



Airspace Change Organising Group
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To: CAA Economic Regulation Team

Email: economicregulation@caa.co.uk

REF: Response to CAP 3121 – Initial Proposals for Modifying the NERL Licence to Implement a UK Airspace Design Service

Dear Sir/Madam,

We are writing in response to the consultation on the CAA's initial proposals for modifications to the air traffic services licence held by NERL under the Transport Act 2000, to implement a UK Airspace Design Service.

As previously communicated in the October 2024 joint consultation, ACOG strongly supports the overarching ambition of these proposals —to streamline and centralise airspace design functions in order to accelerate delivery of the Airspace Modernisation Strategy (AMS) and ensure consistency, safety, and system-wide benefits across the UK network. We believe the proposed changes will contribute positively to achieving a more coordinated, efficient, and transparent airspace design framework by accelerating and de-risking the much needed continuous process of airspace modernisation now and into the future.

We offer the following comments structured around the three principal themes identified in the consultation.

1. Creation of the Airspace Design Service and Associated Licence Obligations on NERL

ACOG supports the proposal to create a formal obligation on NERL to deliver a UK-wide Airspace Design Service (ADS) and to administer the Airspace Design Support Fund. The centralisation of this function is a logical and welcome evolution of the governance landscape for airspace modernisation and, accompanied by changes to the regulatory framework for delivery, will better equip the UK for change.

Under the current proposals, ACOG's role in coordinating the LTMA and the wider FASI programme (the "residual activities") would be effectively subsumed into the ADS structure. While we recognise this move aligns with the goal of establishing a single accountable entity for airspace design, it is vital that the expertise, methodologies, and relationships developed by ACOG and its partner organisations over the last several years are fully leveraged. As envisaged by these proposals, the detail of any transfer arrangements will be left to NERL as part of their licence duty to set up UKADS. This is clearly sensible. To aid in the establishment of the new service, we will when the time comes, be engaging with NERL on:

- A transition roadmap for the handover of responsibilities;

- Continuity of personnel, data, and processes to avoid disruption to ongoing design efforts; and
- Sharing experience generated, including lessons learnt in the period to date.

2. Framework for Cost Recovery and Funding Mechanisms

ACOG recognises the need for an efficient and sustainable cost recovery mechanism to underpin the delivery of the ADS and the Airspace Design Support Fund. Reliable funding has been a key obstacle to progress with the current approach and we applaud the progress made by the DfT and CAA in addressing this structural issue.

The principle that the regulated charge should reflect only the incremental costs of providing the ADS (excluding any double-counted costs already covered under NR23 allowances) is sound and should be clearly embedded in the final licence drafting.

3. Consequential Modifications to the Licence

We support the CAA's view that consequential amendments—such as those related to governance, regulatory accounting, and financial ring-fencing—are necessary to accommodate the additional responsibilities that NERL will take on.

That said, as ACOG's functions are absorbed, it is essential that:

- Proper delineation of responsibilities between NERL and its commercial arms is maintained to avoid conflicts of interest;
- The governance model (DfT sponsorship, CAA oversight and the advisory panel) acts to safeguard the transparency and impartiality of the ADS, particularly where design decisions affect multiple stakeholders with competing interests; and
- The transition preserves the strong collaborative ethos ACOG has fostered with airports, local communities, and environmental bodies.

Conclusion

ACOG supports the CAA's proposals and stands ready to assist in ensuring their successful implementation.

As we look to the next phase of airspace modernisation, ACOG's focus remains on ensuring a seamless transition, maintaining momentum, and supporting the creation of an effective and trusted UK Airspace Design Service.

Best Regards,

Mark Swan

Mark Swan
Head of ACOG