



# Economic regulation of NATS (En Route) plc: Provisional Decision for the next price control review (“NR23”)

CAP 2553 - published July 2023

Submission by Prospect to the Civil Aviation Authority  
Consumers and Markets Group

**4 August 2023**

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# Prospect submission on CAA Provisional Decision for NR23

## Introduction

1. This document outlines our response to CAP 2553, on behalf of Prospect's Air Traffic Control Officers (ATCOs') and Air Traffic System Specialists (ATSS) Branches. With 2000 members in the Air Traffic Control Officers' Branch, 800 members in the Air Traffic System Specialists Branch, and over 250 ATC workers in other branches – including the CAA - we effectively represent the entire workforce of professionals involved in UK ATM.
2. Prospect welcomes elements of the provisional decision, particularly around index-linking to CPI rather than average weekly earnings. We also welcome the fact that the determined costs do not represent the same drastic 'haircut' as originally proposed and that the further evidence from stakeholders has clearly been taken into account.
3. We will also take this final opportunity to repeat some crucial points from our previous contributions.

## DC Pension scheme

4. We have already explained the risks in the CAA pursuing this course of action and we urge the CAA to reconsider. We will not labour points made in previous submissions, however, we feel it is essential to make clear the potential consequences for UK aviation as a sector should the CAA continue as proposed. The following is from the ATCOs' Branch policy and was passed at its delegates' conference in 2009. We have a further four policies with a similar message:

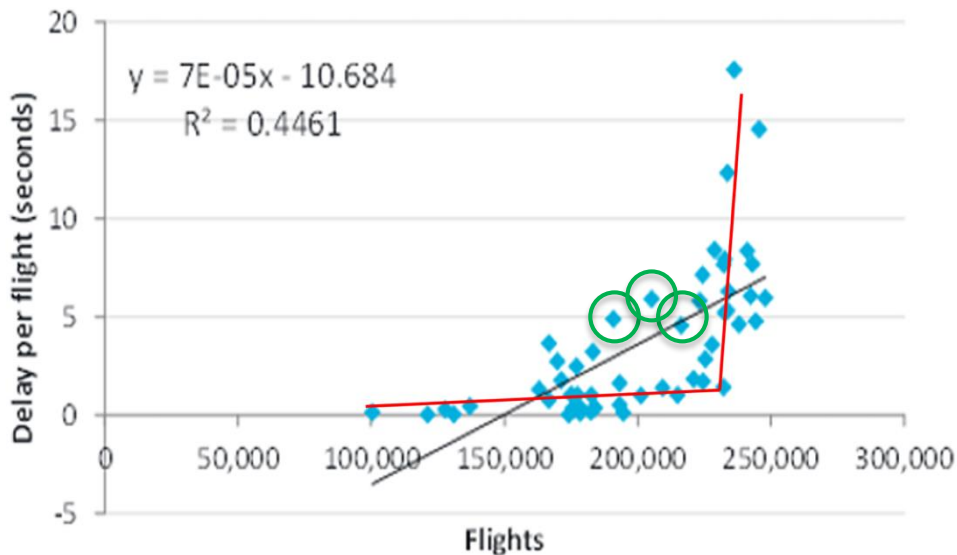
*The BEC [the Executive Committee of the Prospect ATCOs' Branch] shall use any means necessary, including industrial action if required, to prevent any further differing pension arrangements. This will include opposition to attempts to introduce a 'third' pension scheme within current or future business, unless it is absolutely essential in order to protect members' interests.*

## Target setting

5. Prospect continues to have reservations about the methodology and rationale for the setting of 3Di. Despite both NERL and Prospect submitting comments that the targets need to be reviewed particularly in light of the reprogramming of Capex, it is difficult to understand the CAA's reason for persisting with the original proposals. No account seems to have been taken of two main areas:
  - i. **The re-profiling of the Capex programme.** Environmental benefits come generally from two areas: technology or airspace redesign. Given that the Capex program has been reshaped for the remainder of the reference period, where does the CAA believe the improvements will come from to deliver the targets that were set in the Initial Proposal? At the very least the targets should be re-profiled over the reference period to bring them in line with key delivery dates of the re-profiled programme.
  - ii. **The successful implementation of the 'West Airspace' redevelopment.** This has introduced free route airspace to 54000 nm<sup>2</sup> of airspace, which enables aircraft to align much better their flight plans to the great circle route. Consequently it is very difficult to 'improve' the actual path of an aircraft if it is already flying its optimum route and, given the size and number of aircraft that use

this airspace, it will have a material impact on the ability of NERL to improve its overall score. The CAA should evaluate the impact of this airspace implementation and reassess its proposals in the light of the introduction of a greater amount of free route airspace.

6. On the capacity targets, Prospect still has concerns over the analysis and level of delay (particularly C2) that the CAA has set. We disagree that a linear approach assumption is the right one to use.
7. If we were to take a sector with an assumed capacity of 40 aircraft per hour, then there will be no delay until the 41<sup>st</sup> aircraft is planned through at which time it will accrue a delay. Similarly, delay will accrue on the 42<sup>nd</sup>, 43<sup>rd</sup> aircraft etc. This demonstrates not a linear relationship but more of an exponential one as delay goes from zero to x immediately the capacity of the sector is reached.
8. Scaled up to the UK, you would get a delay profile indicated by the red line, superimposed on the CAA's graph from Appendix E CAP2553e.
9. If you discount the three outliers in the green circles (and it would be useful to ascertain which months these were and investigate the cause of that delay in greater depth – we believe there will be specific reasons for these) the wider pattern follows the exact profile of a single sector, scaled up.



10. This suggests the 'current capacity' of the UK is approx. 240,000 flights before accruing delay, and then given the current resources and technology we have, with a number of flights over 240,000, delay rapidly accelerates. In our view the CAA's proposal of a flat lined target of 8.95 (C2) seconds for the remaining four years of the reference period bears little resemblance to the relationship between capacity and delay. As traffic increases as demonstrated by the data in the graph above, without other interventions delay will only increase. We therefore must consider what is available to introduce more capacity into the system, which in general is more staff, improved technology, or the redesign of airspace to enable it to handle more aircraft an hour, ideally a combination of all three.
11. We do recognise the CAA has taken a pragmatic and sensible view of staff costs – which should translate through to increasing the number of air traffic controllers, but this will take time and the benefits of this will not be seen until the latter part of the reference period. We also know that the technology improvement will be delayed, and as a largely 'back end' solution, the capacity gains from this will be limited (although important from a resilience point of view). Airspace development will also take time but should improve with the UK Airspace Modernisation Strategy and the ACOG. Given

this we would expect to see a different delay target profile were the targets are aligned to the delivery of the benefits of these areas, adjusted for the forecast traffic increase. Consequently, we have difficulty in understanding the CAA's rationale in developing its targets by looking at other ANSPs and a high-level Network Operations Plan. We would urge the CAA to look again at its delay target proposals with the above in mind.

12. We also know from the past that stretching targets can define organisational behaviour in a sub-optimum way, and there is a real risk of unintended consequences from the inevitable single focus that will arrive in striving to achieve a difficult target. It is likely that operational staff will be prioritised to service delivery to the detriment of a longer-term support for the Capex program and the delivering of training.
13. We note and welcome the modulation of traffic being extended to the C2 delay target.

## **Conclusion**

14. In conclusion, Prospect believes the Provisional Decision is more balanced than the Initial Proposals. However, there are some areas of short-sightedness that have the potential to present severe consequences in the future, some foreseen and some not. We encourage the CAA to carefully reflect on our last-minute arguments.