Part-SPO in April 2017.

iii. [UK national qualified entities \(NQU\) for small unmanned aircraft of weight up to 20 kg](#)

During 2015, the CAA introduced approval of National Qualified Entities to undertake pilot competency assessments of operators of small unmanned aircraft having a mass of not more than 20 kgs without its fuel. Two levels of NQE system are available: the Full and the Restricted Category. Reference should be made to the [CAA Information Notice No. IN-2015/08](#) issued on 6 March 2015.

The number of NQE applications expected during 2016/17 is not expected to be significant and therefore the impact on income generation will not be material.

The individual prices already applied are now contained within the Scheme Enclosure under paragraph 3.8.

Pricing proposals

Subject to the above changes and the Air Displays and Low Flying Permission charge proposals, the details of which are contained in the separate CAA Air Display and Low Flying Permission Charges Consultation running between 1 February and 29 February 2016, it is proposed that all remaining existing charges within this Scheme will continue unchanged at 2015/16 prices.

Full details of the proposals for this Scheme are contained in the [enclosure](#).

Aerial application certificates scheme

Structural changes

i. Part-NCC declarations

As Part-NCC is not referring to Aerial Application Certificates and work concerning the implementation of Part-SPO is yet to be finalised by the CAA, it is proposed to remove paragraph 2.3 from the Scheme. Once the CAA has finalised the Part-SPO differentiation between applicability with the Aerial Application Certificates and the General Aviation Schemes then further proposals will be made in time for implementation of the 2017/18 Schemes.

No declarations have been received to date under this Scheme.

Pricing proposals

Subject to the above change, it is proposed that all remaining existing charges within this Scheme will continue unchanged at 2015/16 prices.

Full details of the proposals for this Scheme are contained in the [enclosure](#).

Aircraft registration, registration of aircraft mortgages and aircraft dealer certification scheme

Structural changes

i. Experimental aircraft category (E Conditions)

Operating an aircraft under E Conditions is a means to fly an experimental prototype or modified aircraft in order to test a concept in the air without having to comply with the normal procedures contained in CAP553 BCAR Section A, Chapters A8-1, A8-9 and A8-21 for CAA approved Design and Production Organisations relating to new modern light aircraft types and particularly kits. The CAA has published guidelines under [CAP1220](#).

The fundamental principle of an operation under E Conditions is that a Declaration is submitted to the CAA by someone who has been accepted as being competent and who will take sole responsibility for the safe conduct of the experimentation – the Competent Person.

It is proposed to charge £51 for a new Declaration and a further £51 should a supplementary Declaration be received that alters the E Conditions declared flight test period.

Volumes are estimated at no more than 20 per annum and therefore the impact on income generation not expected to be material.

Pricing proposals

Subject to the above changes, it is proposed that all remaining existing charges within this Scheme will continue unchanged at 2015/16 prices.

Full details of the proposals for this Scheme are contained in the [enclosure](#).

Instrument flight procedures scheme

Structural changes

i. [Air traffic control surveillance minimum altitude charts \(ATCSMAC\) reviews](#)

As from 1 April 2010, the CAA outsourced the design of Instrument Flight Procedures (IFP) to industry thus creating a clear divide between service provision and CAA regulation. The ATCSMAC Reviews, although under the umbrella of IFPs, were not included in the original outsourcing and have always been carried out as a separate function at a separate time.

It is the CAA's intent to align the ATCSMAC and the Instrument Approach Chart reviews together under IFP at the 45 aerodromes currently within scope. This proposed change will accommodate clear separation between service provision (industry) and regulation (CAA). It is proposed to charge £320 to review an ATCSMAC compiled by an Approved Procedure Designer (APD) and sent to the CAA for approval.

The level of income generation is not expected to be significant but will ensure cost recovery is achieved.

The CAA is also consulting directly with industry on the outsourcing of ATCSMAC designing, on 1 February 2016 allowing 6 weeks for comments to be received by the CAA. The decision taken by the CAA resulting from the review of comments received will influence whether the above proposal will be processed into the IFP Scheme with effect from 1 June 2016.

Pricing proposals

Subject to the above changes, it is proposed that all remaining existing charges within this Scheme will continue unchanged at 2015/16 prices.

Full details of the proposals for this Scheme are contained in the [enclosure](#).

5.2

Markets and consumers schemes of charges and economic regulation of NATS

During 2015/16 the main activities in relation to the economic licensing of Heathrow and Gatwick airports under the Civil Aviation Act 2012 have been focussed on monitoring each airport's overall performance relative to the regulatory assumptions on items such as passenger numbers, service quality, capital expenditure, operating expenditure, etc. As part of this activity we have been reviewing the operation of the airport licences e.g. with respect to improving operational resilience. We have also reviewed the governance arrangements for the service quality regime at Heathrow and have been preparing to commission a detailed audit of the service quality regime at Heathrow and at Gatwick.

2016/17 will see work begin in earnest on the next review of the economic regulation of Heathrow during the next price control period that starts on 1 January 2019 (known as H7). The CAA is planning to publish a "scene setting" document for the review early in 2016 and during 2016/17 expects to carry out some of the detailed analytical work associated with a review. For this purpose, the CAA will be seeking external professional support and proposes therefore to re-instate the "Airports Review Charge" for Heathrow. At previous reviews this has been charged on a per arriving passenger basis but for 2016/17 the CAA is proposing a charge reflecting the actual professional fees in the previous quarter.

In relation to Gatwick, the CAA will be carrying out later in 2016/17 an interim review of the framework for the economic regulation of that airport. The current framework as set out in Gatwick's economic licence is based on commitments given by the airport to its airline customers for the period until 31 March 2021.

Financial provision has also been made for work to support the creation of new airport capacity in South-East England on which a Government decision may be made by the summer of 2016. In the light of that decision the CAA will be continuing to explore the options for regulating new airport capacity.

For NATS, 2015/16 has seen the continuing stages of a review of the provisions of the NATS En Route PLC (NERL) licence in particular in relation to governance and

ring-fencing. This is expected to be concluded by the end of 2015/16 with new licence arrangements coming into effect at the start of 2016/17. The system failure at Swanwick in December 2014 (following another incident a year before) led to an independent enquiry that reported in May 2015. The report made 31 recommendations of which 10 were directed to the CAA or jointly to the CAA and NATS. Work on implementing these recommendations is expected to be largely completed during 2015/16 with a small number extending into 2016/17. The CAA will also continue to oversee the effective operation of the NERL licence.

We are an active member of the UK Regulators Network (UKRN) with the UK's other economic regulators. The UKRN works to achieve coherent and consistent economic regulation across regulated sectors, working together to improve the environment for efficient investment in the UK's infrastructure.

The CAA has a continuing role as a concurrent competition authority with the Competition and Markets Authority (CMA) for Air Traffic Services (ATS) and Airport Operation Services (AOS). During 2015/16 the CAA has concluded consultation and issued guidance on how it exercises its competition powers in these two areas and on how it applies the Airport Charges Regulations. We are investigating an alleged breach by an airport of the Competition Act 1998 which will continue into 2016/17. There will be further work on the implementation of the Groundhandling Regulations. We also keep under review the provision of ATS and AOS and from time to time publish reports and studies relating to these two sectors. The CAA is an active member of the UK Competition Network alongside the CMA and other concurrent regulators. The UKCN meets regularly to discuss matters of common interest.

The CAA has continued to take an active approach to consumer law. During the past year the CAA has focused on ensuring airlines and airports provide information to consumers about the services they provide for passengers with reduced mobility. It has also implemented a new approach to industry compliance with legislation protecting passengers during disruption. This approach is based on airlines overseeing their own compliance and reporting on that to the CAA and the public. This approach will continue over the next few years. The Consumer Enforcement team has worked with the Policy Programme Team (PPT) to establish the function of 'Competent Authority' under the ADR (Alternative Dispute Resolution) Regulations.

This is a new role for the CAA and sits within Consumer Enforcement. It has responsibility for considering applications from organisations wishing to be ADR providers for our sector, as well as monitoring their performance and compliance with the terms of any approval. The responsibilities of airlines under the Regulations to provide information to passengers complaining about their flights will be monitored and compliance work may follow.

Air transport licensing scheme

Structure changes

i. Alternative dispute resolution (ADR)

The CAA is required to be a regulator and should therefore avoid situations where it is also a service provider as a conflict of interest could result. The CAA believes that the future of consumer complaints handling in aviation lies not in the CAA handling individuals' complaints as it current does, but in private ADR schemes, such as consumer ombudsmen. These bodies are directly funded by the businesses that use them, but have clear and independent governance, with oversight provided by the relevant regulator in the form of a competent authority (the CAA in the case of aviation).

Following the UK implementation of the European Alternative Dispute Resolution (ADR) Directive, the CAA consulted extensively with industry on its policy to incentivise in the development of ADR in the UK aviation sector. This would result in the withdrawal of the CAA's own passenger complaint handling service if sufficient voluntary uptake of ADR is achieved (CAP1286 refers). In the meantime the CAA will provide a residual complaint handling service for the customers of airlines who do not voluntarily sign up to private ADR. For 2016/17, this residual service will be provided by the CAA's existing Passenger Advice and Complaints Team (PACT). For April and May 2016, the existing charges within the Air Transport Licensing Scheme and the Regulation of Airports Scheme will be recovering these costs as currently. However, with effect from 1 June 2016 the CAA proposes to introduce a new complaints-based charge of

£150 (payable by the associated airline) which will reflect the actual demand placed on the residual PACT service by airlines that do not voluntarily sign up to ADR. This will mean that airlines who sign up to ADR will not face the costs of the residual PACT service.

With regard to the CAA's role as a competent authority, it is proposed to charge £5,600 for the initial application from prospective ADR entities for approval by the CAA as an ADR entity for the UK aviation sector. Further, an annual charge of £13,440 to account for the CAA resources required to meet the requirements under the EU Directive is also proposed to be payable by each CAA-approved ADR entity. There have been only three applications received to date on which this proposal has been based. There is no variation charge proposed for 2016/17 but will be considered for proposal to the 2017/18 Scheme.

Expected application volumes are difficult to predict at present but are not likely to exceed 5 applications during 2016/17. Therefore, the impact on income generation is likely to be around £10k.

Pricing proposals

i. Fixed charges

It is proposed that all existing fixed charges within this Scheme will remain at 2015/16 prices.

ii. Variable charges

The variable charges are based on revenue passenger kilometres flown and cargo tonne-kilometres flown. It is proposed to reduce the variable charge by 33.0%, reflecting a more accurate allocation of PPT costs across the Schemes.

The proposed charges as from for 1 June 2016 are:

- 0.53 pence (2015/16: 0.79 pence) for every 1,000 revenue passenger-kilometres (RPK) flown.

- 2.65 pence (2015/16: 3.95 pence) for every 1,000 cargo tonne-kilometres (CTK) flown.

Additionally, it has been assumed that RPK volumes will increase by 2.3% relative to the forecast for the financial year 2016/17.

Full details of the proposals for this Scheme are contained in the [enclosure](#).

Regulation of airports scheme

Structural changes

i. Review of London Heathrow airport charges

2016/17 will be the first full year of the CAA's review of Heathrow Airport for the purposes of setting price controls and related conditions from 1 January 2019 through licence modifications made under section 22 of the Civil Aviation Act 2012.

At previous reviews, the CAA has recovered the costs of external professional fees through an Airports Review Charge on a per arriving passenger basis. Since the CAA's external costs do not vary according to passenger volumes we are proposing to charge Heathrow Airport Limited (HAL) a quarterly charge in arrears reflecting actual CAA professional fees incurred. The impact upon income generation will be cost neutral as the charge will relate to actual costs incurred.

As this charge is required to commence as from 1 April 2016, the CAA will consult directly with HAL on cost recovery and therefore will be outside of this Charges Consultation.

ii. Groundhandling applications

This Scheme already has a charge under para 2.2 where a managing body of an airport makes an application to the CAA for a determination under the Airports (Groundhandling) Regulations 1997 (as amended). The current application charge of £500 has not changed for many years and now falls far short of the expected CAA resource in making a determination.

It is proposed that the initial charge is increased to £1,000 with a further charge due of £15,000 payable by the applicant, on receipt of a CAA invoice, at the point when the CAA decides that a CAA Public Hearing is necessary to resolve the issue.

Pricing proposals

The impact of the introduction of the ADR Scheme (see paragraph 5.2.2.1 above) has been taken into account in deriving the overall proposed changes to the respective variable charge rates under this Scheme, being:

- 4.70 pence (2015/16: 4.75 pence) per arriving passenger for Civil Aviation Act 2012 Chapter 1 airport licences; and
- 1.39 pence (2015/16: 1.41 pence) per arriving passenger for other airports not subject to Civil Aviation Act 2012 Chapter 1 licences but attracted more than 500,000 arriving passengers in the year ended 31 March 2016.

Full details of the proposals for this Scheme are contained in the [enclosure](#).

Economic regulation of NATS

It is noted that although not a CAA Scheme of Charges, the proposal for the CAA Licence fee payable by NERL for the economic regulation of NATS will be directly consulted on with NERL and therefore will be outside of this Charges Consultation, as the Licence fee is required to commence as from 1 April 2016.

5.3

Consumer protection scheme of charges

The proposed structural changes and pricing proposals of the Consumer Protection Scheme are detailed below:

Air Travel Organisers' licensing scheme

Structural changes

i. Ownership and control changes for standard ATOLs

The current charge of £500 for the CAA to assess a Standard ATOL following a change in ownership and/or control has proved to be inadequate to cover the associated costs upon the event of a major transaction in the share capital of that ATOL or gaining significant influence over the Standard ATOL holder or the ATOL holder's group.

Where a change in the shareholders, or group of shareholders, takes place which can include gaining significant influence over the ATOL holder or the ATOL holder's group, the ATOL holder must pay £500 at the time the ATOL holder informs the CAA. In addition, it is proposed that the ATOL holder pays excess charges at £170 per hour that are incurred in assessing the impact upon the ATOL's ownership and/or control up to a maximum of £80,000.

The impact upon income generation is highly dependent upon ATOL holders, but this proposal will ensure that where the event does occur, then the CAA will be able to recover its associated costs from the ATOL holder that has caused those costs to be incurred.

ii. ATOL consultant

The Consumer Protection Group (CPG) are currently finalising a new ATOL online system that is planned to go live during April 2016. This system will provide basic ATOL holder information which can be accessed and updated by ATOL consultants appointed by individual ATOL holders who have been authorised by the CAA to access the system.

It is proposed that individuals or organisations that wish to be registered as an ATOL consultant with access to the ATOL online system must pay £200 once every three years to cover the CAA costs of carrying out fitness checks prior to authorisation. It is also proposed to charge £200 once every 3 years for an update to the fitness checks in line with the rule

for fitness checks on ATOL directors. This income will be a contribution towards the maintenance of the data held on the ATOL online system.

The impact upon income generation is dependent on the uptake of applications to be registered as an ATOL consultant but it is expected to be in the order of £5k maximum every third year.

iii. **New franchisee charging mechanism**

Currently, an applicant who wishes to become a new Franchisee is required to pay a fixed fee of £20,000. Following a review of the associated work with this type of application, it is proposed that the initial charge be reduced to £10,000 but subject to additional charges up to a maximum of a further £10,000 in respect of legal, accountancy, financial and other professional advisers' expenses incurred by the CAA in order to review the more complex application.

The impact upon income generation is not expected to be material but would better reflect a more equitable cost recovery mechanism.

Pricing proposals

i. **Small business ATOL renewal charges**

Following the review of the Small Business ATOL (SBA), it was decided to introduce a requirement for all SBA businesses to meet a basic solvency test. This will apply to both new entrants and existing businesses. As a result of this additional test now required for SBAs, it is proposed to increase the renewal charges by £50 as follows:

Small business ATOL	2015/16 charge	Proposed 2016/17 charge
Application for renewal of a SBA (received by the applicable date) – Not paid by Direct Debit	£780	£830
Application for renewal of a SBA (received by the applicable date) – Paid by Direct Debit	£640	£690
Application for renewal of a SBA (received after the applicable date) – Not paid by Direct Debit	£915	£965
Application for renewal of a SBA (received after the applicable date) – Paid by Direct Debit	£840	£890

Additionally, it has been assumed passenger / seat volumes will decrease by 5.5% relative to the forecast for the financial year 2015/16.

Subject to the above changes, it is proposed that all remaining existing charges within this Scheme will continue unchanged at 2015/16 prices.

Full details of the proposals for this Scheme are contained in the [enclosure](#).

Chapter 6

Conclusion

Full details of all the proposed revisions to the existing Schemes are contained in the enclosures, listed below:

- a) Safety and airspace regulation schemes of charges
 - i. Air operator and police air operator schemes of charges
 - ii. Airworthiness scheme
 - iii. Personnel licensing scheme
 - iv. Aerodrome licensing and aerodrome ATS regulation scheme
 - v. General aviation scheme (excusing air display and low flying permission proposed charges)
 - vi. Aerial application certificates scheme
 - vii. Aircraft registration, registration of aircraft mortgages and aircraft dealer certification scheme
 - viii. Instrument flight procedures scheme
- b) Markets and consumers schemes of charges
 - i. Air transport licensing scheme
 - ii. Regulation of airports scheme
- c) Consumer protection schemes of charges
 - i. Air Travel Organisers' licensing scheme

Appendix A

Summary of safety regulation operating results by charges scheme

Safety Regulation Activities	12 Months to 31 March 2016						12 months to 31 March 2017		
	Budget			Forecast			Target Budget		
	Income	Costs	Profit / (Loss)	Income	Costs	Profit / (Loss)	Income	Costs	Profit / (Loss)
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Air Operator Certification	21,333	20,634	699	21,095	21,036	59	21,390	21,108	282
Airworthiness	11,902	10,769	1,133	11,163	10,981	182	11,189	11,017	172
Personnel Licensing	11,260	11,807	(547)	10,748	12,041	(1,293)	10,300	11,134	(834)
Aerodrome Licensing	8,414	7,350	1,064	8,438	7,495	943	8,621	7,520	1,101
En Route ATS Regulation	3,880	3,599	281	3,880	3,670	210	3,880	3,682	198
General Aviation & AAC	309	446	(137)	516	585	(69)	879	986	(107)
Aircraft Registration	493	435	58	521	444	77	526	445	81
Other Activities	453	453	-	279	279	-	157	157	-
Total	58,044	55,493	2,551	56,640	56,531	109	56,942	56,049	893

Appendix B

Detailed summary of safety regulation operating results by charges scheme

	12 Months to 31 March 2016						12 months to 31 March 2017		
	Budget			Forecast			Target Budget		
	Income	Costs	Profit / (Loss)	Income	Costs	Profit / (Loss)	Income	Costs	Profit / (Loss)
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Airworthiness Scheme									
Series / Exports, Modifications & Prototype	4,673	3,209	1,464	3,824	3,272	552	3,825	3,282	543
Renewals - C of A's	1,580	1,454	126	1,597	1,483	114	1,613	1,488	125
Permits to Fly	237	915	(678)	223	933	(710)	225	936	(711)
Total Certification	6,490	5,578	912	5,644	5,688	(44)	5,663	5,706	(43)
Total Approval	5,412	5,191	221	5,519	5,293	226	5,526	5,311	215
Total Airworthiness Scheme	11,902	10,769	1,133	11,163	10,981	182	11,189	11,017	172
Personnel Licensing Scheme									
Professional	7,528	7,882	(354)	7,343	8,039	(696)	6,906	7,469	(563)
Private	1,069	1,124	(55)	801	1,146	(345)	765	800	(35)
Air Traffic Controller	510	708	(198)	445	722	(277)	449	724	(275)
Simulator Approvals	552	566	(14)	444	577	(133)	448	454	(6)
Engineer Licensing	1,601	1,527	74	1,715	1,557	158	1,732	1,687	45
Total Personnel Licensing Scheme	11,260	11,807	(547)	10,748	12,041	(1,293)	10,300	11,134	(834)

Cont.

Appendix B - continued

	12 Months to 31 March 2016						12 months to 31 March 2017		
	Budget			Forecast			Target Budget		
	Income	Costs	Profit / (Loss)	Income	Costs	Profit / (Loss)	Income	Costs	Profit / (Loss)
	£000	£000	£000	£000	£000	£000	£000	£000	£000
General Aviation Scheme & AAC									
Aerial Applications	0	10	(10)	11	10	1	11	10	1
Flying Displays	91	200	(109)	108	324	(216)	467	575	(108)
Parachuting Regulation (Inc. Ad Hoc Charges)	28	7	21	28	17	11	28	17	11
Other Permissions & Exemptions	190	229	(39)	369	234	135	373	384	(11)
Total General Aviation Scheme	309	446	(137)	516	585	(69)	879	986	(107)

Appendix C

Analysis of AOC cost categories

- a) The costs associated with the tables below are based upon the target budget for the year ending 31 March 2016 and are subject to change when the final budget is approved.

Analysis of AOC Cost Categories and Associated Income				
	Over 40T	Under 40T	Fixed Charges	Total
	£'000	£'000	£'000	£'000
Income	17,064	3,476	850	21,390
Costs Associated With Fixed Charges				
Grants & Variations			701	701
AOC Balloons			83	83
Leasing			88	88
Dangerous Goods			439	439
Total Costs Associated With Fixed Charges	0	0	1,311	1,311
Costs Associated With Annual Charges				
Oversight	d	2,760		5,224
Medical	1,974	452		2,426
Flying Training	1,166	913		2,079
Continued Airworthiness	1,718	0		1,718
Total Costs Associated With Annual Charges	7,322	4,125	0	11,447
Costs Associated With Variable Charges				
Research & Other Activities	1,184			1,184
Aviation Health Unit	154			154
Policy Matters & Requirements	1,499			1,499
Occurrences & MORs	635			635
General Aviation	58			58
ATS Investigation	367			367
Other / Reg Office's / Travel	774			774
Attributable Overheads	1,997			1,997
Specific Overheads	1,682			1,682
Total Costs Associated With Variable Charges	8,350	0	0	8,350
Total AOC costs	15,672	4,125	1,311	21,108
Profit / (Loss)	1,392	(649)	(461)	282

Analysis of the AOC Profit and Cross Subsidies				
	Over 40T	Under 40T	Fixed Charges	Total
	£'000	£'000	£'000	£'000
Rate of Return	251	66	21	338
Cross Subsidy within the AOC Scheme	1,197	(715)	(482)	0
Cross Subsidy between the AOC and other Schemes	(56)	0	0	(56)
Total Profit / (Loss)	1,392	(649)	(461)	282

- b) The table below shows the analysis of the income categories and associated costs relating to the AOC Scheme for the year ending 31 March 2016.

Analysis of AOC Income Categories and Associated Costs				
	Over 40T	Under 40T	Fixed Charges	Total
	£'000	£'000	£'000	£'000
Income & Costs Associated with Fixed Charges				
Income			850	850
Costs			1,311	1,311
Profit / (Loss)	0	0	(461)	(461)
Income & Costs Associated with Annual Charges				
Income	7,988	3,476		11,464
Costs	7,322	4,125		11,447
Profit / (Loss)	666	(649)	0	17
Income & Costs Associated with Variable Charges				
Income	9,076			9,076
Costs	8,350			8,350
	726	0	0	726
Total Profit / (Loss)	1,392	(649)	(461)	282

Appendix D

MCG-PPT & CPT summary of operating results by charges scheme

	Year ended 31 March 2016			Year ended 31 March 2016			Year ended 31 March 2017		
	Budget			Forecast			Target Budget		
	Income	Costs	Profit / (Loss)	Income	Costs	Profit / (Loss)	Income	Costs	Profit/ (Loss)
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Regulatory Policy Activities									
Air Transport Licensing	3,088	2,578	510	3,046	2,867	179	2,335	2,177	158
Passenger Complaints	-	-	-	-	-	-	775	775	-
Economic Regulation of Airports	3,680	3,857	(177)	3,693	4,156	(463)	3,756	3,637	119
Airports Charges Review	-	-	-	-	-	-	777	777	-
London Runway Review	-	-	-	-	-	-	1,459	1,459	-
Total Regulatory Policy	6,768	6,435	333	6,739	7,023	(284)	9,102	8,825	277
Consumer Protection Activities									
Air Travel Organisers' Licensing	5,177	4,847	330	5,362	5,262	100	5,220	4,690	530
Air Travel Trust	278	278	-	580	580	-	308	308	-
Total Consumer Protection	5,455	5,125	330	5,942	5,842	100	5,528	4,998	530
Other Activities									
Economic Regulation of NATS	1,605	1,605	-	1,455	1,455	-	895	895	-
Total Other Activities	1,605	1,605	-	1,455	1,455	-	895	895	-
Total	13,828	13,165	663	14,136	14,320	(184)	15,525	14,718	807

Appendix E

Summary of aviation security operating results by charges scheme

	12 Months to 31 March 2016						12 months to 31 March 2017		
	Budget			Forecast			Target Budget		
	Income	Costs	Profit / (Loss)	Income	Costs	Profit / (Loss)	Income	Costs	Profit / (Loss)
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Aviation Security Sectors									
Airports & Airlines	6,047	6,560	(513)	6,105	6,403	(298)	6,294	6,478	(184)
Cargo	1,457	1,640	(183)	1,376	1,752	(376)	1,376	1,771	(395)
In-Flight Service Providers	174	232	(58)	197	248	(51)	197	250	(53)
Vetting & Other	1,085	1,006	79	1,085	1,033	52	1,085	1,038	47
Total Aviation Security	8,763	9,438	(675)	8,763	9,436	(673)	8,952	9,537	(585)