

Guidance for NERL in preparing its business plan for Reference Period 3

CAP 1625

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About this document

This document sets out guidance to NERL for the development of its business plan for the period from 2020 to 2024 (Reference Period 3 – RP3) and, where appropriate, beyond. We have prepared this document following consideration of feedback from stakeholders on our draft guidance, which we published in September 2017.

NERL's business plan will inform the CAA's preparation of the RP3 UK performance plan and targets for the period 2020 to 2024, including price controls covering NERL's domestic En Route and related services, and the separate price control for NERL's Oceanic services for the same period.

Chapter 1

Introduction and key messages for NERL

- 1.1 NATS (En Route) Plc (NERL) provides En Route (both domestic and Oceanic) and certain approach air traffic services in the UK. As a monopoly, it is subject to economic regulation under the European Union's (EU) Single European Sky (SES) Performance Scheme for Air Navigation Services (ANS), which provides for the setting of targets and incentives to drive performance, and the UK's Transport Act 2000 which sets a broader regulatory framework.

The purpose of this document

- 1.2 Our economic regulation takes the form of price controls where we specify the maximum amounts that NERL can charge its customers for its regulated services. These amounts depend on how it performs against performance targets. We are engaged in reviewing NERL's price controls for the next reference period, Reference Period 3 (RP3), which we expect to run from January 2020 to December 2024. An important input to our review is a business plan that will be prepared by NERL.
- 1.3 This document contains our guidance to NERL for its preparation of that business plan. We envisage NERL preparing an initial business plan (IBP) for publication and customer consultation by 9 April 2018. NERL will use the IBP to consult with interested parties, notably its customers, before submitting a revised business plan (RBP) to us by 29 October 2018.
- 1.4 We published draft guidance for consultation in September 2017 (CAP 1593)¹ and this, our final guidance, takes into account the responses we had from a number of interested parties and the evolution of our own thinking. A summary of these responses is set out at Appendix A.

¹ www.caa.co.uk/cap1593

Our intended strategic outcomes

- 1.5 UK airspace is a critical piece of national infrastructure, and therefore a wide range of stakeholders have an interest in how it is planned, designed and operated both today and in the future. There are a number of parties who have important roles and responsibilities – including the Government, the CAA as the aviation regulator, airlines, airport operators and NERL. While a number of aspects of this overall airspace architecture are being reviewed at present, NERL currently has some core responsibilities for the planning and operation of the monopoly En Route, London Approach and Oceanic services. As such, NERL has a privileged position as a franchise monopoly provider of services that are of national importance, and it benefits from the revenue streams attached to them. It therefore needs to continue to earn the legitimacy of all relevant stakeholders to support this position.
- 1.6 To this end, we are looking to NERL to set out:
- how it can lead long term reform of the management of UK airspace in the future; and
 - its willingness to be accountable for how well it performs not just against the narrow terms of its business plan, but also in a broader sense against the reasonable expectations of its wider set of stakeholders.
- 1.7 Fundamental to achieving this will be for NERL to demonstrate its accountability, not just in terms of its licence and price control settlement to the airlines and the CAA, but also the wider group of stakeholders who are affected by its activities and airspace role (including overflown communities and general aviation). This recognition then needs to be reflected by NERL in the actions it takes and, in particular, in reacting purposely and efficiently to the evolving needs of this wide group of stakeholders. Achieving this step change will support the legitimacy of NERL's ongoing role as the incumbent operator of the UK's national franchise monopoly of air traffic management (ATM) services.

- 1.8 Consistent with this ambition, we set out our intended strategic outcomes for our RP3 review in our March 2017 discussion document (CAP 1511²). In CAP 1593, we noted that stakeholders generally supported our proposals.
- 1.9 Our strategic outcomes can be summarised as:
- effective accountability – in particular in the context of better business planning and delivery, and providing for a leading role for NERL in respect of modernising the UK airspace architecture;
 - efficient prices; and
 - service quality improvement – in particular in respect of resilience and a broader view on the environment.
- 1.10 We have framed this guidance to further these strategic outcomes while taking account of respondents' views. In doing so, we have had full regard to our duties under the Transport Act 2000 and our functions as a National Supervisory Authority (NSA) under the SES Performance Scheme. We summarise these in Appendix B.

Our main theme for this guidance

- 1.11 Our main theme emerges from the first of our strategic outcomes, effective accountability.
- 1.12 We can best achieve our objectives for the regulation of NERL by ensuring that its managers, its board and its owners are effectively accountable for its business. Accountability for financial and service performance, which we can seek to harness through a regime of financial incentives, would be a way of securing our second and third strategic outcomes. They are important. But we see accountability as more than just a means to that end – it is integral to our longer-term vision for the industry.

² www.caa.co.uk/cap1511

- 1.13 We identified in CAP 1511 a need for “appropriate leadership and coordination of airspace modernisation in the UK”, but also identified that “at present, there is no ... one industry party [with] the obligation to develop [a] masterplan and the accountability for delivering it”.
- 1.14 It is not yet clear what role NERL will play in that vision, but we are looking to it to develop a business plan that sets out its preferred strategy for delivering on the needs of its wider stakeholders. For NERL to be fully accountable for that delivery, it needs to have ownership of the plan and to adopt (and even advance) best practice standards of regulatory corporate governance, including transparency, for UK businesses responsible for vital UK infrastructure.
- 1.15 Accordingly, NERL has an opportunity to frame both how it can best deliver, but also how it can best respond to unknown or changing circumstances and changing needs. It should be best placed to engage with its stakeholders and develop an offering that it believes optimises their interests, while managing in an evidence-based way any potential trade offs between those interests. This means that NERL should own and justify the key assumptions it makes in developing its business plan.

How we will evaluate NERL’s business plan

- 1.16 To help frame the guidance in the following chapters, we have set out in Appendix C how we expect to evaluate NERL’s business plan. NERL may find this helpful in organising and prioritising its business plan development.

Proposed timetable and next steps

- 1.17 Our programme is, to a significant extent, driven by the need to align with the EU process to develop the regulatory framework and targets for the RP3 period. The current high level milestones are summarised below. We will keep our timetable under review and update it as required with notifications on our website.

Milestone	Indicative dates
NERL customer consultation on its initial business plan	April – September 2018
Commission adoption of revised regulations for RP3	June 2018

Milestone	Indicative dates
NERL submission of revised business plan	October 2018
Commission adoption of EU targets ³	December 2018
CAA consultation on draft RP3 performance plan	January – March 2019
Department for Transport (DfT) adoption of RP3 performance plan and submission to the Commission	June 2019
Commission assessment of performance plans	July – November 2019

1.18 CAA consultancy studies will be scheduled throughout 2018 in response to key deliverables, such as NERL's IBP. While recognising that there will be an expected intense period of work by NERL to develop its IBP for presentation to stakeholders in April, we note that the effectiveness of NERL's own stakeholder engagement on the IBP will be enhanced if there is effective assurance on the work of the our consultants. As such, we expect NERL to ensure that it gives a proportionate level of support to our consultants.

Structure of this document

1.19 The structure of the remainder of this document is as follows:

- **Chapter 2** outlines our high level approach to RP3 business plan guidance for NERL.
- **Chapter 3** sets out guidance on outcomes and outputs.
- **Chapter 4** provides guidance on the efficient costs necessary to deliver the outcomes and outputs.
- **Chapter 5** provides guidance on demonstrating financeability.
- **Chapter 6** sets out guidance on customer consultation.
- **Appendix A** summarises the responses to CAP 1593.

³ The current SES Performance regulation requires EU targets to be adopted no later than 12 months before the start of the Reference Period – i.e. December 2018.

- **Appendix B** sets out our duties under the Transport Act 2000 and role as NSA under the EU SES Performance Scheme.
- **Appendix C** sets out our evaluation considerations.
- **Appendix D** sets out our expectations for customer consultation.

Chapter 2

CAA expectations for NERL's RP3 business plan

- 2.1 This chapter sets out our high level expectations for the approach that NERL will take in developing its RP3 business plan. It confirms the framework set out in CAP 1593 for how we expect NERL to address requirements that will not be well defined before NERL submits its revised business plan – a two track approach – and provides an update on EU context and milestones.

Feedback from consultation and evolution in CAA thinking

- 2.2 We consider there is broad support from many of the respondents for the general approach we have adopted. We have therefore decided to retain the main themes in our proposals, which were to give NERL meaningful ownership of its plan and the stakeholder engagement process that informs it.
- 2.3 This is consistent with the continuing evolution of the CAA's thinking, and UK economic regulation more widely, with a greater emphasis on company-stakeholder engagement and the congruence of consumer-led and socially responsible strategies in shareholder-led regulated businesses.
- 2.4 While we see broad support for the general approach we have adopted, respondents have raised a number of important issues and suggestions. We pick up on these in this and the following chapters.

Stakeholder engagement and NERL's ownership of its plan

- 2.5 We emphasise that it will be NERL's business plan and we are looking to NERL to determine how it can best meet the needs of its stakeholders, in particular its customers, the airlines, but also more broadly airports, passengers, cargo owners and overflowed communities. NERL has an opportunity to frame how it can best deliver, but also how it can best respond to unknown or changing circumstances and changing needs. It should be best placed to engage with its stakeholders and develop an offering that it believes optimises their interests while, and in large part through, maintaining the active involvement of its investors and managers.

- 2.6 All stakeholders, including NERL's shareholders, should therefore be reassured to see a business plan that explains NERL's vision for how it can best contribute to the needs of its users.
- 2.7 In emphasising NERL's responsibility and opportunity, to develop its business plan in the context of a meaningful engagement with stakeholders, we are encouraging NERL to move with evolving best practice in corporate governance for regulated businesses in the UK, especially those monopolies that have a critical role in delivering and operating vital UK national infrastructure. Economically regulated businesses are different from the generality of businesses in that their users (and ultimately consumers) have no choice but to use their services. The regulator exists to protect those users' interests, but it does this in part by encouraging more consumer-driven behaviours within the regulated companies. Experience in other sectors indicates that a consumer-driven strategy in a regulated business can serve everyone's interest and strengthen its longer term, value-enhancing business model.
- 2.8 This theme speaks in particular to our strategic outcome of effective accountability. NERL should be accountable for how it impacts its stakeholders, including its customers. Some factors will be outside its direct control, but it may be able to mitigate the risk of possible negative impacts on stakeholders from those factors. Importantly, through this business plan process, it has the opportunity to propose arrangements for shared governance (sharing of decisions) and financial incentives (sharing of risks) to engage a wider community of stakeholders in managing and sharing those risks. We therefore encourage NERL to see the business planning process to be not just an input into a price control process but a formative expression of how it intends to go about its business for RP3 and beyond.

The broader regulatory framework

- 2.9 In considering the form and scope of its business plan we expect NERL to be directed by the needs of its stakeholders and to take account of requirements under the SES regulatory framework, including possible modifications that emerge in respect of RP3. In doing so, NERL should set out its justifications and rationale for the assumptions and parameters it proposes, given its overall vision for RP3.

- 2.10 We expect NERL's business plan to cover the regulated activities under its Air Traffic Services Licence (the Licence). These include its UK En Route and London Approach services, under the scope of the EU and domestic regime, and its Oceanic service, which is subject only to the domestic regime. Under EU requirements, there will need to be an evidence-based rationale for the levels of charges set for each of the UK En Route and London Approach services; the same evidence-based rationale should apply for its Oceanic charges. We therefore expect NERL to provide sufficient separation and granularity in its business plan between its separate regulated services and between its regulated and unregulated services. NERL should aim to provide assurance that the pricing of intra-group services, intra-group cost-allocations and its proposals for charges for each of its regulated services are justified as fair, evidence-based and in compliance with paragraph 8 of Condition 2 of its licence.
- 2.11 Given the future impact of Brexit and that the SES regulatory framework for RP3 is subject to review and change, it is not yet known what the requirements might be in respect of development of a UK-Ireland Functional Airspace Block (FAB) performance plan for RP3. Therefore, as appropriate, references to the UK performance plan should be construed as the UK-Ireland performance plan and that the CAA will work with the Irish Aviation Authority's Safety Regulation Department where appropriate.
- 2.12 In terms of the broader implications of Brexit on the development of the RP3 performance plan, and therefore guidance to NERL in developing their business plan, our view remains that there will be similar substantive regulatory requirements. Irrespective of whether the institutional arrangements change, and whether the UK is under the European or domestic legislative framework, we expect to produce a price cap and service quality targets that go towards achieving the strategic outcomes established in CAP 1511.

Two track approach

Feedback from consultation and evolution in CAA thinking

- 2.13 Stakeholders were generally supportive of the concept of two track approach, with most agreeing certain deliverables should be considered as core – for example delivery of the London Airspace Management Programme phase 2 (LAMP2). Some airspace user respondents also identified additional specific

programmes for inclusion as core and expressed a desire for early engagement from NERL on establishing which requirements were core and wider.

2.14 NERL proposed alternative definitions for core and wider and also set out prospective measures for dealing with wider requirements in the final performance plan.

2.15 Given the differing stakeholder interpretations of the core and wider approach and how and when it might be applied, we have provided additional clarification in the guidance below.

Guidance

2.16 We are conscious that there are certain issues that may require funding from NERL's RP3 price control revenue that could be important for NERL, its customers and consumers more generally, but that are at an early stage of development. These include airspace modernisation and certain new technologies.

2.17 Faced with these challenges, NERL should adopt a **two track approach** to developing its business plan:

- a baseline business plan incorporating known and expected requirements – “core” (e.g. delay targets); and
- supplemental information setting out the incremental effects on costs and performance of less certain requirements and possible future developments – “wider” (e.g. airspace architecture modernisation).

2.18 NERL could usefully assist stakeholders understand the nature of the uncertainties involved and the possible implications for the RP3 control of the following different circumstances:

- where some less certain requirements and possible future developments might be clarified, either before the RBP or before the RP3 performance plan is finally submitted; and
- where other requirements may remain uncertain into the RP3 period.

2.19 We would expect NERL to outline the implications of any wider requirements that may not be resolved in time for the finalised RP3 performance plan. It would be for NERL to propose, and test with its customers in particular, scenarios in its business plan for how it can accommodate such uncertainty. Its proposals might

involve accommodating uncertainty in its forecasts (there may be offsetting upside and downside uncertainties) or regulatory mechanisms to help appropriately price uncertain outputs or share the risks involved. The approach adopted should be clearly documented and justified.

2.20 Dealing with uncertain requirements in this way should allow NERL to make progress with the development of a business plan that is safety-focused, fully costed, well justified and high quality. It allows NERL to set out how it will deliver the activities characterised as “core”, while providing an opportunity to account for, inform and manage possible future developments of the “wider” considerations. These wider considerations may include:

- the potential future role of NERL in modernisation of the UK's airspace architecture; considering what role NERL might have in the development of any airspace master plan or coordination function and how this might impact on their operations in RP3 and beyond;
- potential cyber security obligations in accordance with developing Government policy – taking account of obligations that might arise from the EU Network and Information (NIS) Directive;
- electronic surveillance policy developments;
- responding to the introduction of new and potentially disruptive technologies (for example, drones) in a way that leads to positive outcomes for consumers - considering the possibility that the introduction of new technologies allow for the development of and significant changes to ways of operating; and
- responding to developments in relation to Brexit.

2.21 The key driver for the two track approach is to ensure the development of and engagement on the NERL business plan are not constrained or delayed by specific issues or requirements that are not yet fully developed, versus those that are more certain. Where there is sufficient information available, but still options for delivery, these should still be included as core, for example to allow discussion on decisions between particular known technologies, levels of service or degrees of cost efficiency.

2.22 The key criteria for determining between core and wider is confidence in the level of specification around an issue or requirement (i.e. not around the costs of delivering it). Presently, it is not envisaged that a distinction between core and wider requirements will be carried forward into CAA final performance plan proposed for DfT adoption in mid-2019. Any residual uncertain requirements

should by then be accommodated, for example through a regulatory mechanism. The core/wider approach is therefore a device to help structure NERL's business plan consultation process, not the RP3 regime itself.

2.23 We expect NERL to:

- clearly identify in its business plan both the “core” and “wider” considerations required to meet the established strategic outcomes.
- set out where there are a range of options to deliver capacity, resilience, environmental and safety performance. In doing so, NERL should clearly articulate its particular requirements and associated costs as being either “core” or “wider”, along with its rationale for why they consider them to be so.
- identify its preferred option. NERL should clearly explain how it has selected its preferred option, by reference to customer engagement, quantifying the customer benefits, assessing the business cases and contribution to ensuring a continuing resilient service, and assessing whether the preferred option is deliverable.

2.24 Chapters 3 to 5 of this document provide guidance to NERL in respect of outcomes, costs, and financeability, with indicative views of “core” and “wider” considerations.

Other matters and assumptions

2.25 We expect NERL to take care to clearly justify the assumptions it uses in its business plan and make forecasts of the efficient costs necessary to deliver outputs and outcomes. NERL should take account of requirements under both the current regulatory framework, and any developments as they emerge in respect of the SES RP3 framework. It should use a building block approach to establish levels of required revenue, and present costs information as clearly, transparently, and on an as consistent basis as possible to support effective stakeholder engagement. In particular, in relation to:

- military and other activities included in the single till;
- treatments of total and chargeable service units;
- use of calendar years and choice of inflation indexation; and
- use of a consistent price base.

2.26 NERL should use the traffic (including service units) and economic forecasts it thinks most appropriate, justifying them accordingly, mindful of existing

regulatory requirements. Traffic forecasts in particular should be transparent and based on evidence, where relevant, and explicit assumptions to permit effective stakeholder scrutiny.

- 2.27 It should propose and justify the start point it uses for its cost forecasts, ensuring information is presented in a way that enables ready comparison and analysis of performance with previous reference periods. NERL should be clear on its treatment of true-ups between reference periods in relation to costs, and should also provide information on the impact that such true-ups will have on charges.

EU context and timetable update

- 2.28 In March 2017 the European Commission (the Commission) set out high level options for the revision of the two SES implementing regulations – the performance regulation and the charging regulation⁴. Following a period of written consultation with Member States and industry stakeholders, the options and consultation responses formed the basis for an impact assessment study by the Commission's consultants. The consultants are expected to present their final report to the Commission in late January/early February 2018.
- 2.29 In late November 2017, the Commission provided Member States with high level, potential changes to the performance and charging regulations, based on the following six themes:
- streamlining overly complex operation of the schemes while considering the need for a more effective measurement of performance;
 - reinforcing the gate-to-gate approach and the link with the SESAR project;
 - strengthening the role of the NSA and strengthened consultation mechanisms and constructive customer engagement;

⁴ COMMISSION IMPLEMENTING REGULATION (EU) No 390/2013 of 3 May 2013 laying down a performance scheme for air navigation services and network functions and COMMISSION IMPLEMENTING REGULATION (EU) No 391/2013 of 3 May 2013 laying down a common charging scheme for air navigation services.

- consideration of the contribution of the Network Manager in the performance and charging schemes;
 - consideration of modifications to traffic/cost risk sharing mechanisms in relation to appropriate risk exposure for ANS providers; and
 - improving the incentive mechanisms.
- 2.30 Draft legal texts containing amendments to the performance and charging regulations are expected to be shared with Member States before the Single Sky Committee meeting in March 2018, with a vote to establish the Single Sky Committee's opinion still planned for no later than June 2018.
- 2.31 Given the modification of the EU regulatory framework will be happening at the same time as the development of the IBP and then RBP, CAA will provide updates to stakeholders through 2018, where appropriate, to inform business plan development and engagement activities. The Commission timeline also includes a period of open consultation on the proposals before their adoption. The text should be available on the Commission's Better Regulation⁵ portal in the first half of 2018.
- 2.32 The Commission also initiated a specific study on incentive schemes. The results of this were published in October 2017⁶.
- 2.33 It is understood that once the process for adopting the new performance and charging regulations is sufficiently mature, parallel work will be carried out on proposals for EU-wide performance targets. The latest Commission timeline indicates the proposal of EU targets by October 2018, with a view to adoption by the end of 2018.
- 2.34 In its preparation for RP3, the Commission is supported by the Performance Review Body (PRB) which is an advisory body of experts. The PRB is expected to drive the proposals for EU-wide targets and eventually carry out the

⁵ https://ec.europa.eu/info/law/better-regulation/have-your-say_en

⁶ Discussed further at 3.52

assessment of RP3 performance plans once they are adopted by Member States.

- 2.35 Currently, it is expected that the modification of the performance and charging regulations will provide for local adoption of performance plans at either the national or FAB level for RP3. As this requirement clarifies, the CAA will engage with the DfT and Irish Aviation Authority to determine the UK-Ireland position. We continue to provide input to the development of the revised regulations to ensure, as far as practicable, that they are consistent with the UK's strategic outcomes for the future economic regulation of NERL.

Chapter 3

Outcomes and outputs for RP3

- 3.1 This chapter sets out guidance to NERL on its RP3 business plan in respect of outcomes and outputs. These are largely driven by safety and the strategic outcomes of effective accountability and service quality improvement.
- 3.2 We set out a number of key areas for consultation by NERL, setting out the stakeholder feedback to CAP 1593, along with any evolution of CAA thinking and then guidance in respect of the allocation of activities and outputs between core and wider requirements. These key areas include safety, capacity, resilience, the environment, airspace and new technology.
- 3.3 This guidance is based on the information available to the CAA at the time of publication. In a number of areas, for example airspace architecture and noise policy, the Government and the CAA amongst others are considering changes to current policies and processes. Where this occurs, the CAA reserves the right to update this guidance.

Overall approach and key areas

- 3.4 The quality of services provided by NERL across all its activities is important for airspace users. As noted in CAP 1593, for RP3 we have taken a broader, more strategic approach to service quality compared to RP2, extending beyond capacity and delay to consider resilience and environmental issues. Our broader approach also extends to NERL's ownership of its planned outcomes and outputs, and its accountability for their delivery.

Safety

Feedback from consultation and evolution in CAA thinking

- 3.5 In responding to CAP 1593, NERL highlighted its view that safety should be an explicit outcome for RP3, seeking to agree what level of safety is "safe enough" and proposing to align with the UK State Safety Plan and the Acceptable Level of Safety Performance (ALoSP) contained therein. NERL also highlighted the

importance of electronic conspicuity within UK airspace and urged the CAA to require all classes of airspace user to be equipped accordingly.

- 3.6 Our guidance is consistent with this feedback in terms of what is “safe enough”. In respect of electronic conspicuity, we recognise the positive safety impacts in terms of situational awareness and reductions in mid-air collision and infringement risks it could bring. The development and implementation of a comprehensive electronic surveillance policy in RP3 will provide those benefits and associated performance improvements for all airspace users.

Guidance

- 3.7 NERL’s focus in delivering outcomes and outputs should always be in the context of maintaining and improving safety. It is our expectation that, as a core requirement, NERL will develop its business plan taking full account of its safety obligations, demonstrating how it is maintaining safety and where it plans to improve its safety performance.
- 3.8 At least as a wider requirement, where NERL identifies opportunities to enhance the safety of the overall delivery of its services and UK ATM more generally – such as through electronic conspicuity and surveillance requirements – it should set this out in its business plan as core or wider requirements depending on the circumstances, with appropriate cost and performance information and justification.
- 3.9 NERL should monitor and take account of developments in the evolution of requirements under the RP3 SES performance regulation regarding the key performance area of safety.

Capacity

Feedback from consultation and evolution in CAA thinking

- 3.10 Feedback from stakeholders addressed the level at which NERL’s capacity performance ought to be measured, with NERL stating that its licence requires it to manage the network as a whole, whilst some airspace users supported greater granularity between En Route and London Approach performance. NERL also said that it felt that performance metrics should only reflect what is fully within its control, whereas airspace users suggested that NERL should be encouraged to manage delay beyond what is wholly attributable to NERL.

- 3.11 In line with the principles set out in chapter 2, the CAA sees NERL's development of its RP3 business plan as an opportunity to adopt a consumer-driven strategy, in this case taking proactive actions to minimise delays experienced by airlines and providing sufficient granularity on the constituent activities of its overall service.

Guidance

- 3.12 Delays are traditionally measured by Air Traffic Flow Management (ATFM) delay metrics. There are established and understood measures of delay performance set out under the existing economic regulatory frameworks.
- 3.13 As a core requirement we expect NERL to:
- establish challenging and affordable targets for RP3, in the context of the provision of a safe service, using high quality data and analysis to understand historical trends, traffic evolution, and customer requirements.
 - provide appropriate traffic forecasts as the basis for calibrating these targets, explaining and justifying the basis for these forecasts.
 - conduct sensitivity analyses of the impact of higher and lower traffic levels at magnitudes it believes credible, justifying their rationale.
 - review the scope of the London Approach service and establish metrics, forecasts and conduct sensitivity analyses consistent with the requirements for En Route, appropriately modified to align with the nature of the London Approach service to enable effective monitoring of performance.
- 3.14 When considering targets and metrics, NERL should set out any concerns it has with the current measures, identifying and justifying any proposed changes.
- 3.15 Core requirements around the London Approach service stem from the CAA's 2017 Project Oberon⁷, where it was identified that a more granular view of NERL's performance across its activities would enable the earlier identification of potential performance issues (for example, information on NERL attributable delay in the London Approach area).

⁷ www.caa.co.uk/cap1578

- 3.16 We also note that London Biggin Hill Airport (LBHA) has sought to be included in scope of the London Approach service. We expect NERL to provide sufficient information to enable assessment of the performance impacts of including LBHA in the London Approach service, and set out its preferred option, providing appropriate justifications.
- 3.17 We are not directing NERL to provide operating or accounting separation between its En Route and London Approach services. However, we expect NERL to consider and set out how it will provide greater detail and granularity around these different services in order to increase transparency for customers and to enable a more granular view of NERL's performance across En Route and London Approach services. It should also explain how it maximises performance and the value of the network as a whole. This should also support the establishment of challenging and affordable targets for RP3 using high quality data and analysis to better understand historical trends, traffic evolution and customer requirements. Increased detail will also support NERL in justifying the basis for its traffic forecasts.

Resilience

Feedback from consultation and evolution in CAA thinking

- 3.18 Stakeholders have made clear that delivering a robust level of technical and operational resilience is a key priority for RP3 and is fundamental to ensuring capacity performance.
- 3.19 NERL noted that ensuring a robust level of technical and operational resilience will be a core requirement of its plan. NERL also noted it will continue to take account of relevant recommendations of the Voluntary Industry Resilience Group (VIRG) in developing its IBP. NERL noted that there are limitations on its ability to perform a capacity oversight, assessment and advice function in light of not being able to enforce recommendations or manage combined airport scheduling decisions.
- 3.20 British Airways proposed that core requirements under operational resilience should be supplemented by additional requirements relating to mitigation of delay created by weather. British Airways also considers that RP3 should focus on resilience and addressing overall delay levels, but not noise as it is a consideration for wider UK policy.