

Title: Rules of the Air Regulations 2014: replacement of Rules of the Air Regulations 2007 to reflect implementation of Implementing Regulation (EU) 923/21012 IA No: DfT00312 Lead department or agency: Civil Aviation Authority (CAA) Other departments or agencies: Department for Transport (DfT)	Impact Assessment (IA)		
	Date: 11/09/2014		
	Stage: Final		
	Source of intervention: EU		
	Type of measure: Secondary legislation		
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Summary: Intervention and Options	RPC Opinion: GREEN
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Cost of Preferred (or more likely) Option				
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Two-Out?	Measure qualifies as
£-4.82m	£-4.82m	£0.45m	No	NA

What is the problem under consideration? Why is government intervention necessary?

Implementing Regulation (EU) No 923/2012 (Standardised European Rules of the Air (SERA)) transposes ICAO Annex 2 (Rules of the Air), parts of ICAO Annex 3 (Meteorological Services for International Air Navigation) and 11 (Air Traffic Services) into European law. Implementation is to be completed by 4 Dec 14. Replacement of the Rules of the Air (ROTA) Regulations 2007 is necessary to reflect the coming into force of SERA and to ensure alignment of remaining national provisions. The measure removes those aspects of current UK legislation that are superseded by EU legislation; the retention of a number of the current Rules is necessary, hence the need for Rules of the Air 2014.

What are the policy objectives and the intended effects?

To ensure SERA and ROTA maintain or enhance current safety standards.
To amend UK legislation to reflect the fact that many of its provisions are superseded by SERA.
To ensure alignment of the ROTA with European law.
SERA and the ROTA apply equally to all airspace users regardless of the size and nature of their operation and are required to prevent collisions between aircraft in the air and on the ground, between aircraft, vehicles, and persons on the ground, and to protect third parties and property on the ground.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

Option 1 - Amend UK legislation by 4 December 2014 (by which time EU Member State implementation of SERA is to be completed) following publication of agreed EU-level guidance, and publish supporting UK guidance explaining which aspects of UK legislation are superseded by SERA.
Option 2 - Amend UK legislation by 4 December 2012 when SERA came into force but in advance of agreed supporting EU-level guidance.
Option 3 - Make no changes to UK legislation.

Option 1 is the preferred option as it satisfies all policy objectives and intended effects.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: 12/2019					
Does implementation go beyond minimum EU requirements?			No		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	Micro Yes	< 20 Yes	Small Yes	Medium Yes	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded: N/A	Non-traded: N/A	

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs.

Signed by the responsible Minister: _____ Robert Goodwill _____ Date: _____ 05/02/2015 _____

Summary: Analysis & Evidence

Policy Option 1

Description: Option 1 - Amend UK legislation by 4 December 2014 following publication of agreed EU-level guidance, and publish supporting UK

FULL ECONOMIC ASSESSMENT

Price Base Year 2014	PV Base Year 2013	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: -7.2	High: -3.0	Best Estimate: -4.8

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	3.0	0.0	3.0
High	7.2	0.0	7.2
Best Estimate	4.8	0.0	4.8

Description and scale of key monetised costs by 'main affected groups'

Need to amend aircraft and air traffic service unit operations manuals and pilot and air traffic service training course material to realign these to the revised rule set. Monetised costs (all borne by business, approximately 200 organisations) are incurred in the first year; there are no recurring costs. The best evidence (2013 CAA consultation) is that the costs per flying and ATS organisation will be circa £10K. ATS training college costs are expected to range between £15K and £17.4K

Other key non-monetised costs by 'main affected groups'

Most changes are procedural in nature and as such these costs can be borne under normal working arrangements

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0.0	0.0	0.0
High	0.0	0.0	0.0
Best Estimate	0.0	0.0	0.0

Description and scale of key monetised benefits by 'main affected groups'

None identified

Other key non-monetised benefits by 'main affected groups'

Proposed legislative changes follow detailed assessment of the impacts of SERA upon existing legislation and preserve or enhance current safety standards and bringing about the benefits of EU harmonisation whilst minimising the impacts of legislative change upon affected parties. Legislative change proposals follow consultation with industry. The change ensures compliance with EU and domestic legislation and averts the risk of non-compliance proceedings..

Key assumptions/sensitivities/risks

Discount rate

3.5

The CAA's change proposals minimise change and therefore the impacts they will have upon industry. The biggest risk is that legislative change to accommodate Standardised European Rules of the Air is not effected in advance of the European Commission's 4 December 2014 deadline. It is assumed that legislative change will take effect in mid-November 2014 to take into account the European Commission's implementation deadline of 4 December 2014.

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OITO?	Measure qualifies as
Costs: 0.4	Benefits: 0.0	Net: -0.4	No	NA

Evidence Base (for summary sheets)

Problem under consideration and rationale for intervention

Rules of the air are required to prevent collisions between aircraft on the air and on the ground, collisions between aircraft and vehicles and persons on the ground, and to protect third parties and property on the ground.

Commission Implementing Regulation (EU) No 923/2012 (Standardised European Rules of the Air (SERA)) seeks European harmonisation of the rules of the air through transposition into law of ICAO Annex 2 (Rules of the Air) and parts of ICAO Annexes 3 (Meteorological Services for International Air Navigation) and 11 (Air Traffic Services) into European law. SERA applies equally to all airspace users (commercial and non-commercial alike) operating into, within or out of the EU, regardless of the size and nature of their operation.

As a Contracting State to the Chicago Convention the UK is already bound to the SERA requirements (subject to filed Differences), as reflected in the Rules of the Air Regulations 2007 (and to a lesser extent the Air navigation Order 2009, changes to which are addressed separately). Legislative change is therefore necessary in order to revoke those elements that are now addressed by SERA and to align residual national Rules of the Air by the established deadline.

Amendments to the UK Rules of the Air Regulations are necessary to remove those current rules that are now in EU law, and several further rules that the CAA considers obsolete.

Policy objectives

SERA and the Rules of the Air Regulations apply equally to all airspace users regardless of the size and nature of their operation and are required to prevent collisions between aircraft in the air and on the ground, between aircraft, vehicles, and persons on the ground, and to protect third parties and property on the ground. The proposed legislative change is necessary to:

- Ensure SERA and UK Rules of the Air maintain or enhance current safety standards.
- Amend UK legislation to reflect supersession by SERA of many of the provisions within Rules of the Air 2007.
- Ensure alignment of the Rules of the Air with European law.

Description of options considered

Other than 'do nothing' (considered unacceptable because it is contrary to European law and would lead to Commission infringement proceedings), two options for SERA implementation were identified:

- Complete amendment of UK legislation by 4 December 2014 by which time EU Member State implementation of SERA is to be complete. This was identified as the preferred option as it allows time for detailed consideration of SERA's impacts upon UK regulatory material. In addition, it takes into consideration of agreed supporting EU-level guidance that has been developed in the intervening period and facilitates publication of supporting UK guidance explaining which provisions of the ANO and ROTA are superseded by SERA
- Amend UK legislation on 4 December 2012, i.e. immediately when SERA came into force to achieve the policy objectives and intended effects details above. In addition, publish guidance explaining which provisions of the Order and ROTA are superseded by SERA. This was considered unachievable given uncertainty concerning the final content of the Regulation and insufficient time to conduct the necessary safety assessments and effect UK legislative change.

Monetised/non-monetised costs and benefits of the preferred option

There will be a small impact on all industry sectors familiarising themselves with the changes to the Rules of the Air to ensure they are still compliant, but the costs of doing so are likely to be low. Costs to business will arise through the need to revise operational and training manuals for commercial aircraft operators, aviation training organisations, air traffic service providers and air traffic service training colleges. This need will arise due to the introduction of SERA and the new ROTA – the costs attributable to SERA being independent of the costs attributable to the introduction of the new ROTA.

There are estimated to be about 563 organisations that may be affected, of varying sizes and complexities, ranging from flying clubs to training organisations and commercial air transport operators and large airlines. Therefore, the cost per organisation may be higher or lower depending on the size and complexity of the organisation.

There are about 20 British airlines and 80 or so smaller commercial air transport operations, air taxis, charter companies, helicopter operators, etc. The costs for airlines are assumed to form part of normal working arrangements. The justification for this stems from the fact that airlines will receive aeronautical information (and associated changes) through commercial aeronautical information providers who provide navigational and operations management information derived from State material. Such providers take aeronautical information from State Aeronautical Information Packages (in which rules of the air are reflected) and associated documents, bundle the information and then provide these to aircraft operators. SERA and consequential changes to UK Rules of the Air will feature as part of the regular updates of this material provided by these contracted suppliers for a fixed fee. Therefore there is no additional cost specific to the SERA changes will be incurred

The costs for flying schools, ATS Companies and other commercial operators have been estimated by size of the organisation. Due to the lack of complete databases providing detailed information on the number of active organisations in the UK, variations have been included in the low-medium-high estimate to reflect the range of possible impacts on business. The medium estimate is seen as the best estimate based on available evidence.

The only evidence from the 2013 consultation indicated a cost of £10K for a medium sized organisation (Cranfield University) for both changes required as a result of the SERA regulation itself and the consequential changes to the Rules of the Air regulations. This figure is based on 20 man-days at £500 per day. Cranfield University/Cranfield Flying School is considered to be a medium-sized organisation. No other cost estimates were provided by flying organisations.

Based on CAA knowledge of the industry, the costs for a large organisation are assumed to be higher at £20,000 due to the need for more operational and training manuals and the costs for a small organisation assumed to be £5,000. The higher estimate is believed to be conservative. All costs are one-off costs which occur at the beginning of the transition.

The FlyingSchoolDirectory.co.uk website suggests that there are only 64 flying schools. However, this website seems to be incomplete. Based on additional evidence from multiple sources it is estimated that the total number of flying schools lies between 190 (low estimate) and 240 (high estimate) depending on the chosen scenario. For the best estimate, it is assumed that there are 210 flying schools. This is based on the largest database which lists 190 schools, but is likely to be incomplete. Crosschecking between databases suggests a margin of 10% is appropriate. Flying Schools have been counted as a single entity when they are in multiple locations (6 locations for Cabair and 2 for North Weald Flying Group). As the sources do not reflect the differences in size, appropriate assumptions based on industry knowledge have been used to reflect the different potential sizes.

The low estimate presumes that there are 70 other Commercial Aircraft Operators based on the number of requests for updates on EU/EASA Air Operations legislative material in the past. This is likely to be an underestimation. The best estimate assumes that around 1 in 3 operators requested these updates, which is based on industry engagement. The high estimate assumes only around 1 in 6 operators requested the updates, which is likely to be overestimating the total number of Other Commercial Aircraft Operators and thereby the costs.

The number of ATS companies can be approximated by the number of licensed aerodromes. Service provision can range from full air traffic control with surveillance equipment, through air traffic control without surveillance equipment to Flight Information Service only; each level of service may also be provided at unlicensed aerodromes, although these tend to provide Flight Information Service or Air to Ground radio only. There are 137 licensed aerodromes listed in the AIP. The low estimate presumes that some ATS companies serve multiple aerodromes. The high estimate presumes that there are more ATS companies than aerodromes as ATS provision is not limited to aerodromes. The best estimate assumes a 10% margin on the number of licensed aerodromes based on expertise in the CAA. The assumptions on the size of these companies have been based on a combination of airport size and professional knowledge within the CAA.

There are three ATS colleges in the UK. Based upon CAA knowledge of the industry, the costs for a large ATS training college are £17,400 based on 60 man-days at £290 per day. The costs for a medium ATS training college are £16,500 based on 60 man-days at £275 per day and the costs for a small ATS training college are £15,000 based on 60 man-days at £250 per day.

The cost of amending the UK Integrated Aeronautical Information Package (including the UK Aeronautical Information Publication) to reflect the legislative change (plus consequential amendments to CAA publications and supporting notifications of each to industry) will be absorbed through existing budgetary provisions and notification channels – there are no extraneous costs associated with the proposed amendments.

Small and micro-sized businesses have not been excluded from the estimates as all airspace users and ATS providers, regardless of the size and nature of their operations, are bound by SERA and the Rules of the Air Regulations.

The cost impacts of change upon business are incurred only in the first year of change, 2015. There are no recurring costs, and so no costs are incurred in subsequent years. Therefore the Present Value costs have been discounted for a single year, to put them in a 2014 base. Note that the cost estimates have not been updated by one year's worth of inflation to put them in a 2014 base. This is considered appropriate in order to avoid 'false precision' or 'spurious accuracy' that would otherwise result from extrapolating 2013 costs to assumed 2014 values.

Estimates of the cost impacts of change upon business are summarised as follows:

- The best estimate of the cost impact upon business is £4.8m. Using the EANCB calculator, the EANCB is estimated to be £0.45m in 2009 prices.
- The high estimate of the cost impact upon business is £7.2m. The low estimate is likely to be an overestimation due to conservative assumptions used on the number and size of the organisations.
- The low estimate is £3.0m.

No monetised benefits have been identified. Therefore the range of the Net Present Value of monetised impacts has been estimated as -£3.0m to -£7.2m. The non-monetised benefits of the preferred option are:

- Implementation of SERA and consequential amendment of the Rules of the Air will ensure that aircraft operators comply with both EU and UK legislation, and that the UK avoids infringement proceedings that would otherwise arise were the Regulation not implemented.
- The proposed changes support the European Commission's objective of ensuring the seamless provision of safe, efficient and harmonised air traffic services within the Single European Sky and the establishment of functional airspace blocks within it.
- The revised Rules of the Air combined with SERA will continue to serve to prevent collisions between aircraft in the air and on the ground, between aircraft, vehicles, and persons on the

ground, and to protect third parties and property on the ground, thus maintaining or enhancing current levels of safety within the industry.

- SERA implementation and introduction of Rules of the Air regulations 2014 will ensure the United Kingdom better meets its obligations as a Contracting State to the Chicago Convention. A significant number of 'Differences' from ICAO Standards will be removed as a consequence of the proposed legislative change.
- The proposed measure will introduce no additional obligations to the State, the CAA and industry, as they are limited to aligning legislation to reflect and facilitate the UK implementation of SERA. This is considered a significant continuity benefit.
- The remainder of the changes retain where appropriate current UK regulations and are made under the flexibility provisions contained within the SERA Regulation, in particular Article 8, to address issues outside the scope of SERA.
- The revised ROTA complement SERA serve to minimise the impacts of SERA upon UK operators whilst maintaining or enhancing current safety standards. As these rules are already in existence operators are deemed to be compliant. Removing these rules would negatively affect safety standards and is therefore deemed undesirable. It is unlikely that removing these rules would decrease the costs to business due to the expectation of deteriorating safety situations.

Rationale and evidence that justify the level of analysis used in the IA

The CAA has closely engaged with the Commission, Eurocontrol and EASA throughout SERA's development (and will continue to do so), and has exercised considerable influence on its development to date. This approach has been largely successful in minimising SERA's impacts upon the UK, and of ensuring that there are few radical differences to UK legislation.

The SERA regulatory package has been developed in accordance with the European Aviation Safety Agency's (EASA) rulemaking process and successive EASA-led public consultations. The CAA has undertaken to notify industry of each of these consultations in order to encourage industry participation in them. In addition, the CAA has consulted on its proposals regarding UK implementation of SERA and the consequential changes to domestic legislation this will cause. See <http://www.caa.co.uk/default.aspx?catid=2628>.

Implementation of SERA will ensure that aircraft operators comply with both EU and UK legislation, and that the UK avoids infringement proceedings that would otherwise arise were the Regulation not to be implemented.

In addition, the proposed changes support the European Commission's objective of ensuring the seamless provision of safe, efficient and harmonised air traffic services within the Single European Sky and the establishment of functional airspace blocks within it.

Risks and assumptions

The CAA's change proposals minimise change and therefore the impacts they will have upon industry. The biggest risk is that legislative change to accommodate Standardised European Rules of the Air is not effected in advance of the European Commission's 4 December 2014 deadline.

It is assumed that legislative change will take effect in mid-November 2014 to take into account the European Commission's implementation deadline of 4 December 2014.

Wider impacts

SERA and the Rules of the Air Regulations 2014 will apply equally to all airspace users regardless of the size and nature of their operation. This is no different to the current applicability of Rules of the Air Regulations 2007.

SERA implementation and introduction of Rules of the Air regulations 2014 will ensure the United Kingdom better meets its obligations as a Contracting State to the Chicago Convention. A significant number of 'Differences' from ICAO Standards will be removed as a consequence of the proposed legislative change.

Implementation of SERA will ensure that aircraft operators comply with both EU and UK legislation, and that the UK avoids infringement proceedings that would otherwise arise were the Regulation not to be implemented.

The proposed changes support the European Commission's objective of ensuring the seamless provision of safe, efficient and harmonised air traffic services within the Single European Sky and the establishment of functional airspace blocks within it.

All airspace users – regardless of business sector - are required to comply with the rules of the air and are therefore equally affected by the consequential impacts of the proposed legislative change. No particular sector is prejudiced by the proposed changes.

Summary and preferred option and description of implementation plan

Implementing Regulation (EU) No 923/2012 (Standardised European Rules of the Air (SERA)) transposes ICAO Annex 2 (Rules of the Air), parts of ICAO Annex 3 (Meteorological Services for International Air Navigation) and 11 (Air Traffic Services) into European law. Implementation is to be completed by 4 Dec 14.

Replacement of the Rules of the Air (ROTA) Regulations 2007 is necessary to:

- Reflect the coming into force of SERA and to ensure alignment of remaining national provisions.
- To amend UK legislation to reflect the fact that many of its provisions are superseded by SERA.
- To ensure alignment of the ROTA with European law.
- To ensure SERA and ROTA maintain or enhance current safety standards.
- SERA and the ROTA apply equally to all airspace users regardless of the size and nature of their operation and are required to prevent collisions between aircraft in the air and on the ground, between aircraft, vehicles, and persons on the ground, and to protect third parties and property on the ground.

Implementation of the necessary changes will be effected by:

- Revocation of Rules of the Air Regulations 2007 and the passing into law of Rules of the Air Regulations 2014.
- Publication by the CAA of appropriate supporting awareness and guidance material to ensure industry understanding of the provisions of the SERA regulation and Rules of the Air Regulations 2014.
- Industry will, as a consequence, amend aircraft operations manuals, air traffic service unit manuals pilot and air traffic service training course material to realign these to the revised rule set.

Annex A – Overview of assumptions in low, best and high estimate

Estimate A (Low Estimate)

Additional Assumptions	
A1)	There are 70 'Other Commercial Aircraft Operators' (based on the fact that 62 people registered for Part-SPO updates in response to IN-2014/087 and similar INs). 50% of these are small organisations and 50% are medium-sized organisations.
A2)	There are 190 Flying Schools (based on information from Profpilot.co.uk website). 20% of these are small organisations and 80% are medium-sized organisations.
A3)	There are 100 ATS Companies (based on the 137 licensed aerodromes listed in the UK AIP). 60% of these are small organisations, 30% are medium-sized organisations and 10% are large organisations.
A4)	One of the three ATS colleges is a small organisation and the other two are medium-sized organisations.

Estimate B (Best Estimate)

Additional Assumptions	
B1)	There are 200 'Other Commercial Aircraft Operators' (based on the fact that 62 people registered for Part-SPO updates in response to IN-2014/087 and similar INs). 25% of these are small organisations and 75% are medium-sized organisations.
B2)	There are 210 Flying Schools (based on the 190 listed on the Profpilot.co.uk website). 10% of these are small organisations and 90% are medium-sized organisations.
B3)	There are 150 ATS Companies (based on the 137 licensed aerodromes listed in the UK AIP). 60% of these are small organisations, 30% are medium-sized organisations and 10% are large organisations.
B4)	The three ATS colleges are medium-sized organisations.

Estimate C (High Estimate)

Additional Assumptions	
C1)	There are 400 'Other Commercial Aircraft Operators' (based on the fact that 62 people registered for Part-SPO updates in response to IN-2014/087 and similar INs). 25% of these are small organisations and 75% are medium-sized organisations.
C2)	There are 240 Flying Schools (based on the 190 listed on the Profpilot.co.uk website). 10% of these are small organisations and 90% are medium-sized organisations.
C3)	There are 200 ATS Companies (based on the 137 licensed aerodromes listed in the UK AIP). 60% of these are small organisations, 30% are medium-sized organisations and 10% are large organisations.
C4)	One of the three ATS colleges is a medium-sized organisation and the other two are large organisations.