

Consumers and Markets Group



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Sent by email martin.rolfe@nats.co.uk jane.benfield@nats.co.uk

28 March 2019

Dear Martin

NERL's SIP 2019

Thank you for sending us your Service and Investment Plan 2019 (SIP 19) in accordance with Condition 10 (3) (a) of your licence. As you know under Condition 14 the CAA may approve the form, scope and level of detail of the SIP.

We are encouraged that the Independent Reviewer considers that SIP19 is in a considerably improved format compared to previous SIPs, with a marked improvement in the depth of analysis. It is clear that NERL has made considerable efforts to improve the SIP. We note however, that he also considers that some further developments on planned actions taken or required to ameliorate slippages and contain cost growth are required.

Notwithstanding the comments of the Independent Reviewer, I consider that some of the concerns I set out in my letter of 3 October 2018 regarding whether your SIP documentation sufficiently contributes to meaningful consultation between yourselves and airline users remain. Therefore, we are not currently minded to approve the form, scope and level of detail of SIP19.

You have responded positively to my previous letter by co-operating with us and appointing Trax to provide you with skilled independent support to improve your documentation. I have met with Trax and am hopeful that with their support you should be able to further improve the interim SIP19 document.

I appreciate that you may not be able to fully implement all the required changes in the interim SIP19. However, I expect it will show a further improvement in form, scope and level of detail, as well as clarity and tone. This will enable your users to be able to comment in a better-informed way on options for your capital investment programme going forward. If this is achieved and the SIP evolves to better meet your customer's requirements, over time it should lead to a more open and productive relationship between you and your users. This in turn, could reduce the involvement of the CAA in your capital investment consultation going forward, and contribute to the improved capex governance we want to see develop in RP3.

I look forward to your continued co-operation in improving the quality of your SIP documentation and am happy for you to engage with Matt Claydon's team with any questions you have.

Yours sincerely

A handwritten signature in blue ink that reads 'Paul Smith'.

Paul Smith
Director, Consumers and Markets Group