



# **NATS (EN ROUTE) PLC SIP: INDEPENDENT REVIEWER REPORT**

■  
**Review of SIP22**

**24 February 2022**

*Final – sent to the CAA*

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## SCOPE OF THE ASSESSMENT

The requirements on the content and scope of the service and investment plans, interim service and investment plans and associated Independent Reviewer assessments have been put forward in Condition 10 Article 9 of the NERL Licence.

### SIP REQUIREMENTS

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#### SCOPE:

The scope of the SIP as defined by the NERL Licence is to provide an update of the Licensee's investment plans, including its technology and airspace programmes.

#### PROGRESS:

The documents shall provide an update of the Licensee's delivery of the investment plans, as measured against the capital expenditure programme milestones set out in the Licensee's business plan and as amended to be consistent with the price controls in Conditions 21, 21a and 22.

#### MATERIAL CHANGES:

The documents shall provide an update of material changes in the Licensee's expectations as to the level and quality of the services it will provide, the means by which the services will be provided, and the likely implications for charges to Users beyond the expiry of the period for which charges are for the time being set pursuant to the Charge Control Conditions. Service and Investment plans shall include such information as is reasonably necessary to achieve this including, but not limited to, material changes in the Licensee's expectations as to its operating practices and resources.

The SIP is normally prepared in the context of the Business Plan. In 2022, the appropriate context is provided in the 2021 SIP Addendum which contains updates and changes to the Business Plan, following the impact of the COVID-19 pandemic.

### SIP release schedule

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- Annual SIP, not later than 31<sup>st</sup> January;
- Interim SIP not later than 31<sup>st</sup> July;
- Updates to SIPs 30<sup>th</sup> April and 31<sup>st</sup> October.

### Responsibilities of the Independent Reviewer

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The CAA may appoint an Independent Reviewer to report on the Licensee's delivery of and engagement on its capital expenditure programme. The reports shall:

- a) review the timeliness and accuracy of the Licensee's reporting in its service and investment plans;
- b) assess whether the Licensee has sufficiently explained and justified its capital expenditure programme in its service and investment plans;
- c) assess and propose scores for the Licensee's engagement with Users against the assessment criteria referred in paragraph 8 and the CAA's guidance;
- d) track and assess the Licensee's progress on delivering its capital expenditure programme and achieving the associated benefits; and
- e) report on the cost efficiency of the Licensee's capital expenditure and its implementation.

**The scope of this report is limited to points a), b) and d). Point c) will be reported upon separately, and point e) will be addressed on request from the CAA.**

## SIP22

### Introduction

#### Overview

- At the end of April 2021, NERL released the SIP21 Addendum, which formalises the baseline CAPEX plan for the remainder of RP3 ending at the end of calendar year 2022.
- SIP22 also provides the first quarterly update of 2022. It includes the “programme on a page” presentation and Long Term Investment Plan (LTIP) quarterly dashboard agreed after the IR’s SIP21 review, and provides readers with the key changes to the programme, early on in the document with greater detail in the appendices.

#### Contents

- In the following sections we provide feedback on the overall appropriateness of the information provided to users for each of the capital investment programme, and then on each programme in turn:
  - DP En-Route & Voice,
  - Airspace & Ops Enhancements,
  - Sustainment & Surveillance,
  - Property & Facilities Management,
  - Information Solutions,
  - Simulation Transformation & Sustainment,
  - Oceanic,
  - iTEC collaboration.
- Finally, we present the conclusions and recommendations.

*References in this document, unless otherwise specified, relate to the Final SIP 2022 document.*

*The format is: [Page number] or [Page number. Paragraph number]*

*Eg [20] references page 26 of SIP22 and [26.3] references page 26 paragraph 3 of SIP22.*

## SIP22

### High-level comments

#### Adoption of the '2+5' approach

- I. SIP22 represents a continuation of NERL's Long Term Investment Plan (LTIP) reporting for 2022 and aims to provide a forward-looking link between RP3 and NR23. For the first time, the SIP follows the '2+5' principle, drawn as a best practice from the Government's Infrastructure and Projects Authority, providing detailed 2-year capex expenditure estimates alongside a 5-year forecast.
- II. The concept was introduced in recognition of the fact that the investment schedule spans the boundaries of the regulatory periods. The intention of introducing the 2+5 approach relates to adding more flexibility and agility to the investment oversight process.
- III. NERL has provided high-level insight into the 2+5 planning approach in Appendix B in SIP22 [45-46].
- IV. Feedback on the 2+5 approach has also been provided in writing by one of the customers. At the request of the customer, this feedback has not been made public.
- V. We agree with the general perspective that limiting the view on capital investment to the regulatory period is not sensible since NERL's major programmes span longer timescales and the difficulty of long-term forecasting. For example if an investment is planned to commence in year 5 of the regulatory period, it is challenging for NERL to forecast the scope and cost of this investment prior to the regulatory period. Given the time it takes to consult upon and agree the capital investment plan, this could necessitate having to estimate a project scope and cost 7 years in advance. At a high level this is possible, but changes to the plan would be inevitable.
- VI. The 2+5 view benefits the users by ensuring that a realistic short-term forecast is provided, and also that at the end of a regulatory period there is visibility of the expenditure planned in the first year of the next period (as we see in SIP22 with a forecast for the first year of NR23).
- VII. Nevertheless, we believe there are a number of details that need to be addressed before a full reliance on the 2+5 process is introduced:
  - I. It may be challenging to reconcile the information provided in the business plans and then subsequently in the SIP documents. Ultimately, according to Condition 10 of the NERL licence, the SIP document "*shall provide an update of the Licensee's delivery of the investment plans, as measured against the capital expenditure programme milestones set out in the Licensee's business plan*". NERL is required to establish investment forecasts (of both costs and milestones) ahead of the reference period and subsequently report progress against those forecasts in it. Future SIPs will need to maintain this reporting.
  - II. Each year NERL will need to define a precise estimate for the new N+2, a high level one for N+7 year and updates to any in between. This is expected to take place during the SIP consultations.
  - III. Where the N+2 year falls in the next regulatory period (as currently because 2023 is the first year of the NR23) it is unclear to what extent NERL is accountable for the estimates. At the time of writing, NERL has published its business plan for NR23 but it has not been accepted by the CAA.
- VIII. Overall, the key rationale behind the SIP reporting is to ensure that NERL is held to account for its plans that are agreed with its stakeholders. Any change to the process needs to enable a retroactive analysis to be undertaken: to be able to look back and compare plan versus actual progress, to ensure lessons can be learnt and taken forward to future projects. The introduction of 2+5 could mean that such analysis is only substantially possible for 2 year periods.
- IX. We recommend that the CAA considers how the introduction of 2+5 will affect the regulatory activities, and works closely with NERL to ensure that regulatory requirements are met while keeping accountability and increasing the flexibility of the process.

## SIP22

### High-level comments

#### Presentation and clarity

- I. Overall, when compared to SIP21, SIP22 provides another step forwards in presentation, with an improved layout easing the assimilation of the presented information.
- II. For the first time, SIP22 included a 'key achievements 2021' section, providing an overview of NERL's progress in the previous year. This is a welcome addition to the SIP format, but these achievements cannot be easily linked back to the key milestones within the programmes (which readers would be most familiar with). We encourage NERL to ensure consistency in the reporting of progress is maintained.
- III. On the topic of clarity, a number of graphs and tables lack a key/legend/explanations, meaning they could be misinterpreted. For example, in [10] it is unclear if a decrease in RAT points is good or bad. In the figure on [11] the legend is small and mentions a forecast which is missing from the actual chart.
- IV. There were differing levels of detail given throughout SIP22. While the benefits/losses for customers are described for some programmes/projects, this is not the case across the board, hence readers may struggle to understand what the impact of achievement/delay might be. Similarly, the LTIP overview section does not consistently provide details around delays.
- V. During the consultation process users were keen on knowing if NERL is planning on taking a performance bonus for the results from 2021. In point 9 on [7] NERL confirm that indeed, no bonus will be received. Given the importance of this point to customers we would have recommended to make this point at the start of the SIP document.
- VI. While the document includes an exhaustive glossary, the number of undefined acronyms in the text body can make it difficult for the unfamiliar reader to understand the meaning.

#### Programmes & milestones

- I. Regarding the dashboards and presentation of milestones, some are difficult to interpret. For example, the numbers in the '*Milestones on Track for RP3*' column in [20] do not easily map to those in the detailed '*RP3 Programme update*' section and they differ from those in the previous quarterly SIP. NERL has assured us that the presentation of milestones in the '*RP3 Programme update section*' will be streamlined to ensure transparency of information.
- II. Furthermore, a number of baseline milestones in 2023 and beyond have been revised during the NR23 consultation. While this is reasonable, it is challenging to understand what has changed, by how much, and for what reason, without comparing each milestone with its description in the previous SIP report.
- III. Similarly, where the forecast of a milestone delivery has changed the SIP22 document only presents a comparison against the baseline but does not give the reader insight if the delivery has changed since the previous quarterly update. We recommend that information is presented in a way that allows the reader to understand the changes since the last SIP update.
- IV. Across the programmes there is a small difference in the CY23 values presented in SIP22 and the NR23 business plan. We have been informed that this inconsistency is due to a difference in the base year used. An additional clarification on this will be added to the future SIP documents.

#### Customer feedback

- I. While NERL notes in the key changes section that one customer response was received, the response provided subsequently by NERL to the client was relatively high level considering the level of detail provided by the customer. The response did not address all the issues raised by the customer although NERL has told us that it also spoke to the customer directly to address them.

## DP EN-ROUTE & VOICE

As the DP En-Route (ER) & Voice programme is the largest, we have split our analysis across two slides, the first focusing on the [contents of the SIP22 in relation to the DP-ER & Voice programme](#), the second providing the IR opinion on the programme.

### SIP contents summary

#### Programme description:

- The high-level DP-ER & Voice programme description is provided on [36]. The slide highlights that the programme will “provide the fundamental building blocks necessary to complete our technical strategy agreed with customers in RP2”. The programme will deliver “the underpinning architecture, networks, support systems and the iTEC FDP for area control and Prestwick upper airspace”.
- [36] also lists the anticipated high-level benefits of the programme across core KPAs, including resilience, safety, costs, and capabilities.
- The programme risks are provided in detail on [36], these include “lack of skilled resources”, “COVID-19 impacts”, and “technical issues during integration and testing”.

#### Milestones and timelines:

- The LTIP quarterly dashboard [20] provides the overall status of the DP-ER & Voice programme as “red”, “primarily due to previously reported schedule changes in the voice systems” [22.1].
- The dashboard notes that five of the nine milestones forecasted for completion in the RP3 baseline are not on track, further detail is provided in the Programme Milestones table on [23].
- The progress of the programme is provided in greater detail on [22], which provides the key deliverables achieved in the last quarter, including “live operational shadowing” and “SVS SAT e-run was completed”.
- [22] provides an overview of the work for the next quarter, this includes the milestones “#4 Ready for PCUA LOS1” and the “SVS SAT O-phase 1 and 2”.
- [23] reports an update on the progress of milestones. Milestone #3 (“LOS 1 Shadowing”) and #4 (“Ready for PCUA LOS1”) have been delivered.
- [23] also shows that other than milestone #9 (“Ready for PCUA LOS1”) all milestone delivery forecasts have been delayed.

#### Cost information:

- The cost information for the DP-ER and Voice programme is provided at several points throughout SIP22. [22] provides a comparison between the SIP21 Addendum RP3 baseline forecasts and the updated forecast provided in the SIP. As indicated in the previous SIP updates, the programme is forecast to be £3m below the RP3 Baseline.
- Notably though, the costs for CY21 are now reported as £57m [22], which is a reduction from the £60m estimated for CY21 in the October quarterly SIP.

## DP EN-ROUTE & VOICE

As the DP-ER & Voice programme is the largest and with most changes, we split our analysis across multiple slides, the first focusing on the contents of the SIP22 in relation to the DP-ER & Voice programme, the second providing the [IR opinion on the programme](#).

### IR opinion

#### Programme Description:

- As indicated in previous reviews, the updated format of the SIP22, allows readers to access a range of detail related to the programme description, depending on their familiarity with the NERL LTIP.
- Key information on progress, costs and milestones is readily available to the reader.
- The information on the lookahead to the next quarter is helpful, but there appears to be an inconsistency related to the time period covered by this section. It seems that the content on [22] pertains to the activities planned in November 2021 – February 2022 (so the quarter from the release of the draft SIP), as opposed to February to April 2022 (the quarter from the submission date of the SIP). In the case of SIP22 this results in an inconsistency of the lookahead section on [22] stating that the following activity is expected: "Complete Platform testing within the operational environment confirming our ability to complete Milestone #4 'Ready for PCUA LOS 1'". In contrast to this, [23] states that Milestone #4 has already been completed (in November 2021). Going forward we recommend that information is consistent, and that the lookahead to the next quarter also indicates what time period is being described. NERL has informed us that this inconsistency was caused by a milestone completion which resulted in a late change to the SIP document and that it has established a new internal process to ensure that such errors do not happen in the future.

#### Milestones and timeliness:

- [23] and [20] provide a clear indication of the progress of the DP-ER & Voice programme. As in the quarterly update from October 2021, the status of the DP en route programme is marked as "red". While the status has not changed (it is already red), all but one of the underlying milestones have been delayed. This is partially a consequence of the NR23 consultation process which affected milestones in 2023+. Nonetheless, it is difficult to understand which of the milestones on [23] have changed since last reported. We recommend indicating by how much a milestone has changed, when compared to the most recent SIP update. Additionally, it should be clear which milestone baseline is presented (i.e. RP3 or NR23).
- Given the number of delayed milestones, we are concerned about the lack of adherence to the plan which was published only 10 months ago, in April 2021. We understand that the changes to the NR23 completion schedule have been discussed and approved during the NR23 consultation, but all the remaining milestones in RP3 have also been delayed.
- A number of milestones now span a range of quarters, rather than forecasting in which quarter the milestone will be delivered. In some cases, the range spans three quarters. While we understand that precision is difficult when looking at a longer-term outlook, this also applies to some mid-term milestones (e.g. Milestone #10, planned for completion in 2023, has a nine-month delivery window).

#### Cost information:

- The cost information provided for this programme is consistent throughout the document, and no changes have been made since the most recent SIP update.
- Additionally, the cost reduction seen in CY21 (£57m [22], a reduction from the £60m estimated for CY21 in the October quarterly SIP) has not been explained. It is not clear if this represents a real cost saving, or the £3m will simply be incurred in the future.



## AIRSPACE & OPS ENHANCEMENT

### SIP contents summary

- [37] provides a description of both the high-level and quantified benefits of the Airspace & Ops enhancements programme, including “improved environmental performance”, “additional capacity”, and “enhanced connectivity”.
- A description of the programme risks and programme dependencies are provided on [37]. [24] notes that “DfT support funding for airports to achieve the CAP1616 Stage 2 gateway may not be continued for later phases”.
- [25] and [20] provide the overall status of the milestones for completion in RP3. [18] reports that the programme completion is currently “green” and 10 out of 12 milestones are currently on schedule. This represents a change from the most recent quarterly update, where 6/7 milestones were reported as on schedule.
- [24] provides the updated cost forecast for RP3. This updated forecast is £1m greater than reported in the previous period.
- The progress since last quarter, on [24] include key activities such as FRA D1 being successfully deployed on December 2<sup>nd</sup> and the AMAN Headbranch project successfully completing FAT.
- Milestones #4 through to #8 have all been delayed when compared to the previous quarterly update.
- The previous milestone #9 (“Manchester TMA Airspace Changes FOS”) has been replaced with “Airspace Management Enhancements” consisting of three sub milestones. The notes refer to an update of the naming convention, but it does not tie in with the milestone names used in the previous quarterly update.

### IR opinion

- The information on milestones as reported on [20] is not consistent with the milestones presented on [25]. [20] reports that there are a total of 12 milestones, whereas on [25] there are only 8 (10 including the sub-milestones).
- We also note that a number of the baseline milestone dates as reported in [25] have been updated (some delayed and some accelerated). This can be seen in e.g. milestone #5 (“TBS Pairwise FOS”), which according to the RP3 baseline was supposed to be delivered in Q2-23, now is reported as initially planned for delivery in Q2/Q3 2023. The forecast is in line with the revised baseline information (Q2/Q3 2023). However, we question the validity of changing the baseline milestone targets and subsequently reporting the programmes as “on track”. When compared to the RP3 baseline as laid down in the SIP21 Addendum, only 3 of 7 milestones are on track (excluding the new milestone #9). NERL has explained that the change to milestones was introduced as a result of the NR23 consultation but recognised that the numbering convention should have been maintained (as was done with other programmes).
- We also note that the updated forecast for CY22 is £1m greater than reported in the previous period. It would be valuable to include a short (one sentence) explanation for the reason for this small change.

## SUSTAINMENT & SURVEILLANCE

### SIP contents summary

- The dashboard presented in [20] shows the Sustainment and surveillance programme is now at an amber status, which represents a deterioration when compared to the green status reported in the last quarterly update.
- [20] reports that there is one more milestone (12 instead of 11) compared to the previous quarterly update.
- There is no change to the expected CY22 costs of the programme, as compared to the last update.
- The actual spend for 2021 has been £2M lower than expected at the time of the most recent quarterly update.
- [27] includes a list of updates to the milestones. Importantly, milestones #7 through to #15 have been renumbered. The Daventry RX and TX replacements (Milestone #12) are now captured as milestones #16 and #17 (*"Dry Air cooler and Chillers Deployment 1 and 2"*).
- Milestones which are now numbered #10-#15 [27] have a revised baseline and forecast delivery timeline.

### IR opinion

- The cost the programme has now dropped by £8M when compared to the RP3 baseline. We recommend NERL ensure that cost reductions are also explained, capturing the reasons for the change and the potential impact on future costs (if any).
- Throughout the SIP, there is generally explanation of material changes. For the Sustainment and Surveillance programme, however, there is no explanation of why the CY21 costs have reduced by £2m.
- Some of the milestones have been renumbered as previous milestones 7-9 have been removed. The renumbering of milestones can be confusing, and we recommend that changes to near-term milestone numbers are minimised, and that any changes are clearly signposted.
- The programme status has also been changed from "green" to "amber". The reason for this is not explained, and also the criteria for how colour categories are assigned is not clear. We look forward to NERL's proposal on how to define the red-amber-green status (as noted in [21]).
- Additionally, where there is a change in the number of milestones presented in the quarterly dashboard [20] which we would expect to be explained. Due to [27] presenting both NR23 and RP3 milestones and likely milestone #1 being counted as five milestones, it is difficult to reconcile the number of milestones on [20] with those presented on [27].

## PROPERTY & FACILITIES MANAGEMENT

### SIP contents summary

- In the previous SIP update this programme has been re-titled from “Facilities Management” to “Property & Facilities Management” to reflect the change in scope described opposite. This programme now focuses on ‘soft FM’ activities and is small in size (reduced from £23M in RP3 to £3M).
- The cost for RP3 has increased from the previously expected £3m to £4m [28].
- Two new milestones have been defined for the programme [28].
- According to the dashboard 1/1 milestones is currently on schedule [20].
- It is noted that there is a large risk of increasing supplier and material costs, at a rate which exceeds inflation [28].

### IR opinion

- [28] provides a clear description of the potential changes in risks since the last quarterly update as well as planned activities. The level of disclosure is appropriate.
- It would be valuable for NERL to include a short explanation of the reasons for the cost increase.

## INFORMATION SOLUTIONS

### SIP contents summary

- The SIP22 reports that the status of the IS programme has dropped from green to amber [20]. This is explained on [29] and justified with the challenges around the availability of resources. NERL state that they expect the programme to return to a green in the next quarter.
- The total costs for the programme have dropped from the RP3 budget of £15m to £12M.
- The spend in CY2021 was £3m, as opposed to the £4m reported in the most recent quarterly update. Simultaneously, the CY22 forecast has dropped from £8m reported in the recent quarterly update to £6m in SIP 22.
- An additional milestone (#4 "ERP SW Platform upgrade") has been accelerated from 2023, increasing the number of milestones for RP3 from 3 to 4.
- All milestones are on track (4/4).

### IR opinion

- The information provided on the IS programme is proportionate to the cost of the programme.
- However, we recommend providing a short explanation of the changes in costs.
- Additionally, the programme has been dropped to the amber category despite no milestones being delayed and costs not increasing. While we appreciate NERL's transparency on the risks, to explain the change in colour classification, more information should be included in the risk update on [29], rather than just stating "*there is no material change to the risks*".
- Analysis of the previous quarterly SIP updated shows that the activities included in the progress since last quarter and lookahead to next quarter sections are linked, and clearly demonstrate the progress being made in this programme.

## SIMULATION TRANSFORMATION AND SUSTAINMENT

### SIP contents summary

- The Simulation Transformation and Sustainment Programme remains to be on track and has maintained a “green” status [20].
- 1 of 2 milestones is on track, with the other one (#1 “*Programme identify phase complete*”) delayed by a month.
- The risk update on [30] presents a risk on the business if the programme does not deliver, but does not provide information on the risk to the delivery of the programme.
- The small cost for the programme remains unchanged at £1m.

### IR opinion

- We recommend for NERL to include information on the risk to the delivery of the programme when reporting.
- Other than that, the amount of information presented in SIP22 is proportionate to the size of the programme.

## OCEANIC PLAN

### SIP contents summary

- The Oceanic programme has remained at an amber status [20].
- 1/1 milestone is on track, and in fact has already been completed.
- Total costs for CY21 have been reduced from £1m to £0m resulting in the RP3 forecast dropping from £6m to £5m.

### IR opinion

- We note that the lookahead for the next quarter is that the implementation plan for the remaining software builds will be completed. However, this is not reflected in the milestones list. We recommend adding milestones to demonstrate progress.
- We emphasise the need of adequately reporting on changes in costs. iSIP 2021 reported that the Oceanic costs for RP3 would be £7m, the October 2021 quarterly SIP stated this would be £6m, and SIP22 reduces this to £5m. As the same time, all milestones remain on track. NERL should ensure that cost reductions are explained to help customers understand if the cost reduction is related to efficiency of delivery, programme delays or reductions in scope. If it is the latter, the impact on benefits should clearly be captured.
- We also note that in the last update the amber status was caused by *“emerging supplier risk”* which would be *“mitigated through intense engagement”*. In SIP22 [31] the amber status is related to receiving *“a clear definition of a combined work package from NAV CANADA”*. We find it difficult to understand if this is the same risk or a different one.
- As with the other smaller programmes in the LTIP portfolio, the amount of information provided in SIP22 in relation to the Oceanic programme is proportional to its size.

## ITEC COLLABORATION

### SIP contents summary

- The iTEC collaboration programme is showing as “green” with all four milestones showing as on track [20].
- According to [32], 3/4 milestones have already been delivered.
- The CY22 forecast has been reduced from the previous estimate of £5m to £4m.
- There are no milestones or costs for 2023 or beyond, which could be interpreted as the programme being completed.
- The lookahead to the next quarter includes “*Detailing future Requirements in line with the Collaboration common Requirements Management process*” and “*the programme will seek approval to progress to Phase 2 of the iTEC V3 Definition (target Feb-22).*”

### IR opinion

- The lookahead section on [32] states that “*the programme will seek approval to progress to Phase 2 of the iTEC V3 Definition (target Feb-22).*”. However, below the table states that milestone #3 “*iTEC Board approval (v3 definition Phase 2)*” has been delivered in December 2021. Based on the text in the lookahead to the next quarter, it appears that milestone #3 has in fact not been delivered. NERL has subsequently informed us that the milestone relates to the iTEC board approval, which has been granted in December. In February internal NERL approvals are expected to be obtained.
- A short explanation of the cost reduction, or its impact on the programme, should be provided.
- It is unclear to the reader why there is no information on the programme beyond RP3 and this should be explained.

## CONCLUSIONS AND RECOMMENDATIONS

Our conclusions and recommendations are summarised below. Specific conclusions for each programme are presented in the main text and not repeated here.

### Document format

The document continues to build on progress made in iSIP21 with key costs, milestones and scope information being clearly presented throughout. While the document includes an exhaustive glossary, it can be difficult to understand the meaning of milestones and technical terms. The use of additional explanations and keys alongside graphs/tables should also be considered. We recommend that acronyms are initially expanded to help unfamiliar readers.

### Traceability and justification

As with iSIP21, SIP22 continues to demonstrate good traceability to the previous quarterly update, the SIP21 Addendum, and the RP3 rBP. While the majority of changes to programme scope, milestones, and costs are justified, it is not clear which milestones have incurred additional delays since the previous quarterly SIP update.

### Level and quality of services

The NERL licence requires information to be provided on the level and quality of services that NERL will provide. We appreciate that this is difficult during the COVID-19 pandemic, however, we believe NERL have met this condition in SIP22.

### COVID-19 delays

While there is no doubt that the pandemic had a very disruptive effect on businesses in 2021, we recommend in the future providing more explanation on the reasons for delays incurred along with proposed mitigation actions given the significance of this.

### DP ER & Voice programme

While the main reported reason for the programme remaining red is '*primarily due to previously reported schedule challenges in voice systems*', most of the milestones appear to have incurred further delays, implying that the programme may have moved to a darker shade of red if such existed. Since is the largest and most important programme, we recommend NERL provides a more detailed explanation of the reasons behind this and its remediation actions.

### '2+5' approach

While the new planning approach will bring benefits, the CAA and NERL will need to work together to consider what adaptations may be required to the regulatory reporting framework. NERL has told us that the 2+5 is a planning tool and should not affect the reporting element of SIP reports.

### Key achievements 2021

The inclusion of a 'key achievements 2021' section, providing an overview of NERL's progress in the previous year is welcome. However, these achievements cannot be easily linked back to the key milestones within the programmes. would recommend NERL provides a more detailed mapping of past achievements.

### Information presentation

We recognise that good progress has already been made in reporting during RP3 and our view is that the amount of information in the SIP is broadly appropriate. Going forward we emphasise the importance of continuous improvement in reporting and encourage NERL to continue to seek new ways to present complex data in accessible ways.



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