

Chief Executive's Office

Martin Rolfe
CEO
NATS
4000 Parkway
Whiteley
Fareham
Hampshire
PO15 7FL

28 July 2017

Dear Mark,

NERL's 2017 airspace and technology programmes

Thank you for your letter of 29 June, and the additional material provided in response to our conditional approval of SIP17 and the airspace and technology programmes. Based on our review of the additional material, discussions with your colleagues at NERL, and the Condition 10 Independent Reviewer, Grant Bremer, my team has now considered whether NERL has met the challenges relating to benefits, risk and dependencies set out in my conditional approval letter in May.

Benefits – It is our view that you have now provided sufficient clarity on the intended benefits that will be delivered from the revised investment programme, and the processes and assurances NERL has in place to manage these benefits. We note that your approach to measuring benefits is still developing, and we strongly encourage that you continue to focus on linking and explaining to your customers how your investment will contribute towards improving NERL performance for each of the Key Performance Indicators.

Risks & Dependencies – It is our view that NERL's risk and dependency management is robust, particularly at a project level. The "Risk and Dependency Management Briefing" provided to, and associated discussions with, the Independent Reviewer following the submission of the additional material, provides further explanation of the portfolio level risks and project dependencies being managed by NERL. Recognising your approach in this continues to be develop, we recommend that the briefing is published to your customers. We are encouraged that you have responded positively to our conditional approval, and now confirm our approval of the form, scope and level of detail of SIP17 and the 2017 Airspace and Technology Programmes.

NERL should take a key learning from this process that its communication of the level of detail of its thinking and processes could be improved to provide an accurate reflection of the work NERL is doing. While we are reassured by the Independent Reviewer's analysis, as well as our own understanding of the material you have provided, we will carefully monitor the delivery of and reporting against your revised investment plans and associated performance over the next year to ensure the reality has lived up to the expectations.

On costs, the additional breakdowns of the portfolio are a useful addition and we remain of the view you should continue to provide this level of detail, as a minimum, going forward.

On procurement, we have received positive feedback from users on the "Deep Dive" workshop, and we consider a follow up will continue to reduce uncertainty for airline users in this area. Over the rest of RP2 and moving into RP3, you should continue to consider how best you can demonstrate, including through anonymised evidence such as benchmarking, that you are delivering value for money from your investments.

Finally, I note your proposed approach to consultation going forward and advise that we will keep this under review to ensure it is meeting customer needs, particularly if a particular issue or project may warrant a consultation exercise with users outside the regular SIP process. Now that we have established the requirement in terms of level of detail for reporting under Condition 10, it is our expectation that this will be the minimum going forward, whilst still encouraging you to take all opportunities to improve and meet customer expectations through the remainder of RP2. On this basis, given the short period of time that has elapsed between submission of the airspace and technology programmes overall package and the Interim SIP17, and noting the Independent Reviewer's view that Interim SIP17 is a step forward; we also approve the scope, format and level of detail of Interim SIP17.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andrew Haines', written in a cursive style.

Andrew Haines
CHIEF EXECUTIVE