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**PCS Aviation Group (ATM Section) response to CAP 2934  
“Economic regulation of NATS (En Route) plc: Initial  
Proposals for the next price control review (“NR23”)”**

## **1. Introduction**

- 1.1 The PCS trade union has over 190,000 members working in the UK civil service, public sector and on privatised, commercial contracts. Our members work across a broad range of roles including direct delivery of public services to policy development and drafting legislation.
- 1.2 More than 1500 members work in the aviation sector covering Air Traffic Management (ATM), Civil Aviation Authority (CAA), Heathrow Airport Ltd (HAL) and Gatwick Airport Ltd (GAL), as well as staff at other regional and international airports. Within NATS our members' jobs include administrative roles, ATC Procedures, Air Traffic Service Assistants, Data Systems Specialists, AIM/AIS/NOTAM roles, flight planning, Flight Information Service Officers, safety specialists, management staff and Air Traffic Flow and Capacity Management positions.
- 1.3 PCS will comment on the issues it believes are important to the Union, our members and the grades we represent with reference to the Chapters in CAP 2934 and to selected consultation questions.
- 1.4 PCS notes that CAP2934 is predominantly based on a NERL business plan that has seen recent replanning and whilst some consideration has been taken to address the dramatic increases in both indexation and inflationary rates it remains unclear how these increases are to be charged. PCS needs to highlight the necessity for these changes to be carefully considered in the coming months. CAP2934 is currently unclear in its intentions on how this will be addressed in this initial proposal.
- 1.5 This response is on behalf of the PCS trade union.

## **2 Reconciliation Review**

- 2.1 PCS strongly disapproves of the CAA's approach to NERL's voluntary salary reductions. The NATS Trade Unions offered to defer the 2020 pay award which resulted in a significant monthly cost saving to NERL. Our approach to defer the 2020 pay award was fair and equal to all negotiated grades across the business. To have divided the workforce, at such a difficult time by offering voluntary reductions would have been wrong and a simplistic short-term saving which would have further impacted the recovery of the Aviation sector. PCS feel the disallowance of £2 million from the opex baseline is unjust to NERL after the correct approach was taken. Any further redundancies would have severely impacted the recovery of the sector and the CAA needs to understand the lasting damage their proposal would have had.

### **3. NERL's Costs**

#### **Staff Costs**

- 3.1 PCS have repeatedly outlined the fundamental inaccuracies of benchmarking our negotiated grades to the CAA<sup>1</sup>. The ATSA grade provides numerous critical roles to NERL and as such they pay a premium for the service. ATC knowledge and experience for these roles is gained over a considerable period and as such retention is vital to provide a safe and resilient service to the public. This benchmarking is fundamentally flawed.
- 3.2 Within NERL there are issues with the potential loss of ATSA numbers due to the age demographic of staff. These ATSA roles are critical to the ATM operation and it's vital NERL can offer true career progression to existing staff. Areas such as ACM & NOTAM provide safety critical support to the operation and NERL relies on these roles.
- 3.3 PCS has a duty to highlight the massive impact the VR scheme has had on our members working lives. Staffing levels have reduced, while workloads have continued to recover to pre-pandemic levels. Much knowledge and experience has exited the business, and this has resulted in increased workloads for those that remain which isn't sustainable. Any more job losses within Aviation is a simplistic short term solution which would further damage the recovery and the reputation of the industry.
- 3.4 If NERL is to meet the challenges of training future ATCO's this will require a commensurate increase of staff that provide this training. Approximately 25% of these highly skilled staff members were released under VR in 2020 effectively reducing the capacity within training departments to develop new staff. The lasting impact of these redundancies at the time clearly wasn't considered but has badly affected recovery and the ability to deliver training.
- 3.5 The pandemic has damaged the reputation of aviation and will potentially have a lasting impact on the attraction of candidates to NERL and as such reward packages will become even more critical to attract and retain staff. Slower growth in salaries will simply compound this issue and must be avoided if NERL is to continue to meet customer and airlines expectations.

### **4. Pension Costs**

- 4.1 The Defined Benefit pension scheme remains a key element to the retention of PCS negotiated grades within NERL. The scheme has seen a large reduction of costs due to approx 75% of those that took VR having been active members of the DB scheme. Whilst employer contributions will be

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<sup>1</sup> Sections 6.3-6.11 - [pcs\\_rp3response.pdf \(caa.co.uk\)](https://www.caa.co.uk/~/media/CAA/Images/2023/04/20230420_PCS_RP3_Response.pdf)

increasing, it is worth noting there will also be a commensurate decrease in cost due to the 2020 VR scheme.

- 4.2 Whilst it could be argued that the DC schemes contribution rates are “higher than might be considered typical...” This must be viewed with the understanding that the commensurate cost of the DB scheme is decreasing overtime. This will in turn see pension contribution costs within NERL dramatically reduce as was the intention and understanding between NERL and the CAA when the DB scheme was closed to new entrants.
- 4.3 As previously mentioned the attraction and retention of staff is critical if NERL is to meet its obligations during NR23. Reductions to the DC scheme will further erode the reward package NERL is able to offer future talent. If NERL is to recover and continue to grow internal skills they must be able to retain staff and creating a 3<sup>rd</sup> tier of workers is not something PCS will support.

## **5. Conclusion**

- 5.1 PCS believe CAP2934 does not fulfil the remit of which it is intended and needs to focus on the future of the industry.
- 5.2 At a time where airspace modernisation is critical this IP leaves NERL with uncertainty on how it will be financed over the NR23 period. These uncertainties, if not addressed, will lead to further delay and potentially costly impacts to customers.
- 5.3 PCS & NERL came together during Covid to put measures in place to save money, whilst also protecting the long-term futures of its experienced and knowledgeable staff. By not making easy decisions and not panicking the aviation sector was in a position where it could recover much quicker than anybody could have anticipated.