

**Strictly Private & Confidential**

10 March 2022

**UK Civil Aviation Authority  
Aviation House  
Beehive Ring Road, Crawley,  
West Sussex, RH6 0YR,  
United Kingdom***By email: [economicregulation@caa.co.uk](mailto:economicregulation@caa.co.uk)***Re: NATS NR23 Draft Business Plan**

Dear Sir/Madam,

NERL's draft performance plan published in full on 1 March and the associated CAA request for feedback refers.

It is with regret that we note that in many cases, NATS has failed to take into account the comprehensive feedback provided as part of the CCWG report following the multiple consultations held in late 2021. We believe that the feedback provided by airlines was not accurately represented with regards to some of the optional inclusions, in particular, the proposed investment in the optimised ATCO training plan/system.

Some key areas that have been raised to both NATS and the UK CAA previously and which are still of note in this draft business plan are:

**Staffing**

NATS' recently published Staffing Resilience Plan highlights multiple ATCO staff shortages across its areas of operation over the course of NR23. We note that the proposed investment in ATCO training will not be sufficient to deliver increased headcounts and remove these shortfalls. We urge both NATS and the UK CAA to facilitate accelerated training and validation cycles to ensure that ATCO supply is closely linked with forecast demand.

**Cost**

We continue to advocate for an efficient cost strategy that minimises the cost to airlines and ultimately the passenger while ensuring a resilient service is delivered. While we note the conclusions of research carried out to gauge passenger sentiment towards ATC service delivery and cost, we caution against the significant risk of misleading conclusions being drawn from this study. There is a clear attempt to understate the importance of cost towards passengers while disregard the fact that airlines are responsible for setting fares and passengers do not necessarily consider the impact of ATC charges in their fare when booking flights.

We urge the CAA to closely review the costs being put forward by NATS when preparing its final report in the coming months. Airlines are at a crucial stage of traffic redevelopment whereby they are tasked with rebuilding consumer confidence following a 2 year halt in operations. This is especially critical as NR23 progresses when the alleged "revenue gap" charge is added to the cost base. We strongly object to the principle of penalising airlines for a traffic downturn that was entirely out of their

control, this is unjust and takes the burden away from those that should be supporting NATS: their shareholders and the UK Government.

### **Service Delivery**

We continue to advocate for the setting of ambitious targets that direct focus towards the delivery of a high standard of service. Unfortunately, despite significant investment being proposed in the areas of capacity and environmental performance, we fail to see any meaningful improvements proposed in the performance targets in these areas. This is a clear indication that despite multimillion-pound spending in these areas, NATS is not sufficiently confident in the promised outputs that it is willing to commit to these improvements via enhanced targets.

### **Capex**

Regrettably, there is still a lack of detail of the benefits and costs associated with specific projects, even when considering the SIP process. While we continue to support appropriate airspace developments and beneficial changes to training/rostering processes, airlines must be provided with detailed information surrounding the expected results of investment activities, allowing an informed decision to be made. This is particularly crucial where the 2+5 approach towards investment planning is considered given the inherent uncertainty that this planning mechanism creates for airlines.

### **Flexibility**

NATS' recently published Staffing Resilience Plan highlights that for Summer 2022, NATS has planned its staffing based on Eurocontrol's October 2021 STATFOR 'base case'. This is despite Eurocontrol repeatedly asking all ANSPs to plan for the 'high case' traffic scenario to be able to scale up rapidly in response to traffic return.

When we queried this misalignment with NATS, we were advised that they were unable to plan for Eurocontrol's 'high case' traffic forecast due to the limitations placed on NATS by its existing regulatory settlement. This is not representative of the level of flexibility and scalability that we look for from our service providers and it is our expectation that regulatory mechanisms be structured in such a way as to facilitate the balancing of supply and demand, particularly where the Network Manager is providing recommendations.

We remain available for any further clarifications you may require.

Yours sincerely,



Conor Gillardy  
**ATM Manager**