



Department for Transport

Andrew Haines Esq
Chief Executive
Civil Aviation Authority
CAA House
45-59 Kingsway
London
WC2B 8TE

Dan Micklethwaite
Director of Aviation
Department for Transport
Great Minster House
33 Horseferry Road
London SW1P 4DR

Direct Line: 07810 630249

Web Site: www.dft.gov.uk

24th October 2017

Dear Mr Haines,

Contestability of Air Navigation Services at UK Airports: Request for advice under Section 16 (1) of the Civil Aviation Act 1982

Re: Single European Sky – Market conditions for terminal air navigation services in the UK.

The Secretary of State requires the CAA to provide advice in accordance with Section 16(1) assisting in the assessment of whether contestable market conditions exist for the provision of Air Navigation Services at relevant airports in the UK in accordance with criteria set out in relevant EU Legislation ahead of Reference Period 3 (RP3) of the Single European Sky (SES) Performance Scheme.

Purpose

In preparation for RP2, the CAA examined the contestability of the UK TANS market. The findings from the study showed that a number of significant changes within the market for the provision of TANS in the UK had taken place. These changes demonstrated both self-supply and third party entry into the market. These developments demonstrated and supported the conclusion that the market was contestable, which was supported by the European Commission.

The Secretary of State is interested in changes in the market since 2013. The Secretary of State is particularly interested in whether there have been changes to the market which may have impacted on contestability for the whole market and the current and future prospects for competition within the provision of TANS.

The provision of this advice is to assist the Secretary of State in deciding whether the relevant services satisfy the requirements of contestability as set out in Annex 1 the common charging scheme (Regulation EC 391/2013). The Secretary of State may

consider it appropriate to seek to request amendments to the derogation for UK TANS under Article 3 of EC 391/2013 in light of any changes.

Irrespective of the UK's future relationship with the EU there is a need to put in place a performance plan with targets for the UK's air navigation services from 2020. It is appropriate that this is informed by up to date information on the provision of air navigation services.

Scope of the review and methodology

The review will cover the nine UK airports covered by the UK-Ireland FAB performance plan for RP2. Airports not included in the previous review such as Bristol and East Midlands may now meet the scope requirements in RP3 and should be considered for inclusion in this review. The CAA should adopt an approach consistent with and build upon previous analysis.

Timing of the work

The CAA should complete this work no later than 30th March 2018. Milestones and review dates have been agreed with the DfT in preparation for the commencement of this work.

Budget

The costs of the study are estimated to be c£40k; if any overspend is identified the CAA will need to agree this with the DfT in advance.

Governance

The project will be defined and led by the CAA liaising with the Department for Transport. The work will be undertaken by the Markets and Performance team within the CAA.

Transparency

I appreciate that, in the interests of transparency, you may want to refer to this letter or place it on your website. I can confirm that I have no objection to this.

Yours sincerely,



Dan Micklethwaite
Director of Aviation