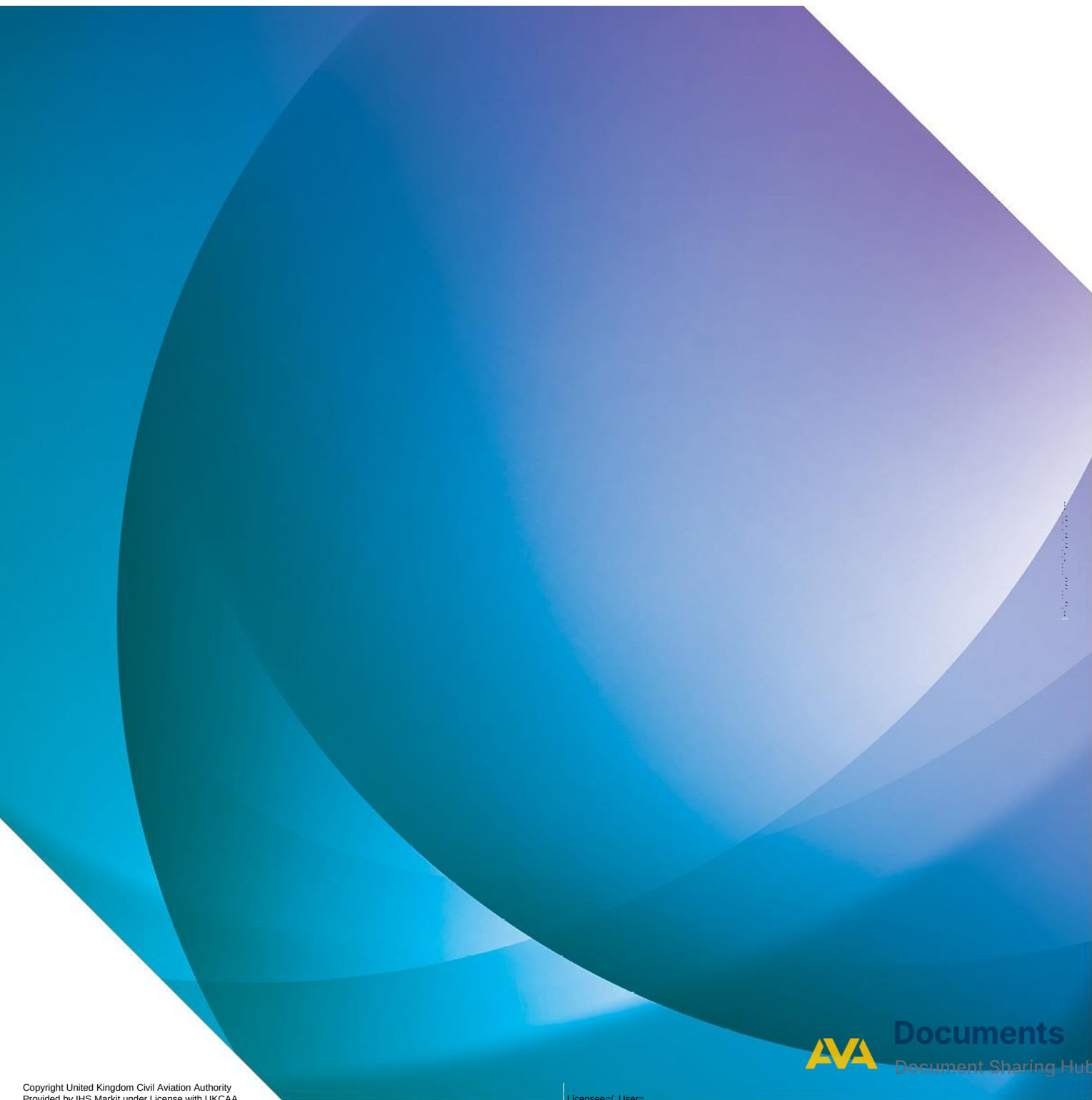


Final Advice on Market Conditions for Terminal Air Navigation Services in the UK

CAP 1648



Civil Aviation Authority, 2018

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Contents

Contents	1
Chapter 1	4
Introduction and Summary	4
Legal framework	4
Context for our assessment	6
Summary of our assessment	7
Timetable	8
Responses to the Consultation on CAA's draft advice	8
Structure of this advice document	9
Chapter 2	10
Definition and history of TANS	10
Definition of TANS	10
History of UK TANS provision	11
2013 to 2015	12
2015 to present day	13
Chapter 3	15
High-level issues	15
Stakeholders' overarching views on market conditions	15
Stakeholders' views on alternative providers	17
Views on Recent Transitions	20
Chapter 4	22
Contracting and Staffing Issues	22
Approach to TANS contracting	22
Evidence on tendering and contracting strategies	22
Tender processes	24
Contract duration	28
NSL/NERL interface	31
Trust of a Promise (ToaP)	33

Access to qualified ATCOs	36
Chapter 5	38
Other Issues	38
Transition set-up costs	38
New technology – remote towers	39
Consultation with airspace users	41
Benefits to users	43
Chapter 6	46
Market conditions test	46
Conclusion	49
Assessment of the existence of market conditions for the provision of Terminal Air Navigation Services [...]	50
CAA questions to stakeholders in the November 2017 Call for Evidence	51
Airport Operators	51
ANSPs	52
Airspace users	54
Summary of reviews of Birmingham and Gatwick transition	55
Birmingham transition	55
Staffing issues	55
Assets, equipment and information	56
Timing and costs	56
Quality of service	56
Gatwick transition	56
Staffing issues	57
Assets, equipment and information	57
Timing and costs	57
Quality of service	57
SDG recommendations for future transitions	57
Summary of the relevant findings from CAP 1293	59
Criterion one	59
Criterion two	60
Criterion three	60

Criterion four	61
Criterion five	61
Criterion six	62
Conclusion	63
List of stakeholders consulted	64

Chapter 1

Introduction and Summary

- 1.1 This document sets out the findings of our review, requested by the Department for Transport (DfT), of whether the UK terminal air navigation services (TANS) sector is subject to market conditions at relevant UK airports. This assessment is based on criteria set out in relevant EU legislation ahead of Reference Period 3 (RP3) of the Single European Sky (SES) Performance Scheme (2020-2024).
- 1.2 We have found that TANS provision at the airports in scope of this review is subject to market conditions. If the DfT adopts our advice, it can then apply to the European Commission (EC) for exemption from those elements of the EC's Implementing Regulation No 391/2013 (charging regulation) that apply to the provision of TANS. If accepted by the EC, the UK will not be required to calculate determined costs, set financial incentives, and set terminal unit rates for TANS for RP3.

Legal framework

- 1.3 The performance scheme – under the European Commission's (EC) Implementing Regulations No's 390/2013 (the performance regulation) and 391/2013 (the charging regulation) – sets out measures to improve the overall performance of air navigation services, through setting targets to drive performance in four key performance areas (safety, environment, capacity, and cost-efficiency).
- 1.4 Member States must apply the performance regulation to TANS provided at airports with 70,000 or more instrument flight rules (IFR) air transport movements (ATMs) per year. Member States may decide not to apply the performance regulation to TANS provided at airports with fewer than 70,000 IFR ATMs per year.¹ The airports currently in scope are: Heathrow, Gatwick, Manchester, Stansted, Luton, Edinburgh, Birmingham, Glasgow and London City. Bristol and East Midlands airports were not included in the previous review. However, as their traffic is close to but below the

¹ Article 1(3) of Implementing Regulation (EU) No 390/2013 says that Member States may decide not to apply this Regulation to TANS at airports with fewer than 70,000 IFR ATM per year; which is available from: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:32013R0391>

70,000 IFR ATM threshold, they may reach the threshold during RP3. The DfT asked us to consider all of these airports in our review.

- 1.5 The charging regulation lays down a common charging scheme for air navigation services and allows for exemptions from some aspects of the performance scheme, including the requirement to set cost efficiency targets for TANS, where the provision of TANS is subject to market conditions (as defined by the criteria set out in Annex I of the charging regulation and are included in this document at Appendix A).
- 1.6 The CAA has conducted this review in response to a request from the Director of Aviation at the DfT. The DfT requested that the CAA provide advice to the Secretary of State for Transport (SoS) under section 16(1) of the Civil Aviation Act 1982.² Under this section, the CAA has a duty to provide advice to the SoS when requested to do so.
- 1.7 In 2015, the CAA examined whether TANS in the UK was subject to market conditions. Our report – ‘Review of advice on SES Market Conditions for Terminal Air Navigation Services (TANS) in the UK’³ – showed that a number of significant changes within the market for the provision of TANS in the UK had taken place since our 2013 assessment of market conditions. These changes included TANS transitions at UK airports to both self-supply and third-party entry into the market. These developments demonstrated that market conditions exist, and this conclusion was adopted by the EC on 6 October 2016.⁴
- 1.8 In CAP 1293⁵ we said that if, by the end of 2016, most of the airport operators whose contracts were nearing termination at that time had not notified some form of open tender for TANS provision, we would conduct a formal review of the market. In this review, we found that TANS provision continues to be subject to market conditions and that there is no compelling case at this stage for a further review of the market. We will continue to encourage airport operators to tender their TANS provision when TANS

² Letter to Andrew Haines CEO (CAA) from Dan Micklethwaite Director of Aviation (DfT), 24 October 2017, available at:

<https://www.caa.co.uk/WorkArea/DownloadAsset.aspx?id=4294986929>

³ CAP 1293 ‘Review of advice on SES Market Conditions for Terminal Air Navigation Services in the UK’, May 2015 available at: www.caa.co.uk/cap1293

⁴ Commission Implementing Decision (EU) 2016/1940 of 6 October 2016 on the establishment of market conditions for terminal air navigation services in the United Kingdom, available at <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32016D1940>

⁵ Paragraph 7.4 CAP 1293, ‘Review of advice on SES Market Conditions for Terminal Air Navigation Services in the UK’, May 2015, which is available from: www.caa.co.uk/cap1293

contracts approach their end.

- 1.9 We do not yet know how the UK's exit from the EU will impact on the applicability of the SES Performance Scheme. For the purposes of this review we are assuming that the SES Performance Scheme will continue to apply to the UK throughout RP3. The DfT has also advised that irrespective of the UK's future relationship with the EU there is a need to put in place a performance plan with targets for the UK's air navigation services from 2020. This would need to be informed by up to date information on the provision of air navigation services and so this review is consistent with this wider policy context.

Context for our assessment

- 1.10 We have not carried out a competition assessment using our concurrent competition law powers, for example a market study under the Enterprise Act 2002, or an investigation under the Competition Act 1998.⁶ Further, we do not consider that the Annex I criteria constitute a test of whether the market for TANS is fully competitive, whether any individual operator holds a position of significant market power or whether there are any other features of the market that may have an appreciable effect on competition that we might consider separately under our competition powers. As part of this assessment, we are not required, nor have we sought, to define the scope of the market(s), assess any potential market dominance and/or address actual or potential behaviour(s) displayed by any party. We do not consider that we are bound by our assessment under this test in relation to any potential investigatory or enforcement action we may take in the future using our concurrent competition law powers, or any other powers.
- 1.11 We note that the EC has not published guidance on the application of the test set out in Annex I of the charging regulation. We have conducted this review in line with our earlier assessments.⁷
- 1.12 We also note that the EC is currently reviewing the performance and charging regulations, with a view to amending them ahead of RP3. The EC has yet to come forward with drafting proposals, so we are unable to say whether there will be changes to the market conditions provisions. We do not currently envisage significant changes to the assessment criteria for RP3 and the EC is aware we are conducting a review for RP3.

⁶ CAP 1235 'Guidance on the application of the CAA's Competition Powers', May 2015, is available from www.caa.co.uk/CAP1235

⁷ CAP 1004 and CAP 1293.

Summary of our assessment

1.13 We consider that the sector continues to be subject to market conditions on the basis of the assessment set out in Chapter 6, as summarised below:

- we have not found any significant legal or economic barriers that prevent a service provider from offering to provide or withdraw from the provision of TANS;
- we have not found any significant legal or economic barriers that prevent airport operators from exercising choice in service provider or to self-supply;
- there is a range of TANS service providers and there are public tendering processes available to UK airports;
- all airports in the UK are either subject to economic regulation or actively compete for airline business – and so all face commercial incentives to manage the costs of TANS;
- where TANS providers also provide en route air navigation services, these activities are subject to separate accounting and reporting arrangements;
- this assessment applies to TANS operations at all airports in the UK subject to the relevant EC regulation.

1.14 The assessment of market conditions does not mean that the TANS market is fully competitive. We have taken a number of steps to encourage the development of competition. For example, in 2015, we wrote to stakeholders encouraging them to respond positively to the expected decision by the EC that the market conditions existed in the UK for the provision of TANS.⁸ This included encouraging airports operators to follow open tender processes when their TANS contracts come to an end. We commissioned Steer Davies Gleave (SDG) to review recent TANS transitions and published in February 2018 an information note to stakeholders following that review.⁹

1.15 We continue to encourage airport operators to tender their TANS provision when TANS contracts approach their end and, where appropriate, we will react to significant market developments. This could include considering whether there are any initiatives that would support the development of

⁸ This letter is available at: <https://www.caa.co.uk/WorkArea/DownloadAsset.aspx?id=4294978478>

⁹ This is available in www.caa.co.uk/cap1633.

competition in this sector. For example, in the section on “NSL/NERL¹⁰ interface” in Chapter 4 we note that steps can be considered to provide further information to market participants in the context of tenders and the tools at our disposal to enforce the separation arrangements between NERL and NSL that exist in NERL’s licence.

- 1.16 If you would like to discuss any aspect of this document please contact Rod Gander (Rod.Gander@caa.co.uk) or Pedro Pinto (Pedro.Pinto@caa.co.uk).

Timetable

- 1.17 This review had the following milestones:
- 24 October 2017: request for advice made by the DfT;
 - 13 November – 8 December 2017: we called for evidence from industry regarding the provision of TANS in the UK. The questions we asked are set out in Appendix B; and
 - A list of respondents to the call for evidence, and the stakeholders we interviewed to support the evidence gathering, is set out in Appendix E;
 - 15 February 2018: we published draft advice for consultation;
 - 12 March 2018: the deadline for written responses to the draft advice consultation;
 - End of March 2018: we provide advice to the SoS (this document);
 - May 2018: we expect to be able to publish our advice to the SoS; and
 - Under the current charging regulation, the EC has up to six months from submission of any application by the DfT for exemption, to determine and advise whether it agrees that market conditions have been established.

Responses to the Consultation on CAA’s draft advice

- 1.18 This final advice follows the publication, in February 2018, of our draft advice for consultation (CAP 1634).¹¹ We received four responses¹² to our consultation and while no respondent considered that the CAA’s conclusion – that TANS in the UK is subject to market conditions – was not correct,

¹⁰ NATS Services Ltd (NSL) and NATS En Route Plc (NERL)

¹¹ Available at www.caa.co.uk/cap1634

¹² We received responses from Prospect ATCOs and ATSS’ Branch; British Airways (BA); NATS (Services) Limited (NSL); and Air Navigation Solutions (ANSI). These are available at <https://www.caa.co.uk/Commercial-industry/Airspace/Air-traffic-control/Air-navigation-services/Air-Navigation-Service-Provision--The-Contestability-Assessment/>.

stakeholders made relevant points for this review. These are noted and discussed in chapters 3 to 5.

Structure of this advice document

- 1.19 The remainder of this document sets out our analysis and findings. It is structured as follows:
- Chapter 2 covers the definition and history of TANS.
 - Chapter 3 analyses the following high-level issues:
 - stakeholders' overarching views on market conditions;
 - alternative providers; and
 - views on recent transitions.
 - Chapter 4 focuses on contracting and staffing issues and, in particular:
 - approach to TANS contracting;
 - contract duration;
 - NSL/NERL Interface;
 - Trust of a Promise (ToaP) /staff transfer from incumbent provider; and
 - access to qualified ATCOs.
 - Chapter 5 discusses other relevant issues for this assessment:
 - transition set-up costs;
 - new technology – remote towers;
 - consultation with airspace users; and
 - benefits to users.
 - Chapter 6 provides our assessment against the criteria of the market conditions test.

Chapter 2

Definition and history of TANS

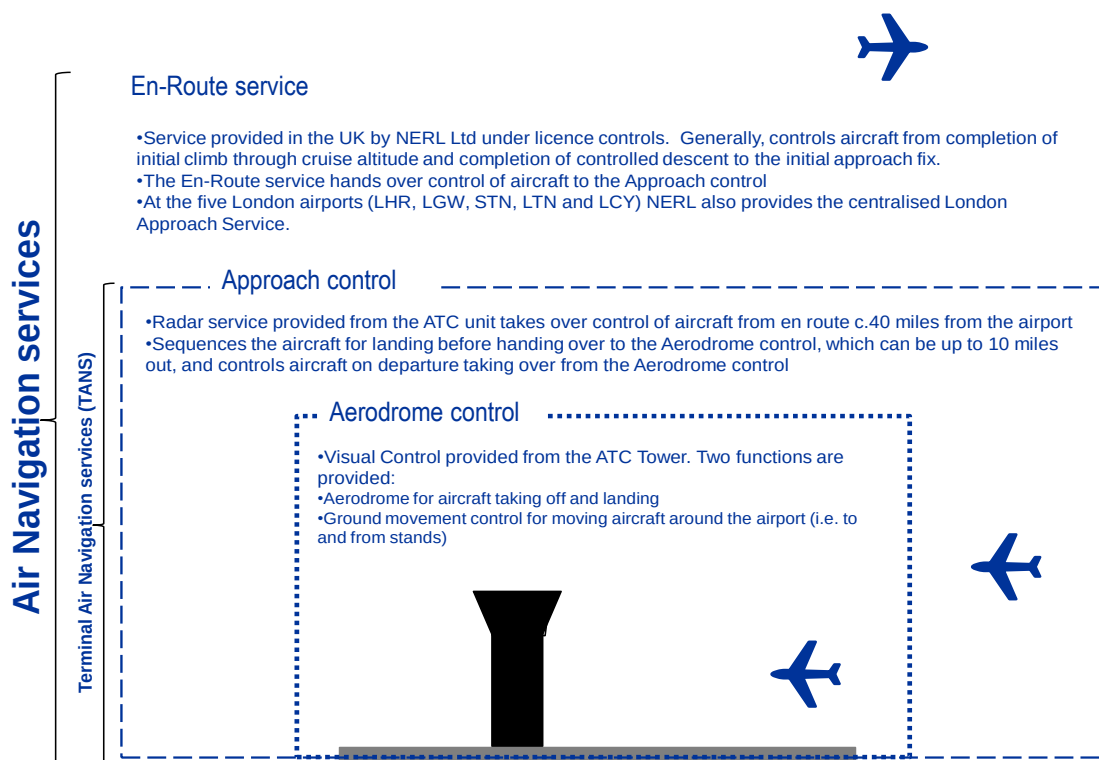
2.1 This chapter outlines the development of TANS in the UK to date and covers milestones that have led to this review. It is structured as follows:

- definition of TANS; and
- history of UK TANS provision.

Definition of TANS

2.2 Air traffic services are separated into the “en route” service, which controls traffic during the cruise phase of the flight away from the airport environment, and TANS. TANS itself normally consists of two elements: (a) the “radar approach and departure” (approach) service and; (b) the aerodrome service. The approach service typically controls the aircraft within 40-50 nautical miles from the airport. The approach service for a number of airports can be combined and, in the case of the airports within the London terminal manoeuvring area, these have been centralised for safety and efficiency reasons. The unified approach service, the so called “London Approach” service, is provided by NATS En Route Plc (NERL) under its licence granted under the Transport Act 2000. We have not examined the London Approach service as this is provided under licence by NERL and is not subject to competition.

2.3 Figure 1 (below) illustrates the scope of TANS.

Figure 1: Illustrative definition of air navigation services

History of UK TANS provision

- 2.4 The Transport Act 2000 paved the way for the privatisation of NATS through a Public-Private Partnership (PPP).
- 2.5 In March 2004, the European Parliament and the Council of the European Union adopted the first Single European Sky (SES) legislative package. This set out the initial framework for a pan-European approach to the regulation and governance of airspace. Since 2004, the SES legislation has provided the framework for the regulation of TANS.
- 2.6 In 2011, Luton Airport conducted the first public tender process for TANS. The contract was awarded to the incumbent, NATS Services Ltd (NSL). This was followed in 2012 by a public tender by Birmingham Airport, which resulted in a move to self-supply.
- 2.7 In February 2012, at the request of the DfT, we published an assessment of whether TANS in the UK is subject to market conditions under Annex 1 of the EC Regulation 1794/2006. This assessment found that the market conditions did not exist under the conditions of the test due to a low level of market activity in the provision of TANS in the UK.

- 2.8 Consequently, the DfT did not seek derogation for TANS from the SES Performance Scheme¹³ regulatory requirements.

2013 to 2015

- 2.9 Based on 2013 data, NSL accounted for around 60 per cent of aircraft movements at airports in the UK. The remaining 40 per cent was self-supply. There were no third-party TANS providers providing TANS at commercial airports. However, a number of contracting events took place at UK airports in 2013 and 2014 including:

- change of provider for the TANS service at Birmingham Airport from NSL to Birmingham Airport Air Traffic Ltd (BAATL). BAATL is wholly owned by Birmingham Airport;
- NSL was awarded a further five-year contract by Belfast International Airport in April 2013;¹⁴
- NSL was awarded a further five-year contract by Cardiff Airport in January 2014;¹⁵
- the announcement by GAL in July 2014 that it would be awarding, after a tender process, its contract for TANS to Air Navigation Solutions Limited (ANSL, a subsidiary of Deutsche Flugsicherung GmbH (DFS), the main ANSP in Germany);¹⁶ and
- NSL was awarded a ten-year contract by the Manchester Airports Group (MAG) in August 2014 to provide TANS at both Manchester and Stansted airports.¹⁷

- 2.10 In 2015, we advised that TANS in the UK was subject to market conditions, primarily on the basis of the new contracting events that had allowed for change in TANS provider at a number of airports. A summary of the relevant findings from CAP 1293¹⁸ is available in Appendix C.

¹³ Now Annex I of EU 390/2013: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:128:0001:0030:EN:PDF>

¹⁴ This airport is not in scope of this review. For further information see <http://www.nats.aero/news/belfast-and-gibraltar-airports-renew-contracts-with-nats/>

¹⁵ This airport is not in scope of this review. For further information see <http://www.nats.aero/news/nats-secures-five-year-contract-cardiff-airport/>

¹⁶ For further information see <http://www.mediacentre.gatwickairport.com/News/Gatwick-announces-contract-award-for-air-traffic-control-services-921.aspx>

¹⁷ For further information see: <http://www.nats.aero/news/mag-nats-announce-ten-year-deal/>

¹⁸ CAP 1293, 'Review of advice on SES Market Conditions for Terminal Air Navigation Services in the UK', May 2015, which is available from: www.caa.co.uk/cap1293

2015 to present day

2.11 Since the publication of CAP 1293¹⁹ the main developments in the TANS sector include:

- that new service providers have successfully established operations at Birmingham and Gatwick airports with no issues of service continuity or quality of service;
- we commissioned Steer Davies Gleave (SDG) to review the transitions at both airports.²⁰ SDG found that no issues had emerged in terms of continuity or quality of service, but identified a number of challenges that had emerged between the incoming and outgoing providers, particularly in relation to the transfer of staff and the transfer of information and data. A summary of reviews of Birmingham and Gatwick transitions is provided in Appendix D. An information note to TANS stakeholders, based on the SDG report, is available on our website²¹;
- Edinburgh Airport decided, after a tender process, to change provider from NSL to ANSL. ANSL is due to commence operations in 2018;
- Belfast City Airport (which is below the threshold to be affected by the Charging Regulation), after a tender process, changed from self-supply to NSL in 2016;
- some airport operators have re-negotiated or extended their contracts with NSL, including London City which is planning to move from provision based in the control tower at the airport to remote provision;
- Luton Airport, whose current contract with NSL expires in October 2018, has appointed NSL to continue providing TANS for five years, following an open and competitive tender process²²; and

¹⁹ See CAP 1293 – Review of advice on SES Market Conditions for Terminal Air Navigation Services in the UK, available at: www.caa.co.uk/cap1293.

²⁰ This report is available at: https://www.caa.co.uk/uploadedFiles/CAA/Content/Accordion/Standard_Content/Commercial/Airspace/Air_Traffic_Control/TANS%20provider%20transition%20review%20-%20Final%20Consolidated%20Report.pdf

²¹ This is available at www.caa.co.uk/cap1633

²² See <https://www.nats.aero/airports/london-luton-airport-chooses-nats-air-traffic-service-provider/>

- AGS (the airport operator of Aberdeen, Glasgow and Southampton airports) extended its TANS contracts so that the three airport operators will end their TANS contracts at the same time (March 2021) when it intends to tender for TANS for all its airports.

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Chapter 3

High-level issues

3.1 This chapter covers stakeholders' views and our views for the following high-level issues:

- stakeholders' overarching views on market conditions;
- alternative providers; and
- views on recent transitions.

Stakeholders' overarching views on market conditions

- 3.2 NSL considered that our 2015/16 assessment of the TANS market and more recent developments are evidence that the UK TANS market continues to evolve in a competitive manner and remains firmly subject to market conditions. In NSL's view, since our last review, the market has been very active with a range of open and competitive tenders, contract negotiation processes and airport operators changing to or from self-supply of TANS. It noted the successful transitions of TANS providers at Gatwick and Birmingham airports and the award of Edinburgh Airport's TANS contract to ANSL, following an open tender process.
- 3.3 ANSL is a recent entrant in the UK TANS sector. It has bid and successfully secured contracts for the provision of TANS at Gatwick and Edinburgh airports and is committed to grow its presence in the UK market. It has, however, expressed a number of concerns over how the market is functioning and has said that these issues should be addressed to encourage a more competitive and open TANS market. ANSL has not called for performance regulation of TANS to be introduced. Instead it would like to see more market opening action, either through changes in the regulation of NERL, new legislation and/or the application of competition law.
- 3.4 Of the UK airport operators that responded to the Call for Evidence, none considered that the provision of TANS at airports in scope of the regulations is not subject to market conditions.
- 3.5 Heathrow Airport is of the view that "there is contestability in the market for the provision of TANS in the UK following the recent changes." Heathrow Airport said it has no material concerns regarding barriers to changing TANS provider and has seen NSL become more responsive to the needs of

its customers as the threat of an alternative provider has increased.

- 3.6 Gatwick Airport considered that the TANS market has developed well, with NSL having to work harder to retain contracts. It said that increased competition in the TANS sector has driven down costs and improved service.
- 3.7 London City Airport considered that the TANS market has changed substantially in the past five years and there is more competition. It noted that NSL has not been able to re-secure a number of airport operator contracts and new players coming in (notably ANSL) and there is the potential for other European ANSPs partnering with technology providers to provide new TANS solutions. It said that airport operators have increasingly much more choice and do not need to rely on the national UK en route ANSP. It also considered that NSL has become more customer oriented and innovative as a result.
- 3.8 MAG considered that there have been improvements in market conditions over the last five years and that NSL has been directly impacted by recent changes in TANS provider at a number of airports across the UK.
- 3.9 Birmingham Airport said that recent changes have made the UK TANS providers and their customers more aware of the potential for changing providers. Birmingham noted that “this has, undoubtedly resulted in some airport operators negotiating their TANS contracts under more favourable conditions.”
- 3.10 AGS indicated that “the market has become more active in recent years” and that NSL is “aware of the competitive forces at play”. AGS also noted that, at this stage, it does not have any concerns about potential barriers to changing TANS provider.
- 3.11 Luton Airport considered that recent events demonstrated that there is competition in the UK TANS market and that there have been benefits from tendering services and these should continue in the future.
- 3.12 Southend Airport said that “the TANS market for the larger UK airports is competitive, however, the evidence for regional airports suggests that TANS provision is largely through self-supply.”
- 3.13 IATA agreed that there has been some maturing of market conditions with UK TANS, with some encouraging changes in service providers. However, IATA did not consider this to be a fully functioning market that demonstrably delivers benefits to airspace users as there is no evidence showing that efficiencies have been achieved and passed on to airport users in the form of lower charges.

- 3.14 British Airways (BA) and Virgin agreed that there does appear to be a market developing for TANS in the UK but they also agreed with IATA's view that the UK is yet to have a fully-functioning TANS market that is demonstrably delivering benefits for airspace users.
- 3.15 Prospect²³ considered that the UK TANS market remains subject to market conditions, but that a cost-benefit analysis should be undertaken to determine whether the enforcement of a fully commercial and competitive market is the right approach for TANS and its stakeholders.

Further stakeholder views

- 3.16 None of the respondents to the consultation on our draft advice changed their views significantly on the matters discussed above.

CAA's views

- 3.17 We note that no stakeholder said that the provision in TANS in the UK should be subject to performance targets under the SES performance and charging regulations. Most stakeholders agreed that the market was subject to market conditions and/or have noted positive market developments in recent years, while some noted remaining concerns on whether the sector is fully competitive.

Stakeholders' views on alternative providers

- 3.18 NSL told us that it viewed ANSL, Serco, LFV/Ports of Jersey Ltd, IAA and ATCSL/Peel as actual or potential competitors. Also, NSL expects more competitors to emerge as, in its view, the UK is becoming increasingly attractive to European ANSPs looking for opportunities to grow their business. NSL also expects new business models to emerge, including those using new types of TANS technology, i.e. remote towers.
- 3.19 DFS (ANSL's parent company) is one of the largest ANSPs in Europe. It is responsible for en route airspace and the operation of the majority of TANS in Germany. Its TANS operations include large airports such as Frankfurt and Munich. ANSL said it is committed to the UK market and would like to grow its presence in it. In its view, the challenges it faced with transition required a committed ANSP with broad shoulders to take on the risks associated with transition. It does not consider that many other potential market participants would be able to provide the level of competition that it

²³ Prospect is a trade union that represents almost 2000 ATCOs and 1000 air traffic systems specialists within the UK air traffic management system.

has brought to the market.

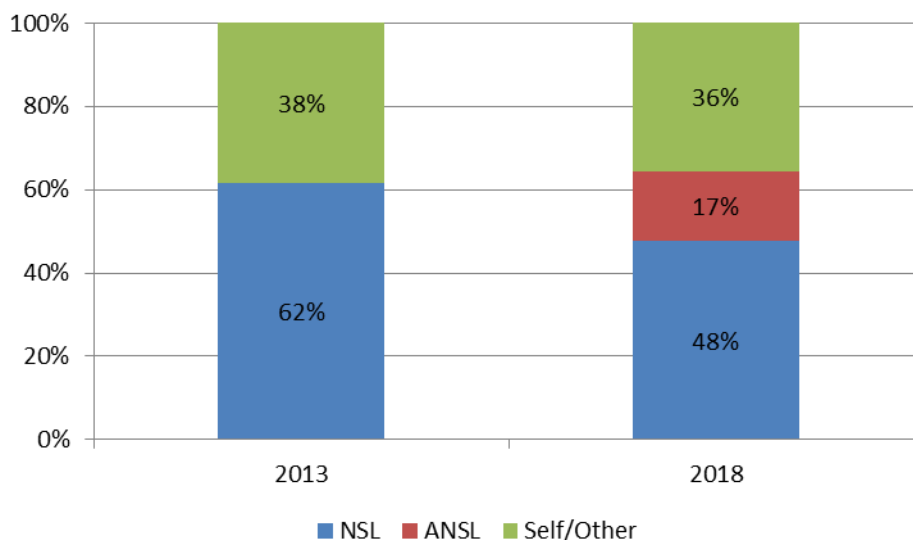
- 3.20 The UK TANS market has, nevertheless, attracted interest from other European ANSPs and from other smaller UK ANSPs looking to grow their businesses (such as ATCSL).²⁴ ATCSL has previously bid for TANS at Luton, Birmingham and Belfast City. ATCSL did not bid for Gatwick and Edinburgh airports TANS contracts because it considered Gatwick Airport's operation too big for ATCSL and, in the case of Edinburgh Airport, it considered that either NSL or ANSL, already having taken Gatwick, were better placed. ANSL and ATCSL represent two different forms of provision. One is developing its offering from the base of an extensive operation in its home country while the other is commercialising in-house provision.
- 3.21 In the tender run by Gatwick Airport, it had 14 providers interested in the contract, five submitted pre-qualifying questionnaires, from which they selected four, three of which eventually submitted compliant bids. Following the process ANSL won the contract.²⁵
- 3.22 The tender run by Edinburgh had eight providers interested including NSL, ANSL, LFV Sweden²⁶, ATCSL and a number of other European ANSPs. Three providers proceeded to the invitation to tender stage and one of these withdrew from bidding during the process. The tendering process then proceeded to an evaluation and negotiating stage with NSL and ANSL, with ANSL being the successful bidder. Edinburgh Airport told us that it has learnt from how other airport operators have previously tendered for TANS.
- 3.23 Additionally, Birmingham Airport has taken the decision to bring TANS in-house. NSL said that other airport operators have credibly threatened to take service in-house as part of negotiations.²⁷
- 3.24 As a result of these changes, by 2018 the make-up of the industry will be quite different to that observed in 2013. Figure 2 (below) shows a forward look to 2018 for the share of UK ATMs, based on 2013 movement data, when changes in TANS operators are taken into account. Figure 2 includes the vast majority of UK airports, including those that are not in scope of this review (i.e. those below 70,000 IFR ATMs).

²⁴ ATCSL is a UK ANSP responsible for TANS at Liverpool John Lennon Airport, Robin Hood Doncaster Sheffield and Durham Tees Valley. These airports effectively self-supply as these airports and ATCSL are owned by the Peel Group.

²⁵ Gatwick, TANS call for evidence, 14 January 2014

²⁶ Sweden's main ANSP

²⁷ NATS, NSL's response to CAP1226: Provision of Terminal Air Navigation Services (TANS) in the UK: Call for evidence, 7 November 2014

Figure 2: Share of ATMs by operator in 2013 and 2018

Source: CAA Statistics, NOTE: 2018 estimated on 2013 data with TANS provision change

- 3.25 The successful transitions of Gatwick Airport to ANSL (i.e. between two third-party operators) and Birmingham Airport to self-supply made it clear to airport operators that both forms of transition were credible alternatives to NSL.
- 3.26 Although MAG did not tender, it stated that its ability to assess an in-house solution and consider third-party alternatives allowed it to apply commercial pressure on NSL during its recent negotiations.²⁸ NSL also told us that when the Manchester Airport contract was up for renewal, MAG had the opportunity to compare it with the contract at Stansted Airport, which MAG had recently acquired.
- 3.27 Southend Airport considered that, even though there is clear evidence that the TANS market for the larger UK airports is competitive, the evidence for regional airport operators suggests that TANS provision is largely through self-supply. In their view, there appears to be a more limited scope for small to mid-sized regional airport operators to find a cost-effective way of tendering for an outsourced TANS provision.
- 3.28 London City Airport decided, in 2016, to run a pre-tender exercise, before awarding the TANS contract to NSL, in order to exploit the market and find the best opportunity.²⁹

²⁸ MAG, Provision of Terminal Air Navigation Services in the UK: Call for Evidence, 19 January 2015.

²⁹ See <http://ted.europa.eu/TED/notice/udl?uri=TED:NOTICE:17668-2016:TEXT:EN:HTML>.