



NATS (En Route) PLC SIP26

CAPEX Independent Reviewer Report_

7th April 2026

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Contents

1. Introduction
2. Assessment Summary
3. Individual Programme Assessment



Introduction

01

Introduction

ROLE OF THE INDEPENDENT REVIEWER

Egis has been commissioned as an Independent Reviewer (IR) by the CAA to, "assess NERL's performance from the perspective of what users of its services expect from meaningful engagement by NERL on its CAPEX plans". Appendix D CAPEX Engagement Incentive of CAP 2597b, sets out guidance for the assessment of NERL's performance in respect of their CAPEX engagement incentives as per Condition 10 of NERL's licence.

The IR will score NERL's engagement with stakeholders relating to its CAPEX programme made through:

- Published Service and Investment Plans (SIPs),
- Interim SIPs (iSIPs) published during the regulatory year/periods,
- Any other meetings, forums or other forms of engagement relating to the development of its CAPEX plan. Eg: the Technical Customer Advisory Board (TCAB) or other meetings or forums of similar purpose.

The IR will perform the exercise of review and scoring twice a year, i.e., after publication of the SIPs and iSIPs during the NR23 period.

ASSESSMENT CRITERIA

NERL's quality of engagement on each of its CAPEX programmes/projects is assessed across these four assessment criteria:

- | | |
|--------------------|-----------------------------------|
| (A) User Focus | (B) Optioneering |
| (C) Responsiveness | (D) Mitigating/Corrective Actions |

SCORING GUIDANCE

NERL's performance for each of its CAPEX programmes/projects will be scored against the above assessment criteria using a points-based scoring system on a scale of 1 to 4, where:

- | | |
|---------------------------|------------------------|
| 1 = Poor | 2 = Below expectations |
| 3 = Baseline expectations | 4 = Excellent |

OVERALL CAPEX ENGAGEMENT SCORE

The average final score for each CAPEX programme/project is calculated using an average of the individual scores under each assessment criterion.

The calculation of the overall CAPEX engagement score takes the average programme/project scores and subsequently weights them according to their forecast CAPEX spend.

The CAA is responsible for making the final decision on NERL's performance, considering the findings of the IR report and representations from stakeholders (including NERL) in forming their assessment.

Scope of Review

This is the 5th Independent Reviewer Report within NR23, reviewing NERL's SIP26 document and their engagement in addressing stakeholders since the September 2025 iSIP25 Independent Reviewer Report.

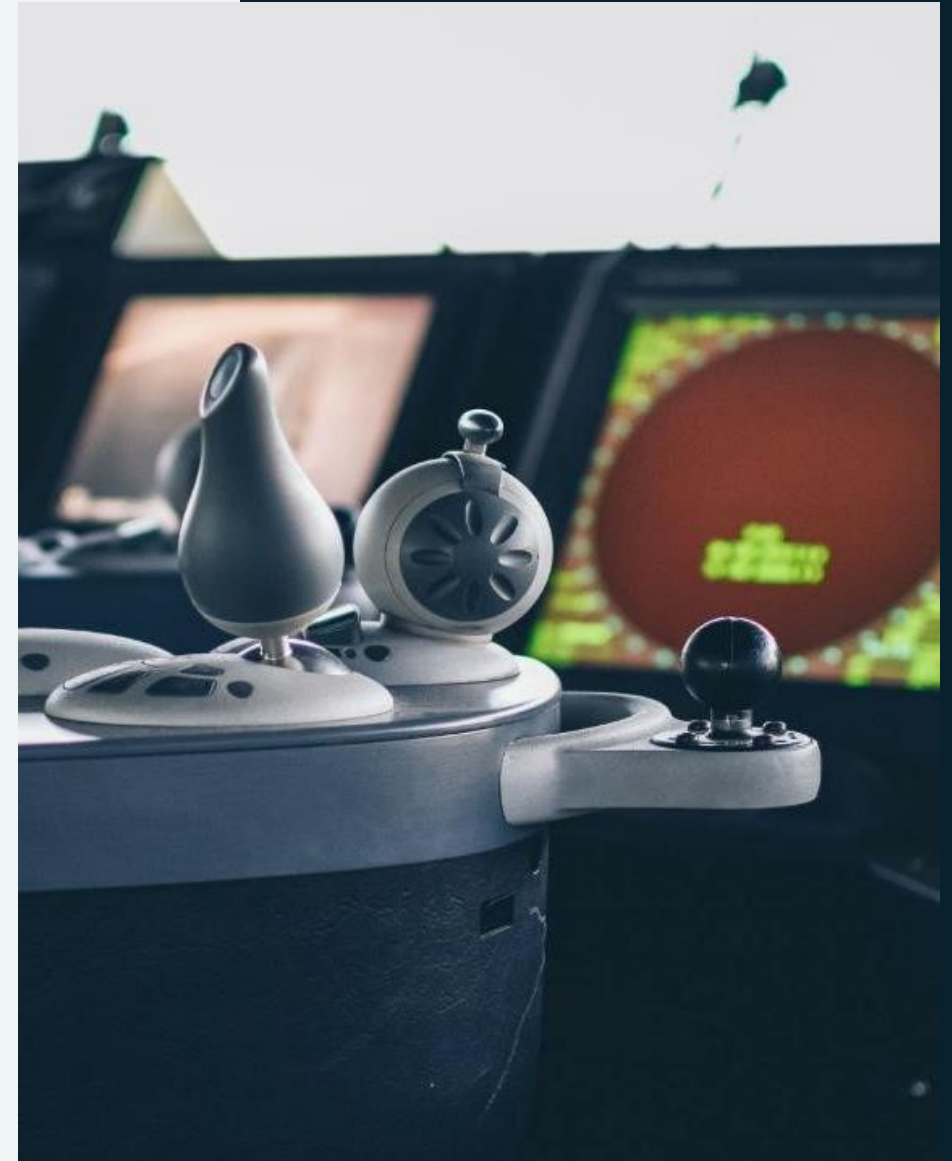
NERL's NR23 engagement activities included within the scope of this SIP26 review include:

Documentation

- SIP26 Draft for Customer Consultation, 26th November 2025.
- SIP26, Final for Issue, 29th January 2026.
- Letters addressed to NERL from three customers, and NERL's related responses.
- NERL responses to IR iSIP25 opinions
- FDP Technology Benchmark Review, October 2025.

Engagement sessions

- TCAB, 6th November 2025.
- SIP26 Customer Consultation Presentation, 3rd December 2025.



Scoring Guidance (1/3)

	POOR (1)	BELOW EXPECTATIONS (2)	BASELINE EXPECTATIONS (3)	EXCELLENT (4)
USER FOCUS	<p>Some delay in providing information to at least some stakeholders, limited early warning of factors that may affect delivery.</p> <p>Unclear, inaccessible or perfunctory provision of information on the CAPEX proposed (and other details, including where practicable what is proposed, cost, delivery timescales and benefits, and any impacts on OPEX) with limited regard for user priorities and resource constraints.</p> <p>Limited additional information provided for material changes to the CAPEX plan and unclear on traceability of changes back to previous plans.</p>	<p>Information provided in a timely but not proactive manner to some/all stakeholders, reasonable early warning of factors that may affect delivery.</p> <p>Reasonably clear, accessible and meaningful information provided on the CAPEX proposed (and other details, including where practicable what is proposed, cost, delivery timescales and benefits, and any impacts on OPEX) with reasonable regard for user priorities and resource constraints.</p> <p>The level of substantiation provided reasonably reflects the materiality of the change under consideration but does not allow users systematically to trace changes to the plan to previous plans.</p>	<p>Information provided to all stakeholders proactively and promptly, early warning and (where relevant) explanation of factors that may affect delivery.</p> <p>Clear, accessible and meaningful information on the CAPEX proposed, including where practicable what is proposed, cost, delivery timescales and benefits, and any impacts on OPEX, with good regard for user priorities and resource constraints.</p> <p>Comprehensive substantiation for all material changes to the CAPEX plan under consideration, including clear traceability of all material changes from previous plans.</p>	<p>Information provided to all stakeholders proactively and promptly, excellent quality early warning and (where relevant) explanation of factors that may affect delivery.</p> <p>Extremely clear, accessible and meaningful information on the CAPEX proposed, including where practicable what is proposed, cost, delivery timescales and benefits, and any impacts on OPEX, with excellent consideration of user priorities and resource constraints.</p> <p>Excellent substantiation for all material changes to the CAPEX plan under consideration and comprehensive traceability of all changes from previous plans.</p>

Scoring Guidance (2/3)

	POOR (1)	BELOW EXPECTATIONS (2)	BASELINE EXPECTATIONS (3)	EXCELLENT (4)
OPTIONEERING	<p>Poor information on the overall approach to optioneering adopted (including the need for the programme or the outcomes and benefits that NERL is seeking to deliver).</p> <p>Limited information on alternative options presented (including limited discussion of costs, risks, timing, how benefits would be delivered, OPEX interactions, delivery risks and service quality), limited opportunity for meaningful scrutiny of relative merits of different options by users and IR.</p>	<p>Limited information on the overall approach to optioneering adopted (including the need for the programme or the outcomes and benefits that NERL is seeking to deliver).</p> <p>A range of different options identified where possible (including costs, risks, timing, how benefits would be delivered and explicit consideration of OPEX interactions, delivery risks and service quality), reasonable opportunities for meaningful user and IR engagement and scrutiny.</p>	<p>Good information on the overall approach to optioneering adopted (including the need for the programme and the outcomes and benefits that NERL is seeking to deliver).</p> <p>Good information provided on a range of alternative options where possible (including costs, risks, timing, how benefits would be delivered and explicit consideration of OPEX interactions, delivery risks and service quality), good opportunities for meaningful user and IR engagement and scrutiny.</p>	<p>Excellent information on the overall approach to optioneering adopted (including the need for the programme and the outcomes and benefits that NERL is seeking to deliver).</p> <p>Excellent information provided on alternative options where possible (including costs, risks, timing, how benefits would be delivered and explicit consideration of OPEX interactions, delivery risks and service quality), extensive opportunities for meaningful user and IR engagement and scrutiny.</p>

Scoring Guidance (3/3)

	POOR (1)	BELOW EXPECTATIONS (2)	BASELINE EXPECTATIONS (3)	EXCELLENT (4)
RESPONSIVENESS	Perfunctory response to at least some user and IR submissions, insufficiently clear or untimely explanation how these submissions have been accounted for.	Generally constructive response to user and IR submissions, reasonably clear and timely explanation to some/all stakeholders of how these submissions have been accounted for.	Engaged and constructive response to user and IR submissions, clear and timely explanation to all stakeholders of how these submissions have been meaningfully accounted for.	Engaged and highly constructive response to user and IR submissions, very clear and timely evidence to all stakeholders that submissions have been meaningfully accounted for after substantial consideration.
MITIGATING AND CORRECTIVE ACTIONS	Limited evidence of mitigating and/or corrective actions, where appropriate, following user and IR submissions. Actions not communicated to at least some stakeholders in a timely manner.	In most cases reasonable mitigating and/or corrective actions taken, where appropriate, following user and IR submissions. Actions communicated to some/all stakeholders in a timely manner.	In almost all cases appropriate mitigating and/or corrective actions taken promptly, where appropriate, following user and IR submissions. Actions clearly explained to all stakeholders in a timely manner.	In all cases appropriate mitigating and/or corrective actions taken promptly and proactively, where appropriate, following user and IR submissions. Actions very clearly explained to all stakeholders in a timely manner.



Assessment Summary

02

Summary of Assessment Rationale (1/2)

CRITERIA	SUMMARY
USER FOCUS	<ol style="list-style-type: none"><li data-bbox="433 342 2395 514">1. The IR welcomes NERL's continued efforts to engage with stakeholders, including through the Technical Customer Advisory Board (TCAB) held on 6th November 2025 and SIP26 consultation held on 3rd December 2025. The information provided during these forums was generally clear, concise and informative. The IR also recognises NERL's continued openness to offering bilateral discussions, including in-person meetings with its customers.<li data-bbox="433 514 2395 599">2. NERL has constructively engaged with customers to assess whether the format of the SIP document could be streamlined. The IR views this as a positive approach to collaborative engagement.<li data-bbox="433 599 2395 685">3. SIP26 provides a detailed summary of the aspects discussed at the SIP26 consultation meeting [pg8]. This section serves as a useful reference for the reader.<li data-bbox="433 685 2395 842">4. NERL's adoption of Reference Class Forecasting (RCF) has been cited in recent SIP documentation as a contributing factor to changes to milestones delivery dates and costs. The IR seeks clarification on which of NERL's programme forecasts presented in SIP documentation incorporate RCF, and which ones do not. This will help to ensure transparent understanding of milestone dates and costs.<li data-bbox="433 842 2395 1042">5. Across its programmes, NERL's provision of information to users is variable. For some programmes, particularly where changes have been minor or progress is steady, information has been clear, accessible, and proportionate to user priorities and the materiality of changes (e.g. Information Solutions, Property & Facilities Management). In areas involving significant changes or complex interdependencies such as Sustainment & Surveillance, DP En Route & Voice and Oceanic, explanations have in some instances been unclear or lacking meaningful information.<li data-bbox="433 1042 2395 1128">6. Meanwhile whilst proactive communication and early warnings are evident in some cases, there are also examples where risks which have materialised were not flagged in advance or accompanied by sufficient explanation.<li data-bbox="433 1128 2395 1220">7. In some instances, discrepancies between successive SIP updates and a lack of clear traceability to previous plans make it difficult to follow the evolution of key projects.

Summary of Assessment Rationale (2/2)

CRITERIA	SUMMARY
OPTIONEERING	<p>8. Opportunities for demonstrating optioneering within SIP26 were generally limited across NERL's programmes.</p> <p>9. However, the IR considers that options could have been presented for addressing the trade-off that materialised between Surveillance & Sustainment milestones given the overall delays incurred.</p>
RESPONSIVENESS	<p>10. NERL was generally responsive to user queries and submissions across its programmes. NERL has replied to three customer letters received in December 2025, providing a timely and meaningful response. The IR acknowledges that, for certain topics, NERL requires additional time to gather and provide the detailed information requested by customers. The IR will therefore reassess the information provided by NERL in response as part of its iSIP26 review.</p> <p>11. In most cases, NERL provided engaged, constructive, and timely responses, clearly demonstrating how concerns and feedback were accounted for (e.g. DP En Route & Voice, Property & Facilities Management). However, there were instances where responses lacked specificity, or failed to address submissions directly and/or in their entirety (e.g. Airspace & Operational Enhancements, Oceanic).</p>
MITIGATING & CORRECTIVE ACTIONS	<p>12. Across the programmes, mitigating & corrective actions have been taken to varying extents. In some cases, NERL has addressed previous submissions by providing additional details and clearer explanations (e.g. Airspace & Operational Enhancements).</p> <p>13. NERL has also constructively taken action to address a generic iSIP25 submission by including a comparison of benefits delivered compared to NR23 baseline expectations.</p> <p>14. However, in several instances (e.g. DP En Route & Voice, Oceanic, Property & Facilities), corrective actions have not been taken to address aspects of previous submissions.</p>

SIP26 CAPEX Engagement Score

Programme	CAPEX value (weight)	User Focus	Optioneering	Responsiveness	Mitigating & corrective actions	Overall score
Sustainment & Surveillance	£231m (36%)	2	-	3	4	3.00
DP En Route & Voice	£186m (29%)	1.5	-	3.5	1.5	2.17
Airspace & Operations Enhancements	£80m (13%)	3.5	-	2.5	4	3.33
Information Solutions	£56m (9%)	3	-	-	-	3.00
Common platform	£31m (5%)	3	-	-	4	3.50
Property & Facilities Management	£19m (3%)	3	-	4	3	3.33
Oceanic	£24m (4%)	3	-	1.5	1	1.83
ATC Training Transformation*	£8m (1%)	3	-	2.5	2.5	2.67

CAPEX ENGAGEMENT SCORE

2.78

* The IR considers that this CAPEX programme has ended, therefore the scores for the last SIP or interim SIP assessed will be used as per CAP 2597b.

Note: See Individual Programme Assessments for detailed assessments informing the scoring.

Note: The NR23 Baseline (CAA FD) CAPEX values are used for the purpose of weighting.



Individual Programme Assessment

03

Sustainment & Surveillance (1/2)

Programme score
3.00

36% weight

User focus

1. NERL provided a further update on progress relating to ERAM as part of its TCAB held on 6th November 2025. Meanwhile, NERL continues to provide *early warning* to customers about when a detailed plan, including the costs and timelines for the ERAM FDP will become available.
2. However, the IR notes that approximately two and a half years have passed since customers were first informed about the ERAM change in iSIP24, the information provided remains at a high-level in nature. Whilst information is generally *clear and accessible*, there is an absence of *meaningful information provided on the CAPEX proposed and other details related to cost, delivery timescales and benefits, and any impacts on OPEX*. The IR considers this as an ongoing *delay in providing information to stakeholders, with limited early warning of factors that may affect delivery*.
3. The ExCDS Mid Life Upgrade programme has been delayed from Q1 2027 – Q4 2027 (in iSIP25) to Q3 2028 – Q1 2029 (in SIP26), and due to their interdependence, this delay has impacted the delivery dates of Optimised Mixed Mode milestones. Considering this interdependency increases the materiality of the change, the IR assesses that NERL has provided *limited additional information for a material change to the CAPEX plan*.
4. NERL explains that it has updated the milestone names for Surveillance Deployments T5, T10 and T12. This approach provides *clear traceability* across SIP documentation and is supported by NERL's established practice of assigning unique identifying codes to each milestone.
5. NERL has suggested within customer correspondence that additional demands to sustain the NERC system have resulted from delays in implementing iTEC V2. NERL also states that "Given the importance of the NERC system to the delivery of our services, this investment may displace other activity. However, until the scope and scale of investment is fully understood then those impacts cannot be determined" [NERL response to customer letter, 29th January 2026]. Considering this interdependency between NERC sustainment and iTEC v2 delivery has only been explained in SIP26, the IR considers that there has been *some delay in providing information, with limited early warning of factors that may affect delivery*. In addition, the IR considers that the impact of redirecting investment to NERC on other projects is *unclear, inaccessible and lacks meaningful information*.

Optioneering

6. NERL had limited opportunities to demonstrate optioneering for this programme in SIP26.

Sustainment & Surveillance (2/2)

Programme score
3.00

36% weight

Responsiveness

- + 7. An airspace user has raised clarification questions related to NERC investment, NAS sustainment cost reporting, ERAM and the FDP transformation roadmap. NERL has provided *an engaged and constructive response to a user submission, with clear and timely explanation of how this submission has been meaningfully accounted for*. The IR awaits information requested by the user which NERL intends to provide in due course [customer letter, 30th December 2026].

Mitigating & corrective actions

- + 8. A customer requested more information on the key driver for the replacement of NAS FDP, NERL provided an update in SIP26, which the IR considers to be *appropriate mitigating and/or corrective actions taken promptly and clearly explained*. [pg15]

DP En Route & Voice (1/2)

Programme score
2.17

29% weight

User focus

- 9. The changes to Foursight within the revised PCUA FOS deliver plan are explained inconsistently between iSIP25 and SIP26. In iSIP25 NERL stated "a revised plan for deployment of this strategic solution will include an interim stage to deploy the iTEC V2 platform with the current conflict detection toolset rather than the Foursight solution (which will be deployed as a second step)" [pg56]. However, the explanation changed in SIP26, "We can confirm that the revised 2-step delivery approach briefed in iSIP25 has increased the scope of Stream 1 overall as it requires the insertion of the medium-term conflict detection (MTCD) tool alongside the Foursight tool with the increased flexibility to switch between both tools." [pg22]. As a result, the IR assesses that NERL's explanation of the revised PCUA FOS (D2) plan is *unclear, inaccessible*. Given this change pertains to one of NERL's key investment activities, the IR also assesses that *limited additional information* has been provided for a material change to the CAPEX plan. The IR also finds the key differences in the explanations of the change provided in iSIP25 compared to SIP26, offers *unclear traceability of changes back to previous plans*.
- 10. NERL has explained the delay to milestone delivery dates and additional costs for the MVS milestone (D8). The underlying reasons for the changes to the programme including in relation to changes to the CAPEX proposed, and delivery timescales are outlined. However, NERL has not addressed if this change impacts *benefits delivered and OPEX* [pg23]. The IR therefore overall considers that there has been only *reasonably clear, accessible and meaningful information provided*, with the *level of substantiation provided reasonably reflecting the materiality of the change*.
- 11. NERL presents a MVS waterfall chart to visualize the increments in cost between the last approved budget and SIP26. However, this MVS waterfall chart does not provide accompanying explanatory text for some cost items, for example "change requests", "post technical acceptance support" [pg24]. The IR therefore considers that the waterfall chart provides *unclear and inaccessible information on the CAPEX proposed*.

Optioneering

- 12. NERL had limited opportunities to demonstrate optioneering for this programme in SIP26.

DP En Route & Voice (2/2)

Programme score
2.17

29% weight

Responsiveness

- + 13. NERL states that “in line with an earlier customer question on the pace of our development, we were pleased to be able to host a customer at our Swanwick centre and demonstrate how we are improving the prototyping of iTEC v2 for Prestwick Upper Airspace and for its subsequent development into LAC and Military” [pg22]. This demonstrates an *engaged, and highly constructive response* to addressing user concerns.
- + 14. A user has raised concerns related to the timescales, costs and benefits associated with NERL's infrastructure modernisation efforts [customer letter, 19th December 2026]. NERL has provided an *engaged and constructive response, with a clear and timely explanation of how this submission has been meaningfully accounted for.*
- + 15. A user has raised concerns relating to Stream 1, Stream 2 and Stream 4 of this programme [customer letter, 30th December 2025]. NERL has provided an *engaged and constructive response, with a clear and timely explanation of how this submission has been meaningfully accounted for.*
- + 16. A user has requested more details on NERL's FDP developments, including interactions with FF-ICE compliance [customer letter, 31st December 2025]. NERL has indicated intent to provide more information on this topic once it is available. The IR considers this to be an *engaged and constructive response, with a clear and timely explanation of how this submission has been meaningfully accounted for.*

Mitigating & corrective actions

- 17. In relation to the PCUA FOS recovery plan, the IR provided the following opinion in the iSIP25 IR report “The resultant impact on the delivery of customer benefits and the planned timescales for the revised two-step deployment are largely unclear”. While NERL has provided reference to a previous Gantt chart from iSIP25, this does not address the two-step deployment timescales. Therefore, the IR considers *limited evidence of mitigating and/or corrective actions*, has been provided. The enduring relevance of this opinion is illustrated in a SIP26 user submission which stated that “Throughout the recovery of the project insufficient detail has been presented to provide an appropriate level of understanding of the cost and timeline drivers to allow sufficient understanding and assessment of changes” [customer letter, 30th December 2025].

Airspace & Operations Enhancements

Programme score
3.33

13% weight

User focus

- + 18. In SIP26, NERL has reported the current progress for this programme, *extremely clearly*, in an *accessible* manner, and provided *meaningful information* [pg54].
- + 19. Building on improvements within iSIP25, the internal and external dependencies impacting the delivery of the individual programme milestones are clearly described within SIP26 [pg54]. The IR therefore considers that *information has been provided to all stakeholder proactively and promptly*, and that the discussion of interdependencies supports *excellent quality early warning and explanation of factors that may affect delivery* [pg62].
- 20. A risk has materialised for AMAN Headbranch (A21), relating to additional requirements. This was not previously identified in the description of the project risks included in iSIP25. Given this risk was not previously identified in iSIP25, but has materialised in SIP26, the IR considers that *limited early warning of factors that may affect delivery* has been provided.

Optioneering

- 21. NERL had limited opportunities to demonstrate optioneering for this programme in SIP26.

Responsiveness

- + 22. A user raised concerns related to the timescales for delivering airspace improvement projects such as Manchester and Scottish TMA airspace changes [customer letter, 19th December 2026]. NERL has provided an *engaged and constructive response*, with a *clear and timely explanation of how this submission has been meaningfully accounted for*.
- 23. A user has asked for clarification regarding the information relating to AMAN Headbranch provided in the draft SIP26 for customer consultation [customer letter, 30th December 2025]. Whilst NERL's response addressed the project RAG status, it did not address other specific aspects raised by the user relating to the changes to the project since iSIP25, the drivers for the increases in costs, and the prioritisation of other projects. The IR therefore considers NERL has not provided a *constructive response* to this submission.

Mitigating & corrective actions

- + 24. NERL has added additional information in relation to the impact of UKADS within the portfolio risks section [pg55]. The implications of UKADS were also *clearly explained* within NERL's SIP26 customer consultation. For this reason, the IR assesses that *appropriate mitigating and/or corrective actions have been taken promptly and proactively, and explained to all stakeholders in a timely manner*.

Information Solutions

Programme score

3.00

9% weight

User focus

- + 25. This programme has undergone relatively minor changes between iSIP25 and SIP26. The IR therefore considers that *clear, accessible and meaningful information* is provided and that the proportionate update provided in SIP26 has *good regard for user priorities and resource constraints*.
- + 26. The descriptions of the new milestones introduced in SIP26, VPN Upgrade (IS6) and Rostering Enhancements (IS7), are *clear, accessible and meaningful* [pg59].

Optioneering

- 27. NERL had limited opportunities to demonstrate optioneering for this programme in SIP26.

Responsiveness

- 28. NERL had limited opportunities to demonstrate responsiveness for this programme in SIP26.

Mitigating & corrective actions

- 29. NERL had limited opportunities to demonstrate mitigating & corrective actions for this programme in SIP26.

Common Platform

Programme score
3.50

5% weight

User focus

- + 30. NERL provided a holistic overview of the iTEC progress and future strategy within the November 2025 TCAB. The TCAB also provided updates relating to NERL's approach to SWIM and FF-ICE. Hence, the IR considers the topics presented at this TCAB provide a springboard for further engagement on specific details of interest raised by customers and therefore have *good regard for user priorities and resource constraints*.
- + 31. As promised in previous SIPs, as part of the evidence pack for SIP26, NERL has provided the commissioned report that examines the relative progress of ATM developments across the European network. The IR considers that this *information was provided to all stakeholders proactively and promptly*.

Optioneering

- 32. NERL had limited opportunities to demonstrate optioneering for this programme in SIP26.

Responsiveness

- 33. NERL had limited opportunities to demonstrate responsiveness for this programme in SIP26.

Mitigating & corrective actions

- + 34. In SIP26, NERL states "We remain careful to guard against the risk of the 'sunk cost fallacy' by maintaining a thorough overview of wider developments in ATM technology and through the challenge of robust internal governance" [pg22]. This statement addresses a previous customer request to understand how NERL is guarding against the sunk-cost fallacy in its continued collaboration with Indra on its iTEC FDP solution [customer letter, 30th June 2025]. Given NERL supports this statement with the report commissioned by Steer, the IR assesses that *mitigating and/or corrective actions were taken promptly and proactively, where appropriate, and that actions were very clearly explained to all stakeholders in a timely manner*.
- + 35. In the iSIP25 IR report, regarding NERL's Evaluation Facility, the IR requested "that NERL confirm whether it is being funded through the Common Platform programme and to specify which milestone it relates to." In SIP26, NERL explains which milestone this facility relates to and that it was "built by our commercial partner, Indra".. The IR assesses that *appropriate mitigating and/or corrective actions have been taken promptly and proactively, and explained to all stakeholders in a timely manner*.

Property & Facilities Management

Programme score
3.33

3% weight

User focus

- + 36. NERL has explained the rationale for the purchase of the Whitely buildings and freehold [pg63]. NERL has provided *clear, accessible and meaningful information on the CAPEX proposed*. While the IR is unclear about whether timely engagement would necessitate engagement before the purchase, NERL has provided *comprehensive substantiation* for this *material change* including to explain why engagement was delayed until the purchase was completed.
- + 37. NERL states that the "The need to reduce our carbon emissions in line with our target will require a range of responses. We are exploring the use of carbon removal credits to achieve this" and that "we will update customers during consultation on this approach" [pg26]. The IR therefore assesses that *this information has been provided to all stakeholders proactively and promptly, with early warning of factors that may affect delivery provided*.

Optioneering

- 38. NERL had limited opportunities to demonstrate optioneering for this programme in SIP26.

Responsiveness

- + 39. A user has asked questions relating to the broader impacts of the purchase of the Whitely site and the provision of back-up power supplies [customer letter, 30th December 2025]. The IR considers that NERL has provided an *engaged and highly constructive response*, and *very clear and timely evidence* that *this submission has been meaningfully accounted for after substantial consideration*.

Mitigating & corrective actions

- + 40. In iSIP25 the IR commented that in relation to Solar Panel Installations (P4) NERL's explanation lacked transparency on the proportion of scope that was removed and on the extent of cost increases from delivering the remaining elements of the programme. In SIP26, NERL explains that 30% of the scope has been removed which covers the extent to which costs of the remaining elements has increased [pg64]. The IR therefore considers NERL's actions are *clearly explained, in a timely manner*.

User focus

- 41. NERL states “In addition to the focus on OCR deployment resolution, we are also planning to deploy additional updates, independent of OCR, to the GAATS+ system as outlined below. This has affected the likely deployment date of the Oceanic Workstation Modernisation & Alignment milestone [O3]” [pg21]. This interdependency between Oceanic Workstation Modernisation & Alignment milestone, OCR and GAATS+, is not clearly explained. Therefore, the IR considers that *limited additional information is provided for the material change to the timescales for Oceanic Workstation Modernisation & Alignment* [pg66].
- + 42. NERL generally provides *clear, accessible and meaningful information on Oceanic sustainment activities* [pg21].

Optioneering

- 43. NERL had limited opportunities to demonstrate optioneering for this programme in SIP26.

Responsiveness

- 44. NERL has responded to a user submission for more information on the RAG status considering Oceanic Workstation Modernisation & Alignment [customer letter, 30th December 2025] by directing the user to the relevant section (4.1.7) of the SIP. However, the IR considers that the information that NERL directs the user to within SIP26, does not provide the information requested by the user, as it does not address the RAG status of this milestone. Although, the response was timely the IR therefore considers this to be an insufficient response, and that the user’s submission has not been *meaningfully accounted for*.

Mitigating & corrective actions

- 45. In iSIP25, an IR opinion noted that “NERL has not provided a detailed explanation for why the forecast CAPEX remains equal to the NR23 baseline forecast of £24m, despite half of the programme’s milestones being delayed until mid-NR28. Given that CAPEX is being re-purposed from future technology projects to sustainment initiatives, the IR would expect a comprehensive explanation of the specific need for additional sustainment CAPEX compared with the NR23 baseline expectations”. SIP26 shows a reduction in overall CAPEX from £24m to £20m and discusses Oceanic sustainment activities [pg21]. However, the IR assesses that the link between the evolving programme scope and the overall CAPEX required remains unexplained. The IR therefore considers that *limited evidence of mitigating and/or corrective actions, following IR submissions* has been provided.

ATC Training Transformation

Programme score

2.67

1% weight

NERL has stopped reporting on the ATC Training Transformation Programme.

The IR considers that this CAPEX programme has ended before the end of the price control period, therefore the scores for the last SIP or interim SIP assessed (iSIP24) will be used as per CAP 2597b.



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