



## ***CAA Strategic Plan 2011-2016 - Response to Consultation***

### ***INTRODUCTION***

The Light Aircraft Association (LAA) is the leading organisation for powered Sports and Recreational Aviation (S&RA). S&RA covers primarily non-commercial activities and personal business use, and represents an important element of UK General Aviation (GA). With more than 60 years of history, the LAA has 8,000 members and regulates approximately 4,000 light aircraft. Many of our members are individual owner/operators of light aircraft, while others operate aircraft as part of small ownership groups. To provide airworthiness services to these members, the LAA works under a delegated authority from the Civil Aviation Authority (CAA). LAA aircraft are in the group known as 'Annex II' aircraft, which currently do not fall under the jurisdiction of EASA but remain under CAA control. Our members also deal directly with the CAA on many issues of registration, licensing and medical certification, etc. The LAA therefore has a particular interest in the CAA's future strategy, as this is vital to our core function of providing a national airworthiness service to our members.

There is little specific reference to our S&RA sector, but the Strategic Plan refers to GA in several of its sections. We have responded as necessary in our detailed answers below. We welcome the recognition of the importance of GA in the introductory sections, but in terms of the general focus and balance of the document, we found a disappointing lack of strategic vision for UK GA and especially S&RA. Instead, there was a focus on the 'industry', too often casually conflated in the document with Commercial Air Transport (CAT). CAT comprises the majority of UK aviation in economic terms, but as we make clear below, GA is far from insignificant. Indeed, the majority of UK civil aircraft and flights are in the GA sector, whilst recent research indicates that GA represents a considerably larger economic slice of UK aviation than this Strategic Plan suggests. We will point to important strategic issues for the future of GA, including safety issues involving also CAT, which are missing from the Strategic Plan.

The LAA has noted that the Strategic Plan has a new focus on consumer protection and environmental issues, which will extend the Authority's regulatory role. We welcome the rejection of the extreme consumerist agenda from the DfT's 2009 consultation on the CAA's Regulatory Framework, but still have concerns that this new consumer focus will present conflicts of interest for the CAA, and distract the Authority from its traditional primary role as safety champion. Furthermore, additional activities to protect the consumer from the 'industry' will have costs, which must be borne by those whom the CAA regulates. Our members do not wish to pay for this activity directly through CAA charges. We want that cost burden laid squarely where it belongs, on CAT, and not spread across the GA sector or loaded onto the fees paid by our members for entirely unrelated services.

We also point out below that the CAA should more specifically recognise the existence of a significant and growing third sector – the private owners/operators of S&RA aircraft. For the several thousand UK Permit to Fly aircraft, as operated by our LAA members, the CAA retains national responsibility for airworthiness. We hope that the CAA will work with us to develop a better regulatory regime for these aircraft, which builds upon the latest developments in technology and operational capabilities. It is through recognition of these recent advances that S&RA safety performance will be most effectively advanced in the future. The Authority should also recognise key environmental challenges for light aviation and through proportionate regulation, encourage UK industry to address them as business opportunities.

This nationally-regulated S&RA sector should not be seen by the CAA as a remnant of its previous role, now mostly assumed by EASA, but as a potentially thriving sector from which our UK engineers and aviation businesses can take on the global competition!

## **ANSWERS TO SPECIFIC CONSULTATION QUESTIONS**

### **THE UK AVIATION SECTOR**

*Would you agree that this is a fair representation of the strategic issues facing the UK aviation sector over the next five years?*

**The Role and Importance of GA.** We welcome the recognition, in the first section of this document, of the value of GA to the economy and to its importance for the UK aviation sector generally. Using CAA 2006 figures, GA represented about £1.4bn, or 14% of the UK aviation sector in terms of economic activity. However, a more recent study by PriceWaterhouseCoopers<sup>1</sup> on the value of Business and General Aviation found that the contribution to the UK economy was £3.7bn, equivalent to 0.2% of UK economic activity, with 50,000 people directly employed. There are about 21,000 active Private Pilots. GA includes the great majority of UK-registered civil aircraft. CAA statistics for January 2011 indicated that 20,379 civil aircraft were registered in the UK, of which 13,811 were currently active, more than 12,000 being GA. S&RA is a major element of GA – there were 4,499 active powered aircraft with a national Permit to Fly of which more than half were LAA aircraft. Lober<sup>2</sup> estimated in 2008 that 4.6 million GA movements took place annually between approximately 1,140 flying sites. This figure is more than twice that for the combined numbers of airline sectors and cargo flights, involving UK airports.

From these statistics, it should be abundantly clear that UK aviation must be regulated by a body that takes a serious interest in the GA sector, and is not driven by a strategic agenda constructed entirely around CAT, the airline passenger and the environment. We believe that a clearer recognition and indeed inclusion of these figures would be useful, to help balance the focus towards 'industry' – frequently conflated with Commercial Air Transport (CAT) - which predominates through the remainder of the document.

*Are there key issues facing General Aviation that are not identified here?*

**GA Access to Airspace and Airports.** Controlled airspace (CAS) has the effect of excluding most GA users. Thus, it provides valuable benefits for CAT operators by allocating a public resource primarily for their commercial benefit. We may note that UK CAS is managed primarily by NATS, a corporation whose controlling shareholders are CAT operators.

There is continual pressure from business interests to allocate more CAS, the argument being made on safety grounds, often concealing an underlying commercial motivation. Future Airspace Strategy (FAS) discussions to date have raised the prospect of a further wave of CAS encroachment to facilitate trajectory-based routings for CAT, which will doubtless be presented for their safety and environmental benefits but which will certainly also benefit CAT schedules and fuel bills. The large areas of unnecessary CAS recently allocated around relatively minor airports (e.g. Doncaster) illustrate the adverse impact on other airspace users. Many GA airspace users, together with the military, are squeezed into ever-smaller Class G areas with 'corridors' and 'pinch points' where the risk of midair collision is inevitably increased. The S&RA organisations also fear that access to CAS will increasingly require the fitment of expensive additional avionics. The CAA must take greater account of the needs and safety of all airspace

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<sup>1</sup> PriceWaterhouseCoopers, The Value of Business Aviation, March 2009

<sup>2</sup> Lober, T., 2008, 'The effectiveness of national strategic guidelines at a local level: a case study of the UK general aviation industry.' PhD Thesis, Bartlett School of Planning, University College London, London University

users, particularly GA users, in the development and implementation of the FAS, and be prepared to release CAS if new plans make it redundant.

We recall the CAA's recommendation in its 2006 Strategic Review of General Aviation which noted the need for '*...a Policy Statement on the value of maintaining a viable network of GA airfields to be considered by those involved in planning decisions....*' Given the demise of county (and probably soon regional) plans, local planning authorities will be left with a very limited framework within which to work. GA and S&RA related issues cannot be properly assessed at a local level, as flying sites form part of a much larger national network. The CAA's strategy for GA must aim to fill this gap. As regards GA access to larger airports, the CAA's strategy should oppose the undue exclusion and deterrence of GA and S&RA traffic from regional airports, whether by pricing or other policy contrivance.

There are other specific issues; indicated in the relevant sections below.

### **THE REGULATORY CHALLENGE**

*Are there other challenges facing the regulator, in your view?*

**The Third Sector.** We would like to emphasise that there are three, not two sectors to which CAA has a regulatory responsibility. These are industry (including not only CAT but business aviation and GA businesses), the consumer, but also the thousands of non-industry aircraft operators, many of whom are engaged in S&RA. Private aircraft operators hold aviation assets in the UK worth perhaps £1bn, and form a major element of GA. They are increasingly well-organised into representative associations, demanding and receiving stakeholder status from government, EASA and the CAA. The CAA's challenge is to make proper regulatory provision for these significant stakeholders in UK aviation, without being captured either by a blinkered focus on CAT or by a consumerist agenda. We note that the CAA retains full regulatory responsibility for several thousand non-EASA Annex II aircraft, an area of particular interest to the LAA.

*What do you think the CAA should be trying to achieve in Europe and internationally?*

**Fighting our Corner in Europe.** The CAA should always develop its response to initiatives from Europe and elsewhere, in terms of the benefit to all sectors of UK aviation. This is the best way of "helping aviation to make a contribution to sustainable economic growth", the first priority of the Secretary of State. We welcome the expressed intent that, "a desire for consistency across Europe does not lead to the imposition of an expensive regulatory approach and rule-set that may suit the commercial sector but which could restrict the benefits currently enjoyed by General Aviation." If UK GA organisations oppose, for example, a SESAR initiative on the grounds that it will represent a restraint on GA economic growth, we expect the CAA to take their part. The Authority should always resist the urge to be an early adopter or to 'gold-plate' European regulations.

From Europe, there are significant threats to UK GA, but also some positive signs. The European Parliament has recently passed an important resolution which shows an enlightened and positive attitude towards GA and Business Aviation, The 2009 European Parliament resolution 'An Agenda for a Sustainable future in General and Business Aviation' is a well-considered document with recommendations based on discussion and agreement with the European GA community. However the European Commission appears ambivalent, while EASA and EUROCONTROL have shown themselves reluctant to consider GA interests, and resistant to genuine GA stakeholder engagement. For example, EUROCONTROL and SESAR UJ have thus far paid scant attention to GA issues in the SESAR project, meanwhile busily developing complex technologies which will effectively exclude GA from the future ATM system. The CAA must take a positive stand to address these issues, even at the risk of unpopularity in the councils of Europe.

Internationally, there are many opportunities to consider best practice in aviation regulation, but there is little indication in this document that the CAA intends to benchmark or engage bilaterally with European and worldwide NAAs, in the search for best practice. This is of particular importance for the non-EASA Annex II sector, where countries as disparate as the Czech Republic, USA and Australia have significantly more proportionate regulation for their homebuilt/microlight aircraft, and have reaped the benefits in term of wealth creation by a thriving manufacturing industry.

### **ENHANCING AVIATION SAFETY – Strategic Objective 1**

*Do you think we have fully captured the challenges of regulating safety?*

No. The document is full of generalities about a new risk-based safety management capability, but there is little to address our specific safety concerns. The majority of UK flights are GA flights. Needless to say, the majority of fatal and non-fatal aviation incidents are GA-related. But predictably, you have hardly mentioned **safety for GA and S&RA**. We noted only that the Airspace Safety Initiative (ASI) will continue to tackle infringements of CAS, aircraft conspicuity and better provision of services. The ASI is described as a success but has not, to date, made the significant progress suggested in the document.

We support education and awareness-based initiatives against CAS infringement, but you will note our concerns expressed above, about the safety implications of potential CAS changes to facilitate CAT trajectory-based-operations. Indeed, our concerns go further - the entire future SESAR/FAS trajectory-based concept will have important repercussions for GA integration, interoperability and aviation safety. The current trajectory-based concepts, driven by CAT business needs, have simply ignored GA to date. The business-oriented nature of the trajectory-based concept, and the level of planning, automation, organisational and ITC infrastructure required to engage with it, will present great difficulties for GA operators and pilots. It should be appreciated that there may be several thousand GA aircraft airborne in the UK, during a pleasant summer day. The appearance of unscheduled and unexpected GA traffic, not included in the Network Operations Plan, will clearly test the resilience and stability of the trajectory-based operations concept. Failing to address this strategic safety issue in the hope that GA will somehow go away by 2020, or that shutting-out GA will become a viable option, ignores the political and economic realities.

By aircraft conspicuity, we believe that you refer mainly to additional avionics fit, mandated for GA. As most UK civil aircraft are GA aircraft, it follows that the financial burdens of funding new 'safety' requirements (such as Mode-S transponders and the extension of VHF 8.33 KHz spacing) fall mainly upon GA, who will obtain little safety or other benefit from the changes. We estimated that these two requirements alone will cost our LAA members in excess of £12m from taxed income. The introduction of ADS-B and other likely future SESAR/FAS-related technologies are also set to benefit CAT (although these are usually referred to as 'safety and environmental benefits'), but will be disproportionately funded by GA. As regards services, the provision of LARS is patchy, inadequate in key areas, and is currently suffering from the pressures on military budgets. Meanwhile, the VHF radio spectrum used by GA has been attacked by the doctrinaire 'incentive pricing' regime devised by OFCOM, which will certainly lead to a reduction in radio facilities used by GA aircraft and hence impair aviation safety. This area deserves a CAA policy initiative, perhaps to provide more common air-ground frequencies, as used in France.

*Have we set out the right outcomes for our regulatory efforts? Are they achievable in the period?*

No. See above.

*Are the strategies we have described sufficient to deliver the desired outcome?*

No. See above. We do, however, welcome the expressed intent to gather more safety data to provide the basis for an evidence-based approach to safety regulation and promotion.

### **IMPROVING CHOICE AND VALUE FOR CONSUMERS – Strategic Objective 2**

*Do you think we have fully captured the challenges of ensuring consumers have choice, value and fair treatment?*

**The Consumers' Interest – or a Conflict of Interest?** The proposals outlined represent a major step in extending the CAA's remit into consumer protection and competition. Our members are also consumers, and as such we value good consumer information and fair consumer protection against bad practice in business. We note that the Office of Fair Trading is well-established as the UK's official consumer and competition watchdog.

The LAA objected strongly to aspects of the 2009 DFT consultation which proposed the introduction of a consumer-protection role into the CAA's remit, and we welcome the more sensible and balanced language in this strategy document. Nevertheless, we have serious reservations about the proposed consumerist agenda. As indicated above, there is a third sector (neither industry nor consumer) who are significant stakeholders in UK aviation. The CAA's strategic vision must recognise and embrace this growing sector, rather than dwindling into a two-dimensional 'consumers versus industry' mindset.

In principle, we believe that aviation safety and the promotion of all sectors of UK aviation should always be at the forefront of the CAA's regulatory decisions. Any elevation of the consumer's interests to the first place would be misguided, and could have adverse consequences for UK aviation. Consumer protection, appropriately balanced with *caveat emptor*, has its due place in a civilised and compassionate society; but that place is not at the top of the aviation regulator's list of priorities. An aviation regulator must place safety first – the commercial considerations of CAT are inextricably linked to regulation, risk and safety. If a safety regulator also becomes a consumer champion, then passenger convenience and the consumer experience inevitably become part of the regulatory equation. Safety is not always convenient for the consumer, and blurring the boundaries can be dangerous. There are numerous instances in aviation history, for example the 1958 Munich crash, when considerations of passenger convenience have set the scene for disaster. The LAA believes that aviation safety regulation must always remain the primary overriding priority for the CAA, and that all other priorities must be secondary. What mechanisms will CAA put in place to make sure that safety remain paramount, in its new role as consumer champion?

*Have we set out the right outcomes for our regulatory efforts? Are they achievable in the period?*

We have no comment, beyond the general concerns expressed above.

*Are the strategies we have described sufficient to deliver the desired outcomes?*

We have no comment.

### **IMPROVING ENVIRONMENTAL PERFORMANCE – Strategic Objective 3**

*Do you think we have fully captured the challenges of contributing to improvements in environmental performance?*

**GA Environmental Issues and CAA Regulation.** In passing, we note the casual conflation of CAT fuel costs with environmental benefits. The mindset of the authors seems to be pure CAT – the document has not identified key environmental issues relevant to GA and S&RA, in particular the necessity to (rapidly) approve the use of alternative fuels for piston-engined aircraft, and to support the development of electrically-powered light aircraft. These are

significant issues for aviation worldwide and present challenges for national regulators. In particular, how will the CAA ensure that its regulatory approach does not stifle our UK industry's ability to engage innovatively and successfully with these environmental challenges? We note the relative success of the S&RA aircraft industry in other European countries; this is ascribed by many to regulatory and interpretation differences.

*Have we set out the right outcomes for our regulatory efforts? Are they achievable in the period?*

**FAS – much pain for little gain?** The FAS is being presented here as an environmental initiative, but with notably modest emissions targets. Although the FAS discussions are at an early stage and the current draft proposes that the FAS will meet the needs of all airspace users, it does not discuss airspace requirements for GA operations. As explained above, LAA is concerned that FAS will result in much new CAS, imposed in the interest of a mere 10% reduction in CAT emissions. Is this a significant outcome? The LAA is concerned that the real FAS agenda is connected with the need to engage UK with SESAR developments, with their underlying CAT business drivers.

*Are the strategies we have described sufficient to deliver the desired outcomes?*

As noted above we have reservations about the limited scope of the CAA's thinking on the environment, and the modest targets for the environmental outcome of the FAS initiative, but welcome the intention to engage with stakeholders, identify and support environmental initiatives and play a useful, value-adding role.

#### **BEING A BETTER REGULATOR – Strategic Objective 4a**

*What are your suggestions for activities that we could stop doing, or regulations that we could drop, without increasing the risks of adverse outcomes for consumers?*

**Enforcement.** Although there is an expressed intention to develop transparent enforcement processes in conjunction with stakeholders, we do not see any specific reference in the strategy document to enforcement policy against pilots. The document is focussed entirely on regulating the industry-consumer nexus. We were aware of recent DfT proposals that CAA should use the powers of the Regulatory Enforcement and Sanctions Act 2008 to introduce a range of civil sanctions. We would oppose any such development and believe the existing, balanced CAA approach works well. Enforcement should always be a last resort, because a heavy-handed legalistic approach can quickly negate the benefits of a just, open reporting culture.

**Airfield Security.** We also note the Secretary of State has asked the CAA to "To be actively involved in the process of transferring certain aviation security regulation functions from DfT to the CAA". We understand that some TRANSEC activities will be transferred to the CAA, specifically security compliance aspects related to airport regulation responsibility. The security regulation of smaller airfields is of great concern to LAA, and we responded last year to a relevant consultation from DfT/TRANSEC (which was poorly conducted and on which we have heard nothing further). If the CAA is given responsibility for security regulation of any airfields used by GA, we hope that the CAA will approach this area with a light touch, in a proper spirit of full stakeholder consultation.

*What is your view on our thoughts on the emerging role of the regulator to identify emerging system risks and co-ordinate the industry response when well-placed to do so?*

**A Governmental Task?** In most countries this would be considered a governmental task headed by the Aviation Minister. If the relevant government department is not to be tasked, staffed or equipped to deal with aviation risks, the regulator may find a role. We await the DfT's consultation on aviation policy development but assume that the CAA is proposing this strategic

role for itself, because it is already aware that DfT will not be assuming the responsibility. If that is the case, we support the CAA's intent to adopt this role.

**BEING A MORE EFFICIENT ORGANISATION – Strategic Objective 4b**

*Which skills and capabilities is it most important for the CAA to develop? Which skills and capabilities do you see becoming less important in the future?*

**Regulating Annex II.** The CAA clearly sees its future in developing a strategic role as a consumer and environmental champion, while continuing to fulfil those elements of its NAA task which EASA requires. However, CAA must also continue to discharge those regulatory roles from which EASA is currently excluded by its Basic Regulation. In particular, we are concerned with Annex II aircraft, and hope that the CAA will make use of its continuing national autonomy in this area to create, with stakeholder engagement, a sensible and proportionate regulatory regime for the several thousand aircraft involved. Such aircraft constitute a substantial minority of light aircraft in the UK and include our members' aircraft. We believe that a strategy of proportionate regulation of Annex II aircraft, with maximum delegation of technical oversight to mature and responsible GA associations such as the LAA, should commend itself to the CAA. That will mean reviewing and updating the restrictive BCAR approach, to facilitate a Permit to Fly airworthiness regime which permits and indeed encourages businesses to innovate in design and manufacture of S&RA aircraft, ancillaries and avionics to meet environmental and technical challenges. This would allow Authority to focus more effectively on its new consumer and environmental roles, while freeing up the UK S&RA industry to develop its competitiveness vis-a-vis other European countries. In particular, Annex II aircraft need proportionate national airworthiness regulation.

*What suggestions would you make for how we could reduce our costs?*

**Lean, fair and sustainable.** The CAA is tasked with making a surplus, while funding its activities from charging the industry (and the thousands of private GA operators) which it regulates. This is a tough task, and demands the effective use of modern business approaches for efficiency improvement. The CAA's top management (especially given that their salaries are set by comparison with business, not civil service benchmarks) must show leadership and rigorously apply the best methods of business efficiency improvement. There is little doubt that a fully-implemented Lean initiative would have a significant impact on costs and throughput. We welcome the expressed intention to address these issues, but the tone and wording does not suggest a total commitment to Lean principles, process orientation and waste reduction.

We are also concerned at recent DfT ministerial statements that 'the user pays' in the aviation policy framework. This simplistic concept is at the heart of the disproportionate charging of the GA sector, which pays high equipment and infrastructure costs, primarily for the safety and regulation of CAT. The CAA should challenge such 'sound-bite politics' when formulating its charging structures. *'Beneficiary pays' must be the principle in the CAA's aviation policy, not 'user pays'.*

Considering staff costs, we note the intent to fully fund pension obligations. CAA pensions are notably generous. 'Gold-plated' index-linked final salary schemes will increasingly become unsustainable, while most UK workers in both public and private sectors face adverse changes to their pension schemes. CAA management must be prepared to address these issues in a robust, business-like spirit and establish realistic levels of pension provision to ensure a sustainable future for the Authority.

**DELIVERING THE STRATEGY**

*How should the industry prepare to respond to unpredicted shocks?*

The events and pressures associated with the volcanic ash cloud have understandably exercised the CAA's leadership and influenced this strategy document. The LAA has doubts, expressed above, as to whether the regulator is the natural industry coordinator in the event of systematic shocks, although it certainly will have a role.

*What more could the industry do to anticipate unlikely, high-impact disruptions?*

There is considerable academic research on systems resilience. The CAA should take account of this work - never forgetting, of course, the existence of 'unknown unknowns'! In planning, the CAA and stakeholders should consider the basic principles of systems resilience (e.g. diversity, flexibility, decentralisation, big-picture, etc.) One focus should be on promoting and retaining a diverse aviation capability, in terms of ground facilities and aviation assets. The tendency towards seeking apparent strength through standardisation, centralisation and control should be avoided, as these factors are the enemies of resilience.

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