

# YOUR LONDON AIRPORT

## *Gatwick*

14 JANUARY 2014

Thomas Carr  
Civil Aviation Authority  
CAA House, 45-59 Kingsway  
London WC2B 6TE

Dear Thomas,

### **TANS call for evidence**

Thank you for the opportunity to respond to the CAA's call for evidence regarding the provision of terminal air navigation service ("TANS") in the UK, to aid the CAA in providing assistance and advice to the Secretary of State for Transport (CAP 1226). We note the original response deadline of 7 November 2014. Owing to the proceedings referred to in your deadline extension letter, dated 25 November 2014, we have been unable to respond until now.

Gatwick has first hand experience of an active market for TANS provision. Gatwick has conducted an OJEU process, to assemble and assess rival bids for the Gatwick tower contract. This process consisted of the following stages:

- a. Pre-qualification questionnaire ("PQQ");
- b. Invitation to tender ("ITT"); and
- c. Best and final offers ("BAFO") for the selected bidders.

In total, 14 companies engaged in the process. This was narrowed down to 2 parties at the final stage. On 18 July 2014, Gatwick announced the intention to award the TANS contract to DFS, as a transition from the incumbent, NATS (Services) Ltd.

In preparation for the tendering process, we considered the barriers to entry mentioned in the CAA's advice to the DfT (CAP 1004). While we would acknowledge that these issues were pertinent considerations within the decision to switch, none of them proved to be an insurmountable barrier to switching from the incumbent. Moreover, we note that bidding parties treated the items identified as barriers as business risks, which needed to be factored into their respective bids.

We believe that our decision will strengthen further, the already active market for TANS providers. The tendering process has grown Gatwick's understanding of the service, the opportunity for developing the service in the future and of the potential bidders. We believe that this experience will encourage other airports and potential bidders to pursue other active tendering processes in the future.

Ahead of our decision to switch, the CAA had to rely upon evidence from some European countries to conclude that switching from incumbents was possible. Now the CAA has evidence that a major UK airport

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has conducted a competitive tendering process and has switched from an incumbent. Therefore, we encourage the CAA to advise the Secretary of State positively about the contestability of the TANS market. We believe that this would have important considerations for the Single European Sky performance scheme and the ability of Gatwick to pursue a contractual relationship with our TANS provider, in the interests of our passengers and airline customers.

We would welcome the opportunity to provide further clarity to the CAA about the recent tendering process and our views about the contestability of the TANS market, should this be required.

Yours sincerely



Andrew Williams-Fry  
Chief Economist &  
Head of Regulatory Strategy