NATS (En Route) plc price control review for Control Period 3, 2011 – 2015:
CAA consultation
October 2008

NATS (En Route) plc
SUPPLEMENTARY RESPONSE

February 2009
INTRODUCTION

NATS acknowledges Ryanair’s concerns around delays and prices. However, we wish to express the statistics quoted in Ryanair’s response in context of our sustained performance and to share our response with the wider customer community.

We have had regular communication with Ryanair and so have previously addressed these points at length directly with Ryanair. Therefore, this letter is primarily for the benefit of the wider airline community.

SERVICE QUALITY

Statistics quoted by Ryanair in its response:

- “Traffic in NATS controlled airspace for the first 6 months of 2008 was just 1.6% higher than the same period in 2007.”
- “Delays in NATS controlled airspace due to “Capacity” problems increased by 24% in the first 6 months of 2008 over the same period in 2007.”
- “Delays caused by NATS staff shortages for the first 6 months of 2008 were 119% higher than the same period in 2007.”

In general, Ryanair’s comments do not reflect fully NATS’ performance in the first 6 months of 2008:

- The modest increase in flights hides significant increases in localised demand, e.g. up to 34% in single sectors on the West End in the peak morning period and over 3% in each of the 7 peak hours at Swanwick Area Control. The need to operate sectors so close to capacity limits means that even small increases in demand can produce disproportionately larger increases in delays;

- Overall NATS attributable average delay was 24 seconds per flight, which was better than our internal operational target of 30 seconds per flight¹; and

- During this period, strategic decisions were made to undertake ATCO training (e.g. Safety and Cross-Validations) before the summer peak, during a season with lower overall demand, in order to minimise overall customer disruption to customers.

Service performance across the whole of 2008 showed an improvement over 2007:

- Total number of flights handled by NATS’ en route centres fell by 1.5% in 2008, compared with 2007; while

¹ Internal 30 seconds target shared with customers through the Operational Partnership Agreement (OPA).
- NATS attributable delay minutes were down by 13.6%, compared to 2007; and
- NATS attributable average delay for the whole of 2008 was 21.9 seconds per flight, a reduction of 12.0% over 24.9 seconds per flight, for the whole of 2007.

**COST EFFECTIVENESS**

Statistic quoted by Ryanair in its response:

- “NATS is one of the most expensive providers of air traffic control services in Europe, with a unit rate that is currently the 5th highest in the Eurocontrol area”.

NATS’ en route charges are derived from its cost base, among other elements. In relation to its operating costs:

- NATS is the second lowest of the 5 largest European ANSPs (Spain, Italy, Germany, UK, France) and the 10th highest among the full set of 36 European ANSPs, for gate-to-gate and en-route unit costs, according to the latest published PRU analysis (2006);
- NATS has achieved a significant 19% real reduction in unit costs between 2002 and 2006 (5.1% p.a.), which is 2-3 times the European average, according to PRU analysis;
- These figures do not control for higher air traffic complexity\(^2\) - which drives investment and operating costs; and
- NATS is the lowest of the 5 largest European ANSPs and 24th among the 36 ANSPs, when complexity is taken into account, according to NATS estimates and based on the 2006 data.

**CONTINUING IMPROVEMENT AIMS**

In closing, we wish to stress the following:

- This response is not an indication of self-satisfaction or complacency;
- We continue to strive for new ways to improve our service to airlines whilst also putting pressure on costs to improve efficiency. As is the case with our customers, the pressure on cost-reduction in our business is obviously at its most extreme right now;
- We also continue to pursue active relationships with each of our customers; and
- We welcome comments through our Customer Affairs team. Please feel free to contact Andy Shand, General Manager, Customer Affairs, +44 1489 444924 or Andy.Shand@nats.co.uk.

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\(^2\) The PRU defines complexity in terms of density and frequency of horizontal, speed and vertical interactions.