

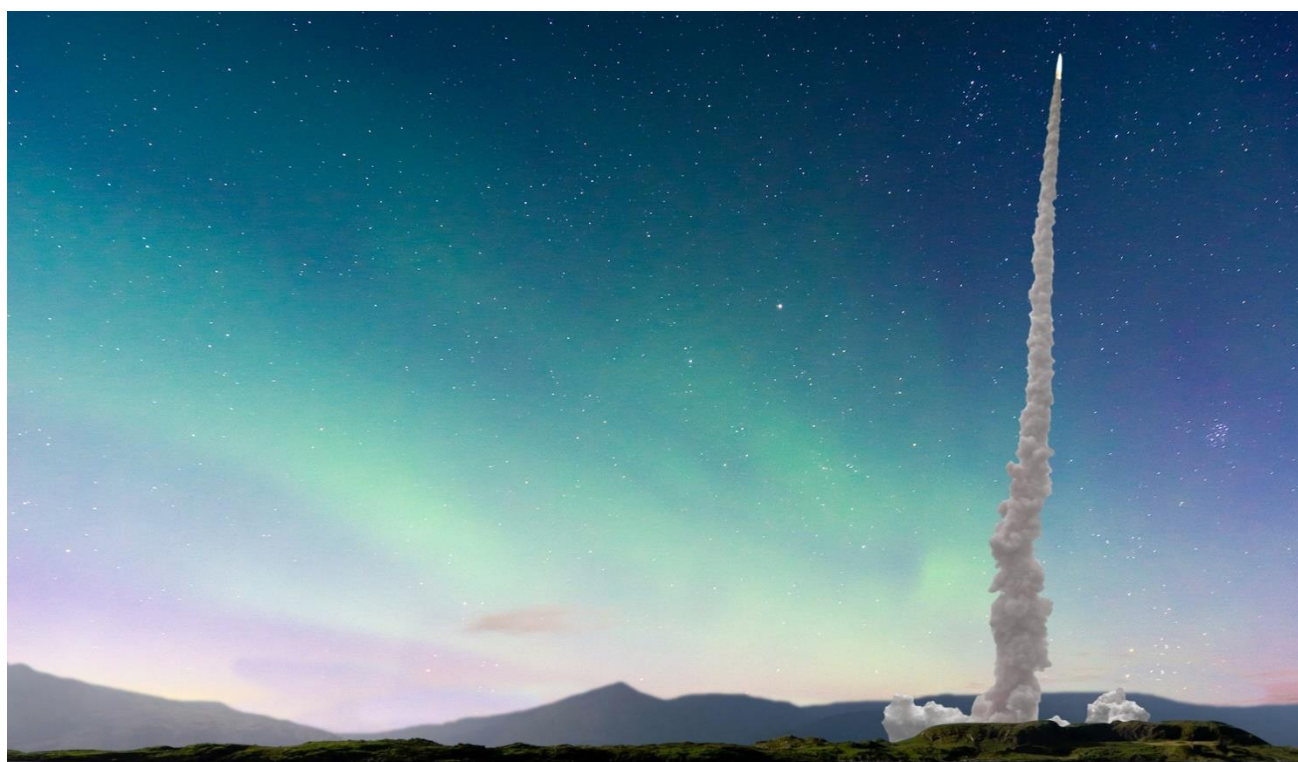


# GUIDANCE ON SATELLITE LICENCE FEES

Satellite licence fees for constellation operators (under the Outer Space Act 1986 and Space Industry Act 2018)

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## Summary

1. The UK Space Agency have reviewed and updated satellite licence fees for constellation operators under the Outer Space Act 1986 and the Space Industry Act 2018, to ensure that fees are proportional to regulatory and licensing costs, and are appropriately aligned with HM Treasury charging guidance.
2. The updated fees apply to satellite licensing under the Outer Space Act 1986, and under the Space Industry Act 2018, and took effect from 1 April 2021. The updated fees were implemented via a refund scheme (instead of via legislation) so that the scheme was in place for 2021/22. Further details on the scheme and eligibility are set out below. The scheme will be subject to an annual review.

## Refund Scheme

3. Satellite operators will continue to apply for single satellite licences at a fixed fee of £6,500 per licence. Where repeat licensing occurs, a set of refund bands have been designed to ensure that reduced licensing costs are reflected in fees, via an annual refund to operators. This will be based on total licence applications submitted over an initial 12-month rolling period. This period commences after an operator's first licence application has been submitted, and this will set an operator's refund band for future periods. Once this initial 12-month rolling has completed, all licensing activity within this period and the financial year will be considered within the scheme.
4. Refund decisions will be taken on 31 March of each year, with refunds issued shortly afterwards (in April). The refund will be issued by:
  - the UK Space Agency for licences issued wholly under the Outer Space Act 1986 (and those issued jointly under the Outer Space Act 1986 and Space Industry Act 2018<sup>1</sup>).
  - the Civil Aviation Authority for licences issued wholly under the Space Industry Act 2018.

Table 1: Refund values<sup>2</sup>

<b>Number of licence applications submitted</b>	<b>Current fee (per licence)</b>	<b>Proposed constellation fee (per licence)</b>	<b>Refund (per licence)</b>
201+ licences	£6,500	£5,400	£1,100
151-200 licences	£6,500	£5,700	£800
100-150 licences	£6,500	£6,200	£300
< 100 licences	£6,500	£6,500	£0

## Eligibility

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<sup>1</sup> For example, where a UK company procures an overseas launch for a satellite which they intend to operate from the UK, a 'bundled licence' would be issued, referring to the OSA to authorise the procurement of an overseas launch by a UK national, and referring to the SIA to authorise the operation of the satellite from the UK.

<sup>2</sup> Further information on the refund values is provided in the Annex.

5. The scheme is open to:
  - any satellite operator that applies for multiple licences for satellites working in unison towards a common goal; and
  - where the licences are of identical parameters (technical and mission).
  
6. Operators will not be eligible for a refund if any of the following apply:
  - There are material changes to the satellite platforms or their concept of operations. This reflects changes in either design, manufacture, or how they are used.
  - The satellites do not perform as anticipated when the licences were first issued. Licences are issued on the assumption of certain satellite performance and reliability. If systemic problems with the design, manufacture, or operations of the satellite are to be discovered, this will require greater overhead of monitoring.
  
7. Should the stated changes apply:
  - A new 12-month rolling period will start for the new satellites with identical parameters. This initial period will set the refund band for future periods.

**An example of the refund scheme in practice** (which assumes eligibility has been met)

8. An operator applies for its first licence on 1 February 2021. The initial 12-month rolling period commences, and when it ends, on 31 January 2022, the operator has applied for 200 licence applications (of identical parameters). This sets its refund band at £800 (for current and future periods). The operator would be refunded £160,000 (£800 \* 200) in April 2022. The operator applies for an additional 50 licences in March 2022, and would be further refunded £40,000 (£800 \* 50) in the same financial year (April 2022).
  
9. The operator applies for 50 licences in June 2022, to complement its existing licence applications. The refund band is £800 (established from the initial 12-month rolling period). As such, the operators would be refunded £40,000 (£800 \* 50) for these licences in April 2023.

Table 2: Summary of an example refund scheme in practice

Financial year	Total licence applications submitted	Total refund	Decision date
2021/22	250	£200,000 (£800 * 250)	31 March 2022
2022/23	50	£40,000 (£800 * 50)	31 March 2023

**Contact Us**

Any further enquiries on refunds issued under the Space Industry Act 2018, and those issued jointly under the Outer Space Act 1986 and the Space Industry Act 2018 should be directed to [finance@ukspaceagency.gov.uk](mailto:finance@ukspaceagency.gov.uk). For all other enquiries, please visit the [Civil Aviation Authority](#).

**Personal Information**

Any personal information that you may send to us regarding the scheme will be protected under law by the General Data Protection Regulation and the Data Protection Act 2018.

**Annex – Additional information on how the refund values were calculated**

10. The starting point was to estimate the cost of the initial licence, recognising that there is substantial work up front, which reduces for second and subsequent licences (Table A). The level of activity has been estimated with the assistance of the UK Space Agency licensing and technical team.

- The estimated cost of the initial licence is £29,600
- The estimated cost of the licences 2+ is £4,700

11. Table B summarises how the estimated licensing costs apply to the refund values.

Table A: Estimated cost of licensing activity

<b>Activity</b>	<b>Description</b>	<b>Licence 1</b>	<b>Licences 2+</b>
Engineering staff costs	Internal staff costs related to the technical assessment as part of licensing process.	£5,650	£390
Licensing staff costs	Internal staff costs related to overall management and progression of the licence application assessment prior to granting of a licence.	£17,120	£780
Engineering capability	Resource and staff costs to build tools, models and general capability to perform detailed technical analysis (e.g. IT platforms and IT support, training, technical software licence costs, etc) and support licensing authorisation and supervision.	£1,470	£1,460
Legal	Internal legal cost which supports licensing. <i>The average cost for licence 2+ is much lower as the legal assessment carried out for the initial licence will also cover subsequent identical licences.</i>	£1,920	£50
Compliance	Internal staff costs required to carry out monitoring and compliance activities for in-orbit satellites following the licence being issued. Each satellite will require a regular assessment which may vary between monthly and annually depending on the mission.	£2,010	£1,730
External fees	Finance and insurance assessments conducted by external suppliers as part of licensing process.	£450	£140
Cost of capital	The standard cost of capital is 3.5% (in line with HMT and CAA charging guidance).	£990	£150
<b>Total</b>		<b>£29,600</b>	<b>£4,700</b>

Notes:

- Due to rounding, the numbers presented in the table may not add up precisely to the totals provided.
- Employment costs include salary, corporate operating cost overheads, National Insurance and Pension costs.

Table B: How licensing costs apply to refund values

	<b>Example A</b>	<b>Example B</b>	<b>Example C</b>
Number of licence applications per batch	36	25	17
Total licences (assuming 1 batch of licence applications submitted every 2 months)	216	150	102
Estimated cost – licence 1	£29,600	£29,600	£29,600
Estimated cost – licence 2+	£4,700	£4,700	£4,700
<i>Average cost per licence</i>	<i>£5,400</i>	<i>£5,700</i>	<i>£6,200</i>
<i>Current satellite licence fee</i>	<i>£6,500</i>	<i>£6,500</i>	<i>£6,500</i>
<b>Net difference</b>	<b>£1,100</b>	<b>£800</b>	<b>£300</b>

Notes:

- In Example A, the average cost is calculated as follows:
  - Total cost per batch =  $(1 * £29,600) + (35 * £4,700) = £29,600 + £164,500 = £194,100$
  - Average cost per licence =  $£194,100 / 36 = £5,391$  (rounded to £5,400)