



# **NATS (En Route) PLC SIP24: CAPEX Independent Reviewer Report**

**03 April 2024**

**Released to CAA**

**IMAGINE  
CREATE  
ACHIEVE**

*a sustainable future*

An aerial photograph of an airport, showing a large terminal building with a curved roof, multiple runways, taxiways, and numerous aircraft parked at gates. The image is partially obscured by a dark blue overlay on the right side where the text is located.

# contents

- 1** . Introduction and Overall Findings
- 2** . Overall Findings and Scoring
- 3** . Individual Programme Assessment

**Annex** . Scoring Guidance



# Introduction

# Introduction and Scope

## **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 interim SIPs during the NR23 period. This is the 1<sup>st</sup> report of the IR reviewing NERL's SIP24 document. An updated assessment will be undertaken on publication of iSIP24.

## **ASSESSMENT CRITERIA**

NERL's quality of engagement on each of its capex programmes/projects will be assessed across these four assessment criteria:

- |                           |  |
|---------------------------|--|
| <b>(A)</b> User Focus     | <b>(B)</b> Optioneering                  |
| <b>(C)</b> Responsiveness | <b>(D)</b> 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:

- |                                  |                               |
|----------------------------------|-------------------------------|
| <b>1</b> = Poor                  | <b>2</b> = Below expectations |
| <b>3</b> = Baseline expectations | <b>4</b> = 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.

# Scoring Criteria

Scoring guidance is provided in CAP 2597b, repeated in the Annex, and summarised below.

## **USER FOCUS**

Includes timeliness of information, traceability and proportionality. NERL should provide information to users, the IR and the CAA:

- a. in forms, and through mechanisms, that reflect user priorities and resource constraints and that are clear and accessible;
- b. in a timely manner, including through providing early warning and explanation of factors that may put planned delivery timelines at risk;
- c. that enables specific elements of projects or programmes that have moved between programmes (such as the scope, costs, delivery timescales and benefits accruing from those changes, and any impacts on opex) to be traced from one consultation to another; and
- d. the level of substantiation NERL provides should reflect the materiality of the change under consideration.

## **OPTIONEERING**

NERL should seek to identify a range of different responses that might be adopted where practicable, explain the need for the programme and the outcomes and benefits it is seeking to deliver, and to provide opportunities for engagement and scrutiny of those options by users and the IR. In addition, NERL should be transparent about the opex impacts and delivery risks of different options presented.

## **RESPONSIVENESS**

NERL should respond constructively, meaningfully and in a timely manner to submissions by users, the IR and the CAA, and explain clearly how it has considered and taken account of those submissions.

## **MITIGATING & CORRECTIVE ACTIONS**

NERL's engagement with its customers should include appropriate mitigating and/or corrective actions in the light of submissions by users, the IR and the CAA, and it should communicate those actions to stakeholders in a timely manner.



## Overall Findings and Scoring

# Overall Capex Engagement Assessment (1/3)

CRITERIA	OVERARCHING IR OPINION
User Focus	<ol style="list-style-type: none"><li>1. The SIP24 document is consistent with the previous SIPs and iSIPs. The representation of key overarching information using visual aids such as the LTIP dashboard [pg18] and milestones table [pg19] is welcomed.</li><li>2. The further inclusion of the 2+5 Gantt chart [pg21] is appreciated as an additional aid to the understanding of the text heavy document.</li><li>3. NERL use a RAG colour coding system to provide a visual representation of programme status. Limited explanation of the criteria used to determine the RAG colour is provided. An explanation is provided for those with a red status, however there is no explanation of the criteria used for amber and green programmes. To facilitate a more transparent view of the status of NERL's programmes, it would be advisable for a RAG status key to be included to show the criteria used for each RAG colour.</li><li>4. The lack of some RAG status evolutions reported in the LTIP dashboard [pg18] is questionable given some programmes have few or no milestones on track (e.g. sustainment and surveillance – 2/8) and large forecast capex increases (e.g. property and FM ~ circa +40% since last reported).</li><li>5. It is unclear how the NR23 baseline capex values, [broken down per programme on pg18, pg36] correspond to the values included in the CAA Final Decision (26 October). Clarification is sought on the NR23 baseline, including whether it is adjusted for inflation, given NERL are using outturn prices in SIP24 to report deviations from the baseline.</li><li>6. The programme content of SIP24 comes across as a compilation of information from a variety of authors/sources, containing varying levels of detail and differing in presentation style, resulting in a lack of consistency [e.g. benefits on pg22 compared to pg24 &amp; pg26].</li><li>7. There is noticeable repetition of information under different headings [project highlights repeated on pg3, pg5, pg14 and pg15] and at times the messaging of information is unclear [e.g. risks section pg22, pg25, milestones on pg22].</li></ol>

*Note: References on this slide and the following slides state the referenced document "SIP24" followed by the [page number]*

# Overall Capex Engagement Assessment (2/3)

CRITERIA	OVERARCHING IR OPINION
<b>User Focus (cont)</b>	<ol style="list-style-type: none"><li>8. The structure of programme/project sections across the report, presentation of benefits [bullet points on pg22, 30, 31 &amp; 34; headings on pg24, 33; paragraphs on pg32; table on pg26], usage of acronyms [e.g. SIRS on pg24], cross-referencing of milestones [e.g. DACS replacement projects (T9) [pg22], and use of page/section breaks [throughout the report] is inconsistent and/or missing.</li><li>9. There are inconsistencies found between dates in programme milestone narratives and milestone tables [e.g. PCUA FOS narrative compared D2 PCUA FOS in table pg25]. There are also inconsistencies in the milestone dates reported in the individual programme milestone tables, the summary table [pg19] and the Quarterly Update [e.g. milestone T14].</li><li>10. Some delayed milestones are supported with sufficient narrative explanations, though not all delays presented in the milestone tables are explicitly explained in programme/project narratives [e.g. pg22 &amp; 23: T16, T15, T2, T14 are delayed by a year, only T8, T10, T11 are discussed in narrative].</li><li>11. When discussing the narrative around programmes, the impact on the user is not always covered. This is significant when covering delays to programmes, with the implications of the delay on users not always clearly substantiated.</li><li>12. Similarly, there is a noticeable lack of translation of general programme benefits into actual realisable benefits to users.</li></ol>

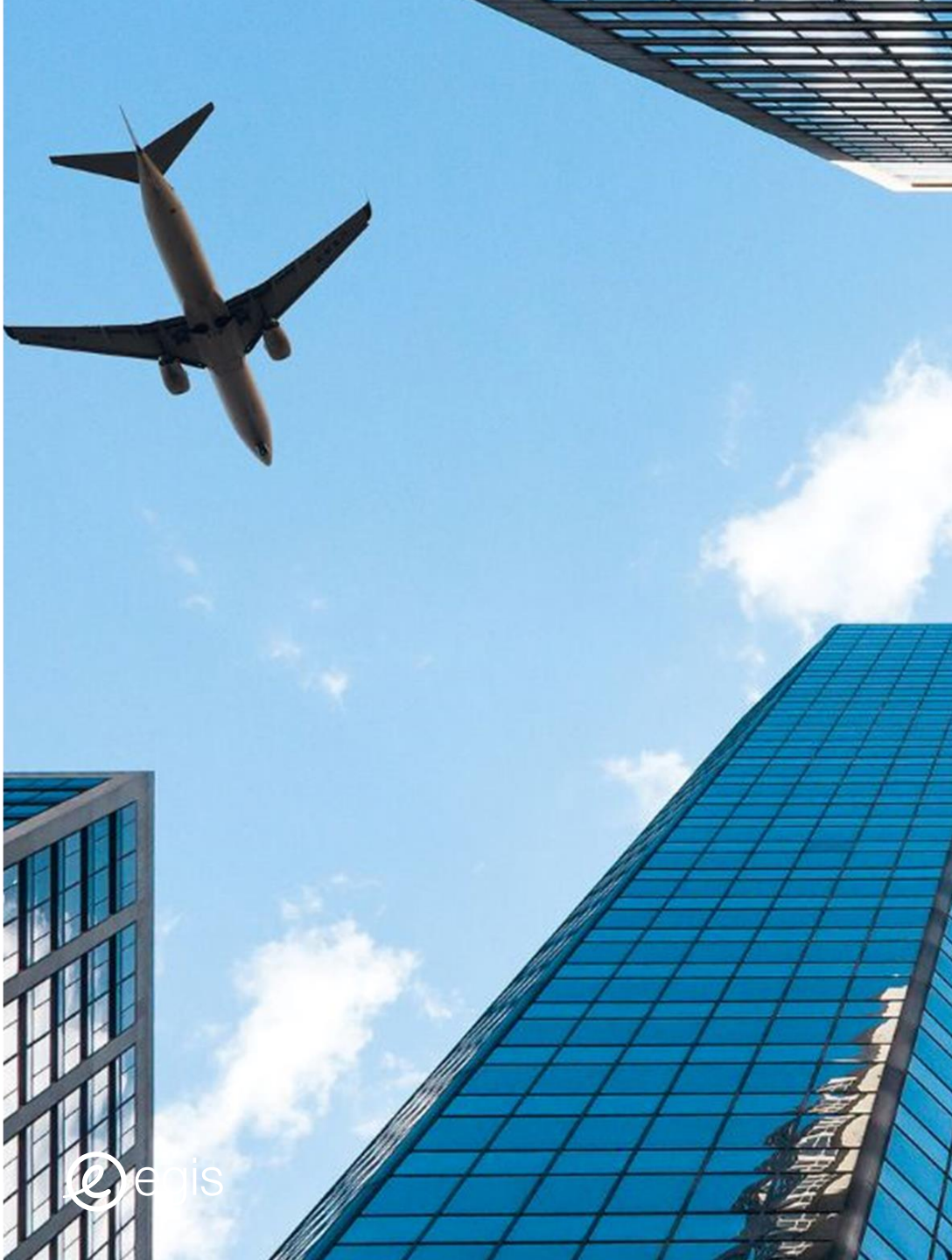


# Overall Capex Engagement Assessment (3/3)

CRITERIA	OVERARCHING IR OPINION
<b>Optioneering</b>	<ol style="list-style-type: none"> <li>1. SIP24, contains little information relating to optioneering, this can be expected to a certain extent as it is the first SIP issue of the 2024 cycle and is only one year into NR23, which was replanned a year prior.</li> <li>2. However, a number of programme milestones have incurred delays relative to the NR23 baseline, for which no specific evidence of optioneering or assessments of capex/benefits impacts are presented in SIP24 [e.g. D2, T15]. If NERL believes optioneering is not appropriate in some instances, they should explain why this is the case for the sake of transparency.</li> <li>3. Reference is made to an investigation of technical options for the evolution of the current Flight Data Processor (FDP) National Airspace System (NAS), the results of which are awaited [pg15 and 20]. The IR would expect to see this detailed in future iterations.</li> <li>4. Options for replacing long-range radars related to the delivery of NERL's surveillance strategy [pg17] were presented at SIP consultations and TCAB meetings.</li> </ol>
<b>Responsiveness</b>	<ol style="list-style-type: none"> <li>1. Overall, SIP24 contains no mention of the results of the engagement held or interaction with customers.</li> <li>2. The "key changes since draft SIP24" section [pg5] was initially perceived to be a customer-consultation/engagement section, highlighting the results of customer interactions between the issue of draft SIP24 and the customer consultation meeting. However, this section merely gives an update on milestone evolutions since draft SIP24.</li> <li>3. The mention of the review of NR23 investment plan focusing on "replanning of the DP En Route programme" [pg14] is a good example of NERL responding constructively and meaningfully with comments/submissions.</li> </ol>
<b>Mitigating &amp; Corrective Actions</b>	<ol style="list-style-type: none"> <li>1. Building on the above, limited written correspondence and SIP version history (highlighting the changes to the document since the draft was consulted upon) makes it challenging for NERL to demonstrate mitigating and corrective actions taken.</li> <li>2. Setting out to include "more detailed measures and forecasts in Appendix A" [pg14] in response to responding to stakeholder opinions and recommendations is another corrective action being undertaken by NERL.</li> </ol>

# SIP24 CAPEX Engagement Score

Programme	CAPEX value (weight)	User Focus	Optioneering	Responsiveness	Mitigating & corrective actions	Overall score
Sustainment & Surveillance	£237m	2.5	3	-	-	2.75
DP En Route & Voice	£180m	2.5	2	-	-	2.25
Airspace & Operations Enhancements	£85m	3	2	-	-	2.5
Information Solutions	£40m	2.5	-	-	-	2.5
Common platform	£34m	1.5	-	-	-	1.5
Property & Facilities Management	£19m	2.5	-	-	-	2.5
Oceanic	£25m	2	-	-	-	2
ATC Training Transformation	£8m	1.5	-	-	-	1.5
<b>CAPEX ENGAGEMENT SCORE</b>						<b><u>2.5</u></b>



# Individual Programme Assessment

# Sustainment & Surveillance (1/2)

## SIP24 contents

### LTIP dashboard

- The LTIP dashboard [pg18] shows that the Sustainment and Surveillance programme remains at amber status. Forecast spend is in line with what was previously reported and below the NR23 baseline. Two out of eight milestones for 2023/2024 are on track.

### Description

- This section recognises the complexity and importance of NERL's interdependent services and sub-systems as being an essential part of the UK's critical national infrastructure. Investments made under this programme are primarily focused on maintaining safety/resilience and mitigating future resilience risks in "good time" [pg22].
- The section contains disclosure of the FPRSA sub-system failure on the 28<sup>th</sup> of August 2023, though not seemingly directly related to the capex programme itself. It evidences NERL's active engagement with stakeholders conducting an internal investigation and supporting an external inquiry by the CAA [pg22].

### Benefits

- A new set of "lagging and leading indicators of risk and service performance" measures are said to be under development and these "resilience measures are to be added to the aggregate benefits measures in Appendix A" once sufficiently mature [pg22].
- The narrative states benefits have been delivered in the areas of sustainment (number of transitions) and environment (kWh per annum).

### Milestones

- The milestone narrative [pg22] states, "two milestones are expected to deliver later than originally planned", while the milestone table [pg23] shows four milestones to be delayed by over a year (T16, T15, T2, T14).
- The narrative states "NERL have expanded the timeframe for a second surveillance deployment which matches the delivery schedule we can expect from suppliers" [pg22]. It is unclear if this sentence relates to milestone T10/T12 or other milestones.



# Sustainment & Surveillance (2/2)

## IR opinion

### User focus

1. The description of the events of 28th August 2023 [pg22], does not provide a close enough link to its relevance to the capex programme.
2. There are no timescales presented for the implementation of the “lagging and leading indicators of risk and service performance” [pg22] currently under development. Additionally, it is not clear if stakeholders are involved in the development process.
3. The benefits are not presented in a way that is consistent with other sections. The resulting benefits to the customer are not immediately apparent to the reader.
4. There is a lack of consistent milestone referencing (e.g. DACS replacement projects (T9)), the inconsistent use of milestone IDs makes it challenging to trace back narratives to the milestone tables [pg22 and 23].
5. The descriptions made in the narrative text, “two milestones are expected to deliver later than originally planned” [pg22], seem to contradict the forecasts made in the subsequent milestone table where four milestones are delayed by a year [pg23], which is misleading to the users.
6. The implications for NERL’s customers arising from delayed delivery contained within the risk assessment is not detailed despite the importance of the programme.

### Optioneering

7. The outcome of optioneering discussions at TCABs for replacing long-range radars were presented at the SIP consultation in an adequate manner.

### Responsiveness

8. NERL had limited opportunities to demonstrate responsiveness for this programme in SIP24.

### Mitigating & corrective actions

9. NERL had limited opportunities to demonstrate mitigating & corrective actions for this programme in SIP24.

# DP En Route & Voice (1/2)

## SIP24 contents

### LTIP dashboard

- The LTIP dashboard [pg18] shows that the DP En Route & Voice programme remains at red status. Forecast spend is in line with what was previously reported and above the NR23 baseline. One out of three milestones for 2023/2024 is on track.

### Description

- This section reiterates NERL's commitment to "replacing ageing infrastructure (systems) and providing new technology to meet the needs of customers and wider industry stakeholders"; thereby improving resilience/safety, introducing new capabilities, leveraging cost efficiencies and reducing controller workloads [pg23].
- The programme delivery approach was simplified by breaking it down into smaller independent streams: Stream 1, Stream 2 Stream 3 and Stream 4 [pg23].

### Benefits

- The benefits section for this programme is broken down into four areas: resilience, safety, costs and environment [pg24]. Benefits are explicit but not sufficiently quantified.
- The programme is said to no longer deliver any environmental benefits.

### 2024 and 2025

- The programme has been broken down into streams to aid with progress and traceability [pg24].

### Milestones

- The narrative for 'D2 PCUA FOS' states, "we are now targeting transition to FOS in Prestwick Upper Area Control in the second quarter of 2025" [pg25]. However, the table that follows shows the forecast delivery of D2 PCUA FOS as Q4 2025.
- It is unclear if the following sentence, "this may impact our transition to FOS for our Main voice service due to the extension of resource commitments to Stream 1"[pg25] relates to either D2 or D5.

# DP En Route & Voice (2/2)

## IR opinion

### User focus

1. The simplified breakdown of the programme into streams [pg23] is beneficial for following progress. However, this is only mentioned in the programme description and is not consistently applied throughout the remainder of section/report.
2. The benefits are not adequately quantified making it challenging for customers to understand the benefits to them.
3. Initially foreseen environmental benefits seem to have been reallocated to airspace projects, but there is no explanation as to why or if these benefits have been revised.
4. Some acronyms (e.g. "SIRS" [pg24]) are not included at the glossary at the end of SIP24.
5. The mismatch of delivery timescales for 'D2 PCUA FOS', between the narrative (Q2 2025) and table (Q4 2025) is misleading to the reader [pg25].
6. It is challenging to understand which milestone is being referred to in the narrative text [pg25], due to lack of consistent milestone ID referencing between the table and narrative.

### Optioneering

7. The executive summary [pg3] and investment performance [pg16] sections refer to a requirement for urgent sustainment for PCUA FOS which seemingly contributed to a 12-month delay of the milestone relative to the baseline. The issue was slightly more detailed during the SIP consultation and quarterly update, but considering the extent of this delay, further detail on the nature of the sustainment need and initial impact assessments would be expected within SIP24.

### Responsiveness

8. NERL had limited opportunities to demonstrate responsiveness for this programme in SIP24.

### Mitigating & corrective actions

9. NERL had limited opportunities to demonstrate mitigating & corrective actions for this programme in SIP24.

# Airspace & Operations Enhancements (1/2)

## SIP24 contents

### LTIP dashboard

- The LTIP dashboard [pg18] shows that the Airspace & Operations Enhancements programme remains at red status. Forecast spend is in line with what was previously reported and below the NR23 baseline. Half of the eight milestones are on track for 2023/2024.

### Description

- The section highlights the importance of the programme and its projects in delivering the UK's overall Airspace Modernisation Strategy, maintaining capability of handling increased traffic growth and supporting net zero targets of the industry [pg26].

### Benefits

- Benefits are presented in a table [pg26 and 27] giving the quantified benefits per deliverable.
- In the 2026 to 2030 benefits table [pg27], for Airspace Management Enhancements & OSEP deployments, it states "NR23 performance is expected to be consistent with RP3".
- Under the environment benefits [pg27], high estimates are used for Airspace Modernisation and ExCDS enhancements categories, and medium estimates are used for the Free Route category.

### Risks

- The risks of public misunderstandings, co-dependence/inter-dependence with other sponsors, training requirements and training phases on the delivery of the programmes and its projects, are well recognised and documented [pg28].

### Milestones

- The Scottish TMA forecast is stated to have been adjusted in the October Quarterly update.
- The interdependence of Gatwick TBS OMM on the delivery of the Gatwick TBS OMM AMM milestone is recognised, both have been rephased in consultation with Gatwick Airport [pg28].
- Potential opportunities for XMAN HMI project are said to have been shared in the January quarterly report [pg28].
- The consulted rephase of Gatwick TBS OMM (A11) is dependent on the delivery of Gatwick TBS AMM (A7) milestone, however A11 [pg29] is delayed to 2026 with a gap of one year from the forecast delivery of A7 in Q4 2024 [pg28].



# Airspace & Operations Enhancements (2/2)

## IR opinion

### User focus

1. The tabular presentation of benefits [pg26 and 27] provides clear information on customer specific project deliverable benefits which are not available for other programmes, presentation of benefits should be harmonised across the report.
2. It is unclear if the capacity benefits (presented as %) [pg26] are calculated at a national level or just at the level of the concerned airspace/sectors. While this is made slightly clearer in the way information is presented in the annex, a cross-referenced footnote would be useful for traceability.
3. For Airspace Management Enhancements & OSEP deployments benefits [pg26], performance is stated to be "expected to be in line with RP3" but there is no RP3 or NR23 baseline provided to compare against.
4. The environmental benefits make use of various high and medium estimates for different categories, consistent application of estimates and use of more conservative lower-end estimates would be a more accurate approach to the quantification of benefits.

### Optioneering

5. The implications for NERL's customers of non or delayed delivery in the risk assessment is not detailed despite the importance of the programme.
6. Providing further detail on the XMAN opportunities in the actual SIP24 document could have been beneficial for customers given it refers to a potential cost avoidance.

### Responsiveness

7. NERL had limited opportunities to demonstrate responsiveness for this programme in SIP24.

### Mitigating & corrective actions

8. NERL had limited opportunities to demonstrate mitigating & corrective actions for this programme in SIP24.

# Information Solutions (1/2)

## SIP24 contents

### LTIP dashboard

- The LTIP dashboard [pg18] shows that the Information Solutions programme remains at amber status. Forecast spend is in line with what was previously reported and slightly below the NR23 baseline. No milestones for 2023/2024 are on track.

### Description

- This section captures the importance of NERL's IT solutions in ensuring business resilience in the delivery of its services. It emphasises its cloud first approach as yielding efficiencies in the form of agile workforce and reduced office space demands [pg29].

### Benefits

- The benefits presented in SIP24 "remain as stated in SIP23" [pg30]. Individual qualitative and specific benefits are individually stated.

### Risks

- SIP24 states that the risks associated with significant cyber security events/threats are preventatively managed in close collaboration with the National Cyber Security Centre [pg30].
- The specific resourcing requirements to support projects under this programme are not available but are said to be "balanced at portfolio level utilising internal governance to manage priorities" [pg30].

### Milestones

- Milestones are only shown for the next 2-year period, with no strategic milestones presented for the subsequent 5-year periods given the "agile nature of the IT sub-portfolio" [pg30].
- The forecast for the SAP Core Upgrade milestone is expected to be delivered early (Q4 2025), towards the beginning of the forecasted range per NR23 baseline [pg30].
- In the LTIP Dashboard [pg18] and forecast capex costs [pg36]; £16million under Risk and Contingency was previously earmarked for a Business IT system [pg18], however the CAA's Final Decision reclassified the £16million opex requested as capex [pg35].

# Information Solutions (2/2)

## IR opinion

### User focus

1. The benefits are not presented in a way consistent with other sections. The resulting benefits to NERL's customers are not immediately apparent.
2. The Risk and Contingency budget was £10million in NR23 baseline, increasing to £16million in Sep 23 reporting and then reclassified to £0million in current Dec 23 forecast [pg18]. It is unclear whether this means the budget available for Risk and Contingency is £0million or whether the baseline figure of £10million still remains available as part of the risk and contingency budget.
3. The reference to the agile nature of the programme makes it unclear if no milestones are presented beyond the 2-year horizon due to only the two (IS1 and IS2 [pg30]) existing, or due to other milestones not being planned at the time of publishing SIP24.

### Optioneering

4. NERL had limited opportunities to demonstrate optioneering for this programme in SIP24.

### Responsiveness

5. NERL had limited opportunities to demonstrate responsiveness for this programme in SIP24.

### Mitigating & corrective actions

6. NERL had limited opportunities to demonstrate mitigating & corrective actions for this programme in SIP24.

# Common Platform (1/2)

## SIP24 contents

### LTIP dashboard

- The LTIP dashboard [pg18] does not report any status or milestones for the Common Platform programme. Forecast spend is in line with what was previously reported and below the NR23 baseline.

### Description

- This section maintains, “utilising the iTEC Flight Data Processor (FDP), is the right solution for the overall transformation of our upper and lower operations” and expresses confidence in SESAR concepts such as trajectory-based operations and interoperability with European partners [pg30].
- The current FDP/NAS, is responsible for processing and disseminating all flight data to controllers, flow management and time-based separation tools; requires replacement.
- Introduction of the iTEC product will mean NERL, can retire NAS for lower operations during NR28 and until the strategic iTEC SkyNex product is ready the FDP will continue to be maintained.

### Benefits

- The benefits presented in SIP24 “remain as stated in SIP23” [pg31]. Individual qualitative and specific benefits are individually stated.

### Risks

- Risks relating to ensuring sufficient ATC resourcing are said to be common across collaboration partners and highlighted as being crucial to ensure NATS’s active participation and influence in the collaboration in the long-term, given need to balance service delivery with operational demands [pg31].

### Milestones:

- There are no strategic milestones presented for this programme [pg31].



# Common Platform (2/2)

## IR opinion

### User focus

1. The lack of RAG status and milestones does not provide transparency to the users on programme progress made or completion timescales.
2. This programme section structure is lacking the same level of information and clarity in comparison to previous sections, making it challenging for a non-technical reader to develop a detailed understanding of the programme.
3. The benefits are not presented consistently or quantified to the same extent as they are in other sections. As a result, the benefits to NERL's customers from delivering the programme are not immediately apparent.
4. The risk description is short and lacks a detailed definition of roles and responsibilities of "collaboration partners", along with the implications of non or delayed delivery.

### Optioneering

5. NERL had limited opportunities to demonstrate optioneering for this programme in SIP24.

### Responsiveness

6. NERL had limited opportunities to demonstrate responsiveness for this programme in SIP24.

### Mitigating & corrective actions

7. NERL had limited opportunities to demonstrate mitigating & corrective actions for this programme in SIP24.

# Property & Facilities Management (1/2)

## SIP24 contents

### LTIP dashboard

- The LTIP dashboard [pg18] shows that the Property & FM programme remains at amber status. Forecast spend is £8million above (circa +40%) what was previously reported and the NR23 baseline. The one milestone for 2023/2024 is not on track.

### Description

- SIP24 states, “all FM assets are monitored by the FM team within NERL, however most of the estate (technical centres and remote sites) are managed and funded through the Sustainment & Surveillance programme” [pg31].
- Cost efficiencies are stated to be around “50% below benchmark efficiency costs”, expected to be realised through the “sub-letting of space and physical reduction” [pg31].
- The installation and operation of solar panels is expected to be complete by 2026 and are in line with NERL’s net-zero ambitions [pg32].

### Benefits

- The principal benefits are expected to be environmental, 7 million kWh savings, contributing towards net-zero targets [pg32].

### Risks

- Frictions in global supply chains are identified as challenges to procurement, increased costs and elongated timescales [pg32].

### Milestones

- Two milestones are discussed in the narrative and their delivery timescales are forecasted, there is no NR23 baseline provided.

### Portfolio Costs

- SIP24 mentions, “property & FM programme is currently forecasting £8million above its NR23 baseline following the decision to reduce our carbon emissions through the installation of solar panels” [pg35].

# Property & Facilities Management (2/2)

## IR opinion

### User focus

1. The origin of the relatively large increase in forecast capex (seemingly due to a new solar panel project) is not sufficiently explained and the costs are not justified. Further there is no mention of any optioneering being undertaken prior to implementing this project.
2. The benefits of this programme to NERL's customers are not explained.

### Optioneering

3. NERL had limited opportunities to demonstrate optioneering for this programme in SIP24.

### Responsiveness

4. NERL had limited opportunities to demonstrate responsiveness for this programme in SIP24.

### Mitigating & corrective actions

5. NERL had limited opportunities to demonstrate mitigating & corrective actions for this programme in SIP24.

# Oceanic (1/2)

## SIP24 contents

### LTIP dashboard

- The LTIP dashboard [pg18] shows that the Oceanic programme moves to green status. Forecast spend is in line with what was previously reported and slightly below the NR23 baseline. The two milestones for 2023/2024 are on track.

### Description

- Investments in the oceanic programme, “remain focused on transforming infrastructure for the North Atlantic service with strategic partners NAV Canada and Aireon” and NAT Vision 2030 remains on track to be delivered as consulted in the NR23 Business Plan [pg32].

### Benefits

- A qualitative description of benefits categorised into safety, resilience, service improvements, compliance and cost-efficiency [pg33].

### Risks

- Resourcing challenges are said to remain in the programme [pg33].

### Milestones:

- The Removal of Oceanic Clearance milestone is on track for delivery in 2024.
- The Oceanic Workstation Modernisation and Alignment milestone, is forecast for Q4 2025, which keeps it within its original NR23 baseline forecast of Q1 2025 to Q4 2025 [pg33].



# Oceanic (2/2)

## IR opinion

### User focus

1. The programme does not contain much information overall. The rationale behind moving the RAG status of the project from amber to green is not explained in SIP24.
2. The benefits classification per performance area is welcomed, but benefits are not quantified or translated into actual customer benefits.
3. The delivery of the Oceanic Workstation Modernisation and Alignment milestone, does remain within the originally forecast window, though this is now towards the end of the baseline range. It is unclear why this is the case in SIP24, and any further delays would need to be duly justified.

### Optioneering

4. NERL had limited opportunities to demonstrate optioneering for this programme in SIP24.

### Responsiveness

5. NERL had limited opportunities to demonstrate responsiveness for this programme in SIP24.

### Mitigating & corrective actions

6. NERL had limited opportunities to demonstrate mitigating & corrective actions for this programme in SIP24.

# ATC Training Transformation (1/2)

## SIP24 contents

### LTIP dashboard

- The LTIP dashboard [pg18] does not report any status or milestones for the ATC Training Transformation programme. Forecast spend is in line with what was previously reported and the NR23 baseline.

### Description

- Emphasis is placed on ATCO training, with the process of ATCO training being continuously improved and innovative training approaches being explored [pg34].
- The need to enhance NERL's training capability to meet the demand for new controllers and better place them to meet changes in traffic volumes, is explained [pg34].

### Benefits

- A qualitative description of individual benefits is presented. These "remain as stated in SIP23" [pg34].

### Risks

- There are no risks mentioned for this programme.

### Milestones

- There are no strategic milestones presented for this programme.

# ATC Training Transformation (2/2)

## IR opinion

### User focus

1. The programme does not contain much information overall, making it difficult for users to develop an understanding of the programme.
2. The lack of description of programme risks is concerning given known challenges surrounding resourcing shortages.
3. The lack of milestones means there is a lack of transparency of programme progress and completion timescales.
4. The costs for the programme are £8million [pg36] though there is no explanation provided for the breakdown of these costs in the programme/project section.

### Optioneering

4. NERL had limited opportunities to demonstrate optioneering for this programme in SIP24.

### Responsiveness

5. NERL had limited opportunities to demonstrate responsiveness for this programme in SIP24.

### Mitigating & corrective actions

6. NERL had limited opportunities to demonstrate mitigating & corrective actions for this programme in SIP24.



## Annex: Scoring Guidance

# Scoring Guidance (1/3)

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



# Scoring Guidance (2/3)

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

# Scoring Guidance (3/3)

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



### **Egis**

29 Hercules Way  
Aerospace Boulevard  
AeroPark  
Farnborough, Hampshire  
GU14 6UU  
United Kingdom

**[www.egis-group.com](http://www.egis-group.com)**

