

Report
March 2026

NR28 Constructive Engagement - Independent Reporter report – Round One

Civil Aviation Authority
Our ref: 25070001
Client ref:

steer

NR28 Constructive Engagement - Independent Reporter report – Round One

Prepared by:

Steer
14-21 Rushworth Street
London SE1 0RB

+44 20 7910 5000

www.steergroup.com

Prepared for:

Civil Aviation Authority
Westferry Circus
Canary Wharf
London
E14 4HD

Client ref: [Click here to enter text.](#)

Our ref: 25070001

Contents

1	Introduction	1
	Independent Reporter role	1
	Organisation of this report	1
2	Summary of the process and information exchange	3
	Organisation of Round one meetings	3
	Exchange of documents and information	4
3	Areas of consensus and areas of differences	7
	Introduction of Constructive Engagement	7
	Airline & passenger priorities	8
	Safety	10
	Traffic forecast	10
	Operational resourcing	12
	Capacity and punctuality	12
	Environment	14
	Technical resilience	15
	Investments	16
	Oceanic	17
4	Findings, lessons learnt and next steps	19
	Findings	19
	Lessons learnt	27
	Next steps	28

Figures

No table of figures entries found.

Tables

Table 2.1: Topics presented and discussed during the formal Round one meetings	3
Table 2.2: Attendance of the formal Round one meetings by non-NERL staff	4
Table 2.3: NERL-led exchange of Round 1 meetings documents	5
Table 2.4: Airline-led exchange of Round 1 meetings documents	5
Table 4.1: Review of Round one desired scope	19
Table 4.2: Review of Round one desired information and views exchange by the CAA	21
Table 4.3: Review of Round one additional desired information and views exchange by the airlines	22
Table 4.4: Review of Round one desired outcomes	25

Appendices

There are no appendices in this document

Glossary

ANSP	Air Navigation Service Provider
ATCO	Air Traffic Controller
ATFM	Air Traffic Management Flow
CE	Constructive Engagement
GNSS	Global Navigation Satellite System
NM	Network Manager
PRB	Performance Regulatory Body (for the SES in the EU)
RAT	Risk Analysis Tool
RP	Regulatory period (in use in the EU)
SES	Single European Sky of the EU
SESAR	Single European Sky ATM Research
SIP	Service and Investment Plan
SMS	Safety Management System
TMA	Terminal Management Area

1 Introduction

Constructive engagement

- 1.1 In December 2025, the CAA set out its draft method statement and draft business plan guidance (CAP3190¹) for NERL's² next price control review (NR28). This document also contained final CAA guidance on the Constructive Engagement process. The guidance provided the CAA's current views on the purpose and scope of each round of Constructive Engagement, the governance arrangements and outputs, as well as its own role in the process.
- 1.2 Consistent with this guidance, in discussion with stakeholders, the CAA agreed to the appointment of an Independent Reporter (contracted to NERL and working to a Terms of reference agreed with airlines and NERL).

Independent Reporter role

- 1.3 As per CAA guidance, the role of the Independent Reporter is to produce outputs from each round of the Constructive Engagement process between NERL and the airlines.
- 1.4 NERL appointed the Independent Reporter in early January 2026.

Objectives of the Independent Reporter report

- 1.5 A report must be produced by the Independent Reporter at the end of each round that summarises the process followed and the key outcomes and conclusions. The report should be shared with NERL and airlines to check factual accuracy.
- 1.6 This report focussed on Round One of the NR28 Constructive Engagement which took place between January and February 2026 and was designed to “identify airline customers’ priorities on overarching issues such as service quality, incentives and investment, and to seek to reach agreement on high level options to inform the business plan”.

Organisation of this report

- 1.7 This report is organised as follows:

¹ <https://www.caa.co.uk/publication/download/26551>

² NERL (NATS En-Route plc) is the regulated business responsible for air traffic control in UK airspace. Other non-regulated activities of NATS include NATS Services Ltd (NSL).

- Chapter 2 provides an overview of the process and examine the exchange of information between the parties using the CE procedures agreed between NERL and the airlines;
- Chapter 3 focussed on the areas of consensus and differences amongst NERL and the airlines, at this stage of the engagement; and
- Chapter 4 provides findings including an assessment of the Constructive Engagement against the CAA's CAP3190, lessons learnt and next steps.

2 Summary of the process and information exchange

2.1 In this report, we provide an overview of the process and examine the exchange of information between the parties during Round one. We have used the CE procedures agreed between NERL and the airlines to guide our assessment.

Organisation of Round one meetings

Topics discussed

2.2 The table below presents the topics discussed during Round one.

Table 2.1: Topics presented and discussed during the formal Round one meetings

Meeting date	#	Detailed topics	Led by
28/01/2026 (Day-long meeting)	1	Introduction	NERL
		Airline & passenger priorities	Airlines and research firm Savanta
		Safety	NERL
		Traffic forecast	NERL
		Operational resourcing	NERL
		Co-chairs' reflections	Co-chairs
29/01/2026 (Day-long meeting)	2	Punctuality	NERL
		Environment	NERL
		Technical resilience	NERL
		Investment	NERL
		Oceanic	NERL
		Co-chairs' reflections	Co-chairs

Meeting chairing and attendance

2.3 Both meetings took place in person in the immediate vicinity of Heathrow airport. The table below shows that the attendance by non-NERL staff was adequate according to the attendance arrangements already in place between NERL and airlines.

Table 2.2: Attendance of the formal Round one meetings by non-NERL staff

Meeting date	Co-chairs	Airline customers of NERL's UK and oceanic	Reps from airline association/ trade bodies	CAA	NATS' trade union	IR
28/01/26	Yes (both)	Yes (AA, BA, DL, EA, EI, U2, FX, IAG, KL, TUI, FR, UA, VS)	Yes (IATA)	Yes	Yes	Yes
29/01/26	Yes (both)	Yes (AA, BA, DL, EI, U2, FX, IAG, KL, TUI, FR, UA, VS)	Yes (IATA)	Yes	Yes	Yes

Exchange of documents and information

2.4 Adequate and timely information exchange is an important part of the process of Constructive Engagement. In this round, the exchange of relevant documents consisted of the documents related to the two days of meetings (agenda, pre-read and post-read documents, minutes) which were exchanged usually before and/or after each formal or focussed session, as well as documents planned in the CE procedures:

- Airlines' provisional views on topics; and
- NERL's NR28 prospectus;

Airlines' provisional views on topics and NR28 prospectus

2.5 Airlines provisional views on topics to be addressed in CE1 were sent on 19 December 2025, as planned in the CE procedures: airlines presented their key asks against each of the 10 chapters of NERL's prospectus and 16 associated key questions, included on 2 topics not part of the Prospectus.

2.6 NERL's NR28 prospectus was issued on 8 January, in accordance with the timing planned in the CE procedures. The Prospectus had 10 chapters: (1) context of performance to date in NR23 period, (2) NERL's understanding of customer, passenger and government priorities, (3) safety, (4) traffic forecasts, (5) operational resourcing, (6) technical resilience, (7) punctuality, (8) environment, (9) investment, (10) oceanic service.

Documents related to meetings

2.7 According to the governance arrangements, NERL pre-read documents should aim to be issued 10 working days in advance of CE1 meetings. Draft-minutes were sent as planned. In response to the pre-read being shown in amber in Table 2.3 below, NERL explained that the presentation material issued on 22 January was simply a summary of the key points from the NR28 Prospectus, which had been circulated 14 working days in advance of the first meeting date.

Table 2.3: NERL-led exchange of Round 1 meetings documents

Meeting date	Pre-read issue (plan)	Pre-read issue (eff.)	Post-read issue	Draft minutes (plan)	Draft minutes (eff.)	Appr. minutes
28/01/26	14/01/26	22/01/2026	TBC	06/02/26	06/02/26	16/02/26
29/01/26	15/01/26	22/01/2026	TBC	09/02/26	06/02/26	16/02/26

- 2.8 One session on 28 January was airline-led, with the presentation document sent five working days in advance. We are unclear as to whether there is a specific timescale for the exchange of documents when airline-led, as there is no deadline mentioned in the CE procedures for airline-led presentation topics. Airlines explained that for CE1, they aligned with the content sharing that was due from NERL, considering that during January NERL committed to 21st January (according to the airlines).

Table 2.4: Airline-led exchange of Round 1 meetings documents

Meeting date	Pre-read issue (plan)	Pre-read issue (eff.)	Post-read issue
28/01/26	TBC	21/01/26	No need to issue post-read material

- 2.9 The CAA indicated in November that they considered the preparation time available to be sufficient. Airlines, nonetheless, would have preferred CE1 meetings to take place later than 28 and 29 January to allow them more time for internal discussions, reflection on the Prospectus information given CAA DMS ongoing consultation.

Quality and adequation of the information exchange

General communications management

- 2.10 General communications by email sent by both NERL and the airlines have been clear and useful, with hyperlinks provided to make it easy for meeting attendees to retrieve NERL's information from its Customer Portal.
- 2.11 Regarding the Customer portal, we have an improvement suggestion in terms of where the information is displayed (see Lessons learned in Chapter 4).

Meeting minutes

- 2.12 The responsibility for taking and issuing minutes falls on NERL. Draft meeting minutes were circulated on the dates indicated above (see Table 2.3), inviting co-chairs, CAA and IR for their feedback, before being officially issued.
- 2.13 With the meetings being recorded, the draft meeting minutes produced have been comprehensive and thorough, well organised, with a complete list of attendees of each day, and a record of the discussion by topic (following the chronological order of the day of the meeting), with actions linked to each topic discussion (when raised).

- 2.14 These draft minutes provide the reader with a very detailed description of what the presenters explained which allows people not present that day to get a solid understanding of what has been explained and discussed, as well as a detailed account of the questions asked (and by whom) with the associated response.
- 2.15 The final minutes have minimal differences in structure and content as the draft ones. They reflect comments made by the co-chairs and airlines.

Tone of the discussions and collaborative approach

- 2.16 There was respectful communication between attendees during the meetings held, even on points where they had different views.

3 Areas of consensus and areas of differences

- 3.1 Round one was intended by the CAA to be focussed on high level issues of customer priorities, service quality, incentives and investment. In this chapter, we provide an overview of the areas of agreement and disagreement between HAL and the airlines.
- 3.2 In this Round, we did not identify individual differences between different airlines/airline groups/alliances. This may come later on, or individual airlines may express their unique views to NERL through other forums.
- 3.3 At this stage of the engagement, there were many areas requiring more details and further discussions, with only very few precise areas of disagreement. Related to areas of agreement, one could take the view that “no disagreement being stated” implies “*de facto* agreement”. Under this assumption, there can be an ample list of those because discussions took place in good spirit. However, we would rather not use this approach and think it is safer to be conclusive on areas of agreement mostly later on in the process: this is because airlines have repeatedly stated in CE1 that “there cannot be firm areas of agreement without the numbers or the “golden thread” available yet”. Therefore, we anticipate that when options become more apparent, with choices and trade-offs to be made, remaining areas of agreement will become clearer and more evident. That said, we have nonetheless sometimes reported on perceived areas of agreement which are important to present at this stage.
- 3.4 Therefore, we would highlight that our understanding of the positions of NERL and airlines is valid at the end Round one but is likely to evolve as the Constructive Engagement further progresses.

Introduction of Constructive Engagement

Introduction

Summary

- 3.5 NATS Chief Operations Officer introduced the day, provided a comparison of traffic levels with pre-pandemic numbers, performance results in terms of services provided and delays generated, as well as highlighting the safety record of NERL. The presenter also set the picture for 2025 and future years in terms of areas of focus (including project delivery and ATCO training).
- 3.6 A question was asked to the airlines for exploration further during the process as to whether deploying large technical changes in the winter season to minimise summer peak disruption was still a valid way of proceeding.

Outcome

3.7 We observe the following outcomes:

- Areas of agreement:
 - Nothing was specifically stated at this stage.
- Further discussion needed:
 - In relation to the potential trade-offs, the presenter highlighted orally that for NR28, NERL would aim to achieve its objectives of safety, as well as of resilience, punctuality and investments, rather than having to prioritise one to the detriment of the other. However, later on during Round one engagement, airlines queried why some NERL slides asked airlines to prioritise between for example service delivery and investments.
- Areas of disagreement:
 - Nothing was specifically stated at this stage.

Airline & passenger priorities

Understanding airline priorities

Summary

- 3.8 A number of airline representatives (from IATA, BA, IAG and easyJet) presented airlines priorities. They spoke on behalf of all airlines included in NR28 engagement. They set their overall priorities (safety, airspace modernisation, resilience, accountability, service performance, flight efficiency, , cost discipline and efficiency, affordability).
- 3.9 They also stated that they are particularly interested in knowing about the trade-offs, with inputs into optioneering and asked for transparency in these areas. They also highlighted that they want to understand the risk areas linked to capex and project deliveries with potential mitigations. They then mentioned that performance metrics should reflect the needs of airlines and passengers and were keen to explore these as well as incentives.
- 3.10 Airlines asked to understand better how the overall plans for NR23 have been implemented and wanted to have a fully evidenced base with a bottom-up assessment of costs for NR28. They called for a “golden thread” linking how the NR28 plan would be delivered and what it may impact, and how it would link with the planned costs and associated benefits.

Outcome

- 3.11 We observe that at high level, there is alignment between NERL and the airlines on their vision for NR28. More detailed outcomes include:
- Areas of agreement:
 - Both NERL and airlines were clear that safety remains their highest priority;
 - In relation to sustainability, all noted the ambitious net zero targets faced by the industry and the need to collaborate.
 - Further discussion needed:
 - In relation to improving flight efficiency, airlines called for a detailed road map of capex, as well as better understanding of the airspace

modernisation concepts and resulting benefits. On airspace modernisation, NERL explained that it was focused on London at the moment.

- In relation to service performance, airlines mentioned that they did not want to accept a default assumption of service degradation in NR28, and that they would expect to obtain justifications and associated options from NERL;
- In relation to resilience, NERL clarified that it encompasses both technical and resourcing aspects;
- In relation to NR23 progress, NERL clarified that they already conducted detailed engagement particularly through the Service and Investment Plan (SIP) reports. The airlines explained that whilst the SIP reports are detailed and complex, they were looking for the CAA to find a way to better link how NR23 had progressed versus what had been planned then. The CAA responded that they were considering this request.
- In relation to investments, airlines stated that it was crucial for them to have both efficient capex deployment and timely delivery.
- In relation to inflation assumptions, airlines mentioned that they wanted to avoid blanket CPI/RAB indexation;
- In relation to the WACC, airlines mentioned they would like it to be robustly justified;
- Areas of disagreement:
 - Nothing was specifically stated at this stage.

Passenger research

Summary

- 3.12 Savanta presented a summary of the research that had been carried out. The presenter explained the methodology used (focus groups, quantitative survey and bilateral interviews), in particular the choice of sample and the 3 steps used to undertake the research. As safety was the top concern listed in initial focus groups, it was decided to exclude it going forward in order to require consumers to think of their other priorities beyond safety.
- 3.13 Main recommendations from Savanta were: 1) invest in minimising delays, cancellations, and disruptions; 2) upgrade Air Traffic Control systems for future needs; 3) plan disruption in predictable, well-communicated windows; 4) enhance real-time communication and transparency; 5) Keep operational costs and impact of charges on consumers' cost of flying under control.

Outcome

- 3.14 We observe the following outcomes:
- Areas of agreement:
 - In relation to recommendation 5), airlines clarified that they agree with it.
 - Further discussion needed:
 - In relation to recommendation 4) on enhancing communications to the passengers, whilst they recognised that passengers' concerns are legitimate, airlines were concerned with the potential separation between passengers and airlines priorities, with passengers perhaps not

willing to focus on resilience and deployment of technology contrary to airlines. They also noted that NERL does not have a direct relationship with passengers. NERL responded that they were not looking to change passenger communications nor want to establish a relationship with passengers.

- In relation to the recommendations 3) and 4) on planning disruptions clearly and enhancing communications to the passengers, airlines were wary that if implemented such recommendations could lead to lower passenger demand on these days.
- Areas of disagreement:
 - Nothing was specifically stated at this stage.

Safety

Summary

- 3.15 The presenter showed NERL's approach and commitment to safety through its Safety Management System (SMS), lines of defence, standards of excellence, governance, liaison with regulatory authorities, choice of metrics and performance.
- 3.16 NERL was benchmarked against other ANSPs on safety (achieving a 7th place against all other ANSPs globally), and the presenter introduced the 2035 safety goal of NERL. She acknowledged NERL steps to broaden its RAT system to include ground events and the work done on fatigue risk management as well as additional challenges that may impact safety delivery in the future.

Outcome

- 3.17 Some clarification questions were asked including on GNSS interference and how NERL handles safety in the case of major failures. Overall, there was a lot of interest on how NERL manages and delivers safely, but airlines did not challenge NERL on safety, nor were any areas of disagreement noted.
- Some areas that might benefit from further discussion may include:
 - Trade-offs and discussions on the levels of redundancies between satellite-based systems and upgrade/replacement of ground-based navigation systems;
 - How NERL ensures that it has best practices on safety management processes, and how it adopts lessons learned from other ANSPs or other safety-critical infrastructure?

Traffic forecast

UK FIR & Oceanic traffic forecast

Summary

- 3.18 NERL presented its approach to flights and chargeable service-units forecasting. It explained that in NR23 the CAA had used STATFOR for the purposes of the price control but that this forecast was higher than actual traffic. It went on to comment on 3 key limitations in the approach of STATFOR: no forecast for the oceanic airspace, the use of generic-only sustainability factors and a resulting lower accuracy to that of NATS long-term forecast which

increases the variance and exposure of NERL to traffic risk-sharing mechanisms and other incentive mechanisms. NERL advocated for the use of its own internal forecasts in NR28 instead of STATFOR as it explained that STATFOR does not have the level of details that it needs for operational purposes.

- 3.19 NERL then explained the methodology it uses for its own long-term forecast alongside data sources, key external factors and choices made for its scenarios (base, high and low). It then presented its NR28 range of numbers for flights and chargeable service units compared to June 2025 numbers, including with UK/oceanic split and segments for the UK traffic.

Outcome

- 3.20 Airlines were not welcoming of a move away from STATFOR in spite of the limitations presented by NERL. There was no agreement on a change in methodology. Further areas of discussion include:
- In relation to potential STATFOR inaccuracies, airlines' views were that it had been accurate enough, at around +/-1% since the start of the SES RPs. NERL explained that their view of inaccuracies is based on having tracked the NATS long-term forecast vs STATFOR over the last 7 years (for en-route).
 - In relation to potential STATFOR inaccuracies, NERL explained that whilst the difference in flights was limited, the main areas of diverging views was in relation to service units: STATFOR forecasts on the basis of 3 market segments (domestic/international/overflight), when NERL relies on additional ones (transatlantic/non-transatlantic) with better granularity on MTOW resulting in better predictions in service units than STATFOR.
 - On whether NERL is able to influence STATFOR numbers, NERL confirmed that they engaged actively with them, had sent data and shared methodologies and had some influence.
 - In relation to potential inaccuracies and the oceanic services, airlines asked about a comparison of the oceanic forecasts (which NERL noted as an action) and to have a better overview of the actual methodology for the oceanic forecast.
 - In relation to whether or not other ANSPs, such as ENAIRE of Spain, have moved away from STATFOR as the basis for their respective RP4 performance plan, there was some disagreement. NERL explained that they had inferred from documents by the PRB that Spain had used different forecasts. Airlines disagreed. NERL accepted (in a note to the draft minutes) that its interpretation had been incorrect.
 - On the potential use of a high traffic forecast in NR28, airlines stated that a higher traffic forecast could deliver some benefits, such as better resilience or better preparation.
- 3.21 Overall, to have a closer agreement on the forecast, NERL suggested that an independent review of NERL could provide assurance on the numbers and the approach used. Airlines responded that the CAA might commission its own independent forecast, but that the focus on independence could already be addressed by the existing STATFOR forecast, at least for the UK region. There

was no discussion on the NR28 forecasted numbers themselves during the session.

Operational resourcing

Summary

- 3.22 NERL presented its approach on staff resourcing considering that a third of the ATCOs are likely to leave the organisation by the end of NR28 mainly through retirement and to a lower extent attrition. It presented its approach to recruitment, training and validations.
- 3.23 NERL also explained how it plans and resources for periods of peak demand and how it tactically responds to requests for support from the NM. It discussed the impact that major deployment for large scale projects may have (such as less 20% ATCOs resources during 3 months) and how transitions were therefore managed. NERL answered a number of questions on its approach to recruitment and training (through internal and external providers).

Outcome

- 3.24 We observe the following outcomes:
- Areas of agreement:
 - Nothing was specifically stated at this stage.
 - Further discussion may be needed:
 - In relation to the resilience of the NR28 plan in the case of a downside scenario on adding resources, NERL clarified that it had presented different scenarios including if the plan was not delivered, but that it would update the downside traffic scenario and consider what outcomes it may have.
 - On whether the data shared included benefits of airspace modernisation or from investments, NERL clarified that it did not, the data presented showed ATCO variability as NERL wanted to be conservative;
 - Airlines stated that their expectations for CE2 in the area of resourcing would be to have more information on efficiency and productivity measures to mitigate any negative effects and to know better about trade-offs.
 - Areas of disagreement:
 - Nothing was specifically stated at this stage.

Capacity and punctuality

Summary

- 3.25 NERL presented the key elements that impact punctuality and delays and how it seeks to maximise efficiency in its operations. It explained that whilst NERL manages 23% of the European traffic, it only contributes to 3% of the European delay. Current performance metrics (C1, C2, C3 and C4) were explained with results achieved and targets presented.
- 3.26 Some questions were asked on what happens for NERL when it agrees to manage traffic on behalf of other ANSPs and how delay re-attribution works in this case. NERL explained and clarified that delay was re-attributed to the

ANSP not able to handle the demand, it was not really an issue for NERL, apart from the fact that it had to wait for Nov/Dec for delay numbers to be adjusted, which could present a potential negative reputational risk.

- 3.27 In relation to the use of regulations, NERL clarified that it was very much a last resort tool and that it aimed to offload or use other approaches before imposing regulations. NERL considers the capacity of its airspace, predicts traffic growth, makes daily and seasonal operational calls. It also reviews hotspots/particular sectors, and undertakes large scale improvement activities. NERL explained that current pinch-points were Manchester and the London Upper sector.

Outcome

- 3.28 We observe the following outcomes:

- Areas of agreement:
 - Nothing was specifically stated at this stage.
- Further discussion needed:
 - In relation to delivery risks, airlines were keen to know more. NERL clarified that it is difficult to predict the bottlenecks without having a detailed overview of flight plans, which they usually get only just quite close to departure time, but that having an indication of the schedule by city-pairs, would be very valuable.
 - In relation to service delivery, NERL explained that not all transitions are equal and that as the traffic increases, from a capacity perspective, it increases the challenge.
 - In relation to potentially changing performance metric C2 (such as delay per delayed flight), airlines wondered what impact it may have on NERL' operations. The ANSP explained that NERL does modelling to see the best scenario they can achieve but that whilst average delay per delayed flight is something they measure, they would not like to be incentivised on it. NERL's view was that airlines can probably absorb 15 minutes of delay per delayed flight but that it was difficult when close to 30 minutes.
 - In relation to the choice of delay/punctuality metrics for NR28, there was no stated agreement at this stage:
 - Airlines stated that that C1-C4 metrics were useful, but that before expressing a view on the choice of these metrics, they would like to understand the cost and benefits in keeping or changing them and what the associated incentives would be;
 - Airlines also mentioned that C1-C4 metrics do not necessarily capture all aspects of delay experienced by the airlines, therefore were not necessarily provided an accurate picture for them; They therefore stated their interest in discussing additional and alternative metrics to achieve a framework most relevant to users;
 - NERL highlighted that if NR23 delay/punctuality metrics were to change in NR28, there would be some thinking to be made for the timeframe of this constructive engagement;
 - The CAA mentioned that optioneering of the trade-offs as shown for C2 would be helpful;

→ To conclude the discussion on the choice of metrics, NERL asked that the airlines consider the impact of C1-C4 on their operations, on whether these metrics miss something that impacts airline operations and how the network has been performing (daily/each season/annually) so that this information could be used to drive decisions.

- Areas of disagreement:
 - Nothing was specifically stated at this stage.

3.29 In relation to areas of focus for Round 2, airlines stated a priority:

- Trade-offs discussions between delays vs service provisions and trade-offs between the baseline and various scenarios in terms of capex vs delivery.

Environment

Summary

3.30 NERL presented its environmental metric in use since 2012, 3Di. It presented the performance of this environmental metric since the start of NR23 and what impacts it. It explained that it had made some progress and managed to decouple to some extent increases in traffic volumes from a worsening in 3Di performance.

3.31 For NR28, NERL had organised consultation activities in 2025 and is proposing a multi-metric approach based on one KPI (E2 on en-route planned vs actual emissions) with a target and financial incentive, four PIs (E4, E5, E6, E7) with targets and two monitoring indicators (E1 and E3) without targets. NERL explained its rationale for this approach by explaining that they believe they should be held accountable and incentivised on the environmental performance of the network but wanted to take external factors out such as weather or airport stacking whilst they still aim to manage the impact of these.

3.32 On the approach to NERL on decarbonising the estate, NERL explained that the cost of carbon has been included in their business plan to drive good behaviour, and that there is shared interest on environmental targets since NERL's emissions appear in the airline emission scope, therefore all have a need to work together.

Outcome

3.33 We observe the following outcomes:

- Areas of agreement:
 - Nothing was specifically stated at this stage.
- Further discussion needed:
 - In relation to the multi-metric approach, NERL explained that this was not something new and had been done across the world, including in the SES. Airlines agreed that they understood the principle.
 - In relation to performance, airlines asked about how key suppliers/contracts were performance-incentivised so that when things go wrong, they play their part too. NERL said it would reflect on this.

- In relation to what should be incentivised, NERL opinion is that only the KPI (E2) should be financially incentivised. Airlines suggested that incentives could go beyond financial incentives, to which NERL responded that there would be transparency on the other PIs and metrics therefore NERL also having a reputational incentive.
- In relation to E2 only being a KPI, airlines wondered if this approach was not resulting into too much of a narrow performance focus. NERL responded that ATCOs will always look at opportunities to give better routes to airlines even where airlines would have planned “sub-optimally”, whilst recognising that airlines priorities vary (sometimes could be to minimise emissions, could be to minimise flight time, etc). As choices of trajectories are the prerogative of airlines, NERL does not believe that the emissions impacts of such choices should be under their accountability.
- In relation to the influence of traffic from neighbouring ANSPs on E2, NERL clarified that under this scheme, it would be incentivised for all flights whatever the request of trajectories, whereas that was not the case with 3Di.
- Areas of disagreement:
 - Nothing was specifically stated at this stage.

Technical resilience

Summary

- 3.34 NERL explained how it designs its technical architecture to ensure resilience, presenting its approach in terms of applications and infrastructure that support operations as well as corporate and service functions. The CAA’s CAP 1682³ resilience performance thresholds were summarised as well NERL’s performance against these over the last 15 years.
- 3.35 NERL then addressed its risk management approach and future challenges it foresees, but clarified that it was not waiting for NR28 to implement the findings of the Halliwell report.
- 3.36 It was also discussed that some systems are unique to the UK and that there is a limited number of technical suppliers in the area of ATM, which can create a risk of monopolistic behaviours, lack of innovative products coupled with high barriers to entry due to complex and costly requirements linked to safety and certification. NERL explained that it engages with the new SESAR Delivery Model in order to create better competing frameworks.

Outcome

- 3.37 We observe the following outcomes:
- Areas of agreement:
 - Nothing was specifically stated at this stage.
 - Further discussion needed:

³ <https://www.caa.co.uk/data-and-publications/publications/documents/content/cap1682/>

- Airlines mentioned that they wanted to understand the linkage between investments and risk reduction.
- On service outages, airlines raised the issue of supply chain accountability and vendor liability, wanting to explore this further. They asked NERL to understand what actions it is taking as a result of the NR23 outages and from the Halliwell Report.
- Airlines asked the CAA if there were merits on reflecting that CAP 1682 thresholds had not changed since 2018, to which the CAA responded that it would consider the request.
- In relation to software assurance capability, the CAA was asked if it still had this internal capability, to which it replied that it would find out.
- Areas of disagreement:
 - Nothing was specifically stated at this stage.

Investments

Summary

- 3.38 NERL presented its portfolio priorities and explained the proposed scale of investment (£890 million): it was compared with the NR23 capex (+20% in real terms). NERL also explained that they wanted to have “a conversation on agility and flexibility” of this investment proposal. NERL presented the distribution of investment by domain of activity, which includes risk contingency, something which had been removed in NR23 and had a detrimental impact on NERL’s flexibility according to the presenter.
- 3.39 The following slides presented a list of investments, with a description and user benefits per domain, including a high-level tracking of the source of funding of these potential projects (NR23 carry-over vs new investment in NR28).

Outcome

- 3.40 We observe the following outcomes:
- Areas of agreement:
 - Airlines acknowledged the degree of transparency displayed by NERL in the presentation, as being unusual compared to other ANSPs.
 - Further discussion needed:
 - In relation to the capex envelope proposed, airlines’ view was that it was a set of options and stated that they wanted to be in a position to review and prioritise investments (potentially using a bottom-up approach to estimate the appropriate size of the envelope) and be involved in optioneering. NERL urged airlines some caution to avoid accidentally deprioritise an investment and to ensure solid justifications in doing so.
 - Linked to this and also in relation to transparency, airlines insisted on traceability of investments. In particular, they wanted to know what is driven by regulatory compliance compared to what may be “business as usual”, but also by what may be driven by the deployment of the SESAR programme, etc. In relation to transparency itself, airlines also mentioned that they wanted to understand the continuity of investments proposed for NR28, linked to the SIP process.

- In relation to NR23 capex, airlines do not believe that the benefits promised are being delivered alongside the costs, and believe this is a direct consequence of the absence of proper Capex delivery incentives and the existence of RAB rules that allow NERL to capitalise expenditure in advance of benefits realisation. NERL replied that the CAA has the possibility to commission capex efficiency audits for NR23 investments with investment values taken off the RAB (which would result in a direct loss to NATS’s shareholders) were it to find evidence of demonstrably inefficient or wasteful expenditure.
- In relation to the capex envelope proposed, airlines also mentioned that they wanted to scrutinise how NERL will ensure that the capex can be financed, how it is physically deliverable, and if it is affordable. NERL explained that it had made credible improvements during NR23, such as increased rate of spend, alongside improvements in capex deliverability.
- In relation to capex delivery assurance, based on experience of the delivery of projects in previous periods, airlines mentioned that they want a capex delivery incentive framework for NR28. NERL clarified that they are working on it.
- Areas of disagreement:
 - Nothing was specifically stated at this stage.
- In relation to areas of focus for Round 2, airlines stated a priority in relation to the baseline and investment traceability: Having an understanding of what NR23 has delivered, have a good understanding of the baseline so they know where they are and how have the investments made in NR23 have made a difference.

Oceanic

Summary

- 3.41 NERL presented the current and forecasted traffic situation for the Shanwick Oceanic Control Area. It presented its service delivery performance areas and targets and asked airlines if they wanted to suggest changes to these. It then detailed the investments planned for NR28 in relation to Oceanic.
- 3.42 Airlines insisted on the need for standardisation in the provision of oceanic services, especially considering the implementation of Target Time to Arrival across Europe. They also commented that they had invested heavily in ADS-B to which NERL agreed that it provided significant safety and service benefits.

Outcome

- 3.43 We observe the following outcomes:
- Areas of agreement:
 - Airlines, especially those who fly long-haul, were keen to state that they do not want to see degradations on the service provided on the North Atlantic airspace, to which NERL agreed.
 - Further discussion needed:

- In relation to potential changes to performance metrics and targets, there was no airline response expressed during the meeting;
- Airlines mentioned that TTA may be attractive if there are overall network benefits, but that implications for carriers had to be properly considered;
- Airlines mentioned they will be interested to have more detailed information on Oceanic service in CE2.
- Areas of disagreement:
 - Nothing was specifically stated at this stage.

4 Findings, lessons learnt and next steps

4.1 The first round proposed by the CAA to take place between January and February 2026 had the objective to “identify airline customers’ priorities on overarching issues such as service quality, incentives and investment, and seek to reach agreement on high level options to inform the business plan”.

Findings

4.2 In its guidance for Round one, the CAA indicated its views on:

- Scope;
- Purpose and desired outcomes; and
- Information and views to be provided.

4.3 In this chapter we present our findings for each of these areas

Findings on scope

CAA guidance

4.4 With regards to scope, the CAA stated that its expectation for Round 1 was to Focus on high level strategic issues and options, to cover: service quality, incentives, priorities for investment, resilience and traffic forecasts.

Review of scope

4.5 Parties came to the CE1 meetings with different expectations based on their interpretation of the CAA Draft Method Statement. In the table below we compare the desired scope of Round One as stated by the CAA with our findings on Round One.

4.6 **Overall we assess that the scope of the NERL’s Constructive Engagement fulfilled the CAA’s expectations, apart from a limited number of points including the broader vision of NERL on incentivisation.**

4.7 However airlines felt outcomes have not been fully met. The parties agreed the areas that have not been answered in CE1 will be answered in CE2.

Table 4.1: Review of Round one desired scope

CAA stated desired scope	IR’s findings
Traffic forecasts	<ul style="list-style-type: none"> • There was detailed engagement in Round one on traffic forecast during the first day of meetings. NERL presented its base case, high and low scenarios for

Service quality	<p>NR28 as well as its methodology at high level and reasons to justify its proposal to change the forecast source.</p> <ul style="list-style-type: none"> • Airlines presented their views on service quality. • Service quality was addressed as “service performance” in the session on capacity and punctuality, with most focus on key indicator C2. It was also addressed during discussions on service delivery (during operational resourcing) and safety, environment metrics, technical resilience and investments. • There were limited discussions on the trade-offs between delays vs service provisions.
Incentives	<ul style="list-style-type: none"> • Existing service performance metrics were presented but not the associated financial incentives attached to them. Airlines were asked whether these metrics were the right ones and needed changes of complementing. • A proposed change to the current environmental incentive (3Di) was explained, alongside the presentation of its proposed replacement (E2). No data or target was provided for E2, instead airlines were asked for their opinion to this proposed change. • Capex delivery incentives were not specifically discussed in this Round but NERL clarified that it would make proposals for these in Round 2. • There was no specific discussion on traffic incentives, although NERL alluded to the existence of the traffic-risk sharing scheme. It made no mention of changes in this area. • There were a couple of mentions in the discussion on reputational incentives, but nothing specific was presented. • On assumptions used to calculate financial incentives, the choice for the treatment of inflation was mentioned by the airlines.
Priorities for investments	<ul style="list-style-type: none"> • Airlines presented their views on the focus for investments. • NERL presented its initial list of proposed investment projects by domain. • NERL also explained and presented its approach on other priorities such as on resourcing or sustainability.
Resilience	<ul style="list-style-type: none"> • Airlines presented their views on resilience. • Resilience was discussed extensively during a large number of sessions led by NERL, whether specifically on technical resilience or during sessions on safety, workforce, service performance, environment or investments.

Findings on information and views exchange

CAA guidance

- 4.8 The CAA stated that its desired information and views to be provided in Round 1 would be to:
- In advance, NERL to provide its latest views on:
 - Traffic forecasts and impact of future traffic on strategic approach to investment, service quality and resilience;
 - Initial priorities for investment, with any available supporting analysis on the costs and benefits of different possible options for key choices; and
 - High-level forecasts for investment and service quality performance over NR28 and priorities for improvement in the next period.
 - During Constructive Engagement, airlines to provide initial views on the main priorities for service quality, incentives and investment and resilience.

Review of the information exchanged as per CAA guidance

- 4.9 From examining the topics detailed in Table 2.1 and attending the presentations and discussions of all sessions, we observe that NERL provided information as expected by the CAA. The data shared was generally detailed to allow a meaningful discussion, and coupled with the comprehensive minutes gives a solid amount of information to the airlines.

Table 4.2: Review of Round one desired information and views exchange by the CAA

CAA stated desired information and views to be provided	IR’s findings
<p>In advance, NERL to provide views on traffic forecasts and impact of future traffic on strategic approach to investment, service quality and resilience</p>	<ul style="list-style-type: none"> • Information was provided in advance by NERL. • Information on traffic forecasts was provided in terms of methodology, limitations and projections numbers for NR28. • Information on the impact of future traffic on service quality and resilience was provided when it came to resourcing. Traffic levels have a more limited impacts on technical resilience therefore there was only limited merits to make such a link. • Information on the impact of future traffic on the approach to investments was made, a little implicitly perhaps, through the focus on “maintaining safety and service delivery” for the distribution of investments presented. • In addition, there were some high-level discussions on the potential trade-offs between the delivery of investments and the impact it may have on service quality.
<p>In advance, NERL to provide views on initial priorities for investment, with any available</p>	<ul style="list-style-type: none"> • Information was provided in advance by NERL. • Information on initial priorities for investments by domain was detailed in the slides circulated, including information on airline benefits at high-

<p>supporting analysis on the costs and benefits of different possible options for key choices</p>	<p>level, and with an indication of the main priority they were designed to address.</p> <ul style="list-style-type: none"> • Investments costs were also available per domain. • Key choices were presented at high level in this Round (such as questions asked to airlines on trade-offs between replacing ageing assets to lower risks of high-impact outage by with an increase in route charges), but it did not seem that airlines were provided with specific options for key choices yet. Even if they had been airlines have called for further understanding the basis upon which the NR28 options will being delivered against (i.e. what the baseline for the start of NR28 look like).
<p>In advance, NERL to provide views on high-level forecasts for investment and service quality performance over NR28 and priorities for improvement in the next period</p>	<ul style="list-style-type: none"> • Information was provided in advance by NERL. • High-level forecasts for investments were detailed in the slides circulated by domain. • Service quality forecast performance was provided for one indicator (C2) under different scenarios, not for the other 3. • Priorities for improvements was provided, with the rationale explained in sessions focussing on resourcing, capacity, technical resilience, etc. NERL had done some work before the consultation to have a plan of investments by domain.
<p>During Constructive Engagement, airlines to provide initial views on main priorities for service quality, incentives, investment and resilience</p>	<ul style="list-style-type: none"> • At the start of the engagement for Round 1, airlines presented their priorities and objectives for service quality, investments and resilience. • Airlines also stated their high-level expectations on incentives.

Review of the information exchanged as per airlines’ ask and questions

- 4.10 As indicated in Chapter 2, on 19 December 2015, airlines circulated to NERL their key asks and key questions for CE1. The asks and questions covered a large number of NERL’s prospectus topics and were sometimes very precise, asking for a high-level of details, whilst in some other cases were broader.
- 4.11 We have reviewed how NERL has responded to these below, but we did not assess the reasonableness of the airlines’ key ask and questions at this stage of the CE process for NR28. Under this important caveat, we observe that not all asks and questions were answered during CE1.

Table 4.3: Review of Round one additional desired information and views exchange by the airlines

Airline stated desired scope	IR’s findings on key asks	IR’s findings on key questions
Safety	<ul style="list-style-type: none"> • The key ask was addressed 	<ul style="list-style-type: none"> • The key question was addressed

Operational resourcing	<ul style="list-style-type: none"> The high level of detail asked by airlines was not provided at this stage, but information on ATCOs was provided 	<ul style="list-style-type: none"> The question on resources and interdependencies was answered. The question on where the key resources will come from was answered at high level without the details sought after.
Technical resilience	<ul style="list-style-type: none"> An overview of NERL's resilience management practices was provided. A resilience management plan was not provided. 	<ul style="list-style-type: none"> The question on change management was addressed as part of the safety session. The question on the balance of investment and resilience was answered at high level only.
Delivering service performance	<ul style="list-style-type: none"> Historic service performance was provided for C2 only. No specific details were provided on supplier risk management. Operational risk management was presented at high level compared to airline's ask. Planned airspace changes information was provided at high-level only. Integration plans for new airspace users were not provided. 	<ul style="list-style-type: none"> On incorporating airspace changes into performance expectations, the question was answered at high-level only. The question on the cost of airspace closures due to military was not answered, but the mitigation of impacts was.
Environment	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> The key question was addressed.
Investment	<ul style="list-style-type: none"> The baseline of what has been delivered to date was not provided. Options with need–cost–benefit analysis was not provided. 	<ul style="list-style-type: none"> No response was provided on the co-development of project prioritisation. The question on assurance of past commitments was answered.
Oceanic service	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> The key question was addressed.
Not in prospectus	<ul style="list-style-type: none"> On airspace modernisation, the information provided at this stage was not as detailed as the ask was. On new airspace users, the information provided at this stage was not as detailed as the ask was. 	<ul style="list-style-type: none"> The airspace modernisation questions were not answered. <u>The neighbouring airspace regulatory and policy developments questions were answered at high level.</u>

Findings on outcomes

CAA guidance

- 4.12 The CAA stated that its desired outcomes in Round 1 would be to:
- To understand the views of NERL and airlines on the key priorities for the NR28 period, in terms of investment, incentives, service quality levels and resilience;
 - To discuss the broad benefits and costs of strategic investment options and, where practicable, seek to reach consensus on these;
 - To discuss the broad benefits and costs of potential incentives that could be implemented for NERL, and their potential impact on service quality;
 - To discuss and seek to reach consensus on the approach to forecasting traffic levels and the impact on investment, service quality and resilience;
 - The outputs should enable NERL to develop its business plan for NR28 with a clear understanding of airlines' priorities;

Review of outcomes

- 4.13 In the table below we compare the desired outcomes of Round one as stated by the CAA with our findings on Round One. Overall we assess that there was a real engagement from both sides which has allowed constructive exchange of initial views at this stage.
- 4.14 However, no consensus was reached on the traffic forecasts or on the strategic investment options: airlines opposed losing an independent source for the forecast even if they did not necessarily disagree with the assessment that NERL made of some of the limitations of STATFOR. In relation to the strategic investment options, whilst no significant areas of disagreement were stated by the airlines, they did not state agreement either, instead asking for a baseline to compare NERL's NR28 plan with today's situation, and a more detailed understanding of the choices they can make (and their associated consequences).
- 4.15 The overall approach of NERL priorities on incentives was not sufficiently detailed to enable trade-offs between incentives to be assessed. It is understood that the detail to make these trades-off will be provided in CE2 to reflect this comment.
- 4.16 NERL has received significant inputs from a rich discussion to further refine its Business Plan, but it did not obtain responses to all the questions it set at the start of CE1. In the airlines' views, the questions were too detailed given the information presented at this stage. Similarly, airlines did not receive responses to all their asks and questions set out in advance of CE1.
- 4.17 Not an utmost surprise perhaps, despite good discussions, consensus on the strategic investment plan has not been reached in Round 1. There is a strong

call from airlines for more detailed discussions on this key element of the RAB, in particular on the optioneering of the capex plan.

4.18 Round 2 will be useful to go into more details on all these points and test whether agreement can be reached.

Table 4.4: Review of Round one desired outcomes

CAA stated desired outcomes	IR’s findings
To understand the views of NERL and airlines on the key priorities for the NR28 period, in terms of investment, incentives, service quality and resilience	<ul style="list-style-type: none"> Based on the findings in the table above, we assess that this was achieved. The airlines presented at the start what they aspire NERL to deliver in NR28 and were able to react to NERL’s presentations on plans for investment, incentives, service quality and resilience. NERL presented more than 150 slides of information, both current and projected which gave a large volume of information and brought useful transparency to the process from the first day of Constructive engagement. However, what is always difficult in consultation exercises such as this one, where an extensive amount of information has been displayed, is to really understand how the priorities are driving the multiple choices and decisions being made as a result of these priorities. This is what the airlines call “the golden thread”, or the rationale of the narrative of the strategy behind the choices made. The next round of engagement will be very important for helping to narrow down the choices and crystallise the plan.
To discuss the broad benefits and costs of strategic investment options and, where practicable, seek to reach consensus on these	<ul style="list-style-type: none"> As displayed in Table 4.2, there has been a good provision of information against the CAA’s expectations and discussion on the broad benefits and costs of the strategic investment plan presented by NERL. However, no consensus has been reached, mainly because the airlines aspire to get more understanding of the investment trade-offs, including an opportunity for discussions on prioritisation and optionnering. With more detailed data and continued engagement, this seems to be an outcome achievable in next rounds. Reaching consensus on strategic investment options is one of the key overarching objectives of CE, but is perhaps premature for Round 1 itself.
To discuss the broad benefits and costs of potential incentives that could be implemented for NERL, and their potential impact on service quality	<ul style="list-style-type: none"> As displayed in Table 4.1, there have been discussions on the choice of performance and environmental incentives, less so on their potential costs. No real discussion took place on capex delivery incentives or traffic or financial incentives (how much at risk, rewards/penalties, etc).

	<ul style="list-style-type: none"> • Where discussions on incentives took place, a link was made to their potential impact on service quality.
<p>To discuss and seek to reach consensus on the approach to forecasting traffic levels and the impact on investment, service quality and resilience</p>	<ul style="list-style-type: none"> • On the approach to forecasting traffic levels, whilst there were no significant issues that were raised with the methodology that NERL uses for its long-term traffic forecast, the airlines did not agree to changing the source of forecasts to be used in NR28. Airlines emphasised the need for the CAA to receive independent assurance on forecasts, both in terms of methodology, inputs and outputs. • Whilst there was no agreement on a change in source of traffic forecasts, this did not translate into further disagreement with how traffic increase may justify an increase in investments, changes in service quality or resilience. The rationale used by NERL for these appeared to be shared at high-level at least by the airlines.
<p>The outputs should enable NERL to develop its business plan for NR28 with a clear understanding of airlines' priorities</p>	<ul style="list-style-type: none"> • NERL has received plenty of feedback on many topics presented during Round one. Airlines have stated what their priorities are, although they have not been further ranked between them, nor costed them for obvious reasons at this stage. • Many of the specific consultation questions that NERL asked have been left unanswered in this round. Airlines who believe these questions were too detailed, have asked for more details on the trade-offs or the baseline to be able to answer them, as they want to know precisely what their choices would mean before providing a response. • Overall NERL should be able to develop a business plan with a good knowledge of what the airlines are after. However in all likelihood NERL will not always make the same choices as the airlines would, as it arbitrates between different elements, meaning that many discussions will remain in the following rounds to fine-tune the Business Plan and its main components.

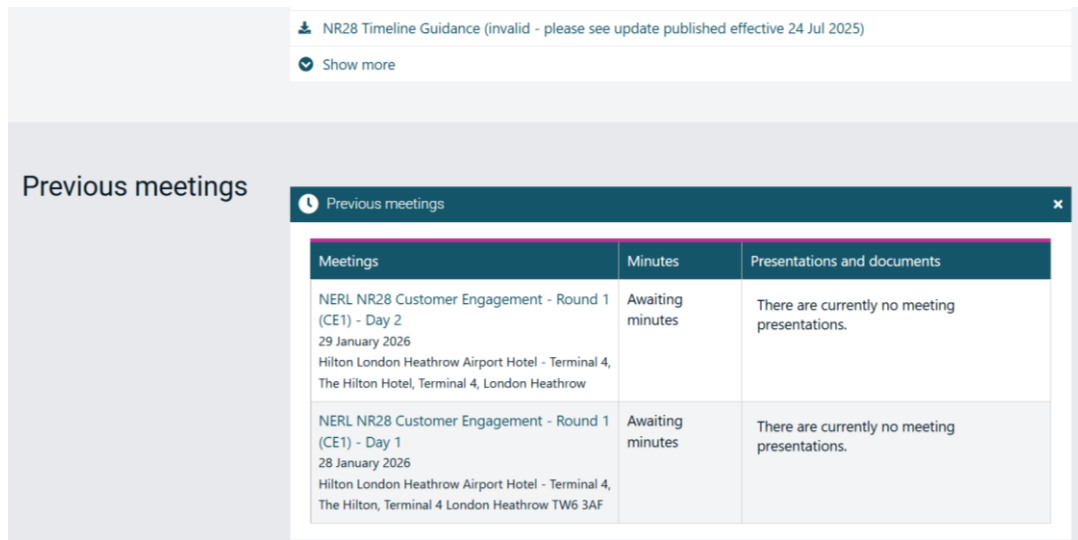
Lessons learnt

4.19 In terms of dissemination of information, this is done by NERL using emails and the NATS Customer portal.

NATS Customer portal suggestion

4.20 The main NR28 Constructive engagement⁴ webpage showing the meetings does not currently provide a direct link to the agenda or presentations. Instead it says that there are no “meeting presentations” which is not correct since these are available on the same page, but require a bit of investigation by clicking on the “Show more” button under “Resources” (above “Previous meetings”).

Figure 4.1: NR28 Consultation webpage extract



Source: <https://www.customer.nats.co.uk/meetings/nr28/> consulted on 05 Feb 2026

4.21 As customers will be involved with various degrees of engagement, we would suggest that the section on “presentations and documents” under “Previous meetings” is updated with a link to a folder/webpage containing, for each meeting:

- The pre-issued agenda;
- The pre-issued copies of the presentations sent in advance of the meeting by NERL and the airlines;
- The post-issue agenda, if the agenda or speakers changed compared to the pre-issue version;
- The post-issue copy of the presentations, if they changed, compared to the pre-issue versions;
- The draft minutes;
- The final minutes when available;
- Any other relevant document for this meeting.

⁴ <https://www.customer.nats.co.uk/meetings/nr28/>

- 4.22 Another useful addition may be to add a forward-looking “availability tracker” to be filled by all potential attendees to give NERL some visibility when scheduling meetings.

Management of document versions

- 4.23 It is often the case in consultation that documents are issued and later on re-issues with some minor, but important, changes. If NERL could add a day-stamp on its slides or documents issued, such as on the front page or on the last page, it would be very helpful so that readers of these documents know whether they are looking at the pre-read or post-read version of the documents.
- 4.24 In addition, we would also suggest that where different versions of the pr-read presentations are used in meetings, these are issued as soon as possible to the meeting attendees (even the night before the meetings) and posted on the Customer portal, without the need to be posted on the same date as the draft meeting minutes.

| Next steps

- 4.25 Comments from the CAA will be carefully reviewed and addressed.

Control Information

Prepared by

Steer
14-21 Rushworth Street
London SE1 0RB
+44 20 7910 5000
www.steergroup.com

Steer project/proposal number

25070001

Author/originator

Clémence Routaboul

Other contributors

Version control/issue number

v1

Prepared for

Civil Aviation Authority
Westferry Circus
Canary Wharf
London
E14 4HD

Client contract/project number

[Click here to enter text.](#)

Reviewer/approver

Mike Shorthose (on behalf of NERL), Daniel Turcu (BA)

Distribution

Client:

Steer:

Date

05/03/2026

