



Consumers and Markets Group

30 September 2025

Update and consultation on the timetable and approach to Constructive Engagement for the next NATS (En Route) plc (NERL) price control review (NR28)

Introduction

1. In March 2025, we published our Method Statement for the H8 price control review, in which we said we would review the timetable for the NR28 price control review, including consideration of options to reduce the degree of overlap between our work on NR28 and the H8 price control review and capacity expansion work that we are undertaking in relation to Heathrow airport.¹
2. This consultation is designed to inform stakeholders of our proposed approach to the NR28 timetable and Constructive Engagement. It is intended to facilitate further comment and engagement on these matters and should support the delivery of the NR28 price control review programme in a timely way.

Timetable

3. In the findings of our review of our approach to setting price controls, we said we anticipated that the timetable for NR28 would follow a year behind the H8 review.²
4. We have now conducted a review of different timetable options for NR28 and propose an updated timetable, which includes:
 - the following CAA publications relatively early in the process:
 - draft method statement in December 2025, for consultation over six weeks. This would provide guidance for business planning, though any detailed guidance and templates may need to be developed separately; and
 - final method statement in April 2026.
 - multiple rounds of Constructive Engagement between NERL and airlines, including:
 - round 1 between January 2026 and February 2026 on high level issues of customer priorities, service quality, incentives and investment;
 - round 2 between May 2026 and July 2026 on the detailed elements that will make up NERL's business plan;
 - round 3 between January 2027 and February 2027 on NERL's business plan submission; and
 - round 4 between August 2027 and September 2027 on the CAA's Initial Proposals.

¹ H8 method statement and business plan guidance, CAP 3083, paragraph 1.37.

² Setting future price controls – lessons learnt from the review of approach, CAP 3000, paragraph 1.44.

- a single business plan submission from NERL in November 2026. This should follow the CAA's guidance and provide detail on forecast traffic, costs, investment and prices for the NR28 period;
 - Initial Proposals in July 2027 for consultation. This would include draft proposed licence modifications;
 - Final Proposals and statutory consultation on licence modifications in March 2028; and
 - Final Decision and statutory notice on licence modifications in August 2028, with the licence modifications being effective six weeks later.
5. We note that the NR28 regulatory period starts in January 2028. Based on the above timetable, the Final Decision would take place eight months into the period. We would therefore put in place interim arrangements based on our Initial Proposals to cover the period from January 2028. This would be consistent with our approach to NR23.
 6. We welcome stakeholder feedback and engagement on this updated draft timetable through October, ahead of publication of the draft NR28 method statement.
 7. A key driver for the updated timetable is to reduce overlaps between the H8 and NR28 reviews, in the context of the capacity expansion work – all of which will draw on the same/similar internal resources, external stakeholders and governance processes. In this light, there is merit in considering ways to create an enduring separation between the HAL and NERL price control reviews.
 8. One approach we are currently considering is to set the overall duration of the NR28 control at six years, covering the period January 2028 to December 2033, rather than the conventional five-year period. We welcome stakeholder views on the possibility of a six-year control for NR28.

Constructive Engagement

9. Constructive Engagement between NERL and its airline customers continues to be an important part of the price control process.
10. There will be advantages in focusing Constructive Engagement on areas where dialogue is likely to be most productive, for instance in relation to investment programmes, service quality and resilience. We will also consider how to take account of the views of other stakeholders in addition to the Constructive Engagement with airlines.
11. Appendix 1 sets out our draft guidance on the Constructive Engagement process for the NR28 review. It is largely based on the approach adopted for H8 and includes our current views on the purpose and scope of each round of Constructive Engagement, the governance arrangements and outputs, and the role of the CAA.
12. We have proposed Constructive Engagement over multiple rounds, to provide greater opportunities for airlines and NERL to reach industry consensus on key aspects of the review, for airlines to have more opportunity to influence NERL's business plans, and for airlines and NERL to discuss our Initial Proposals.

Next steps

13. We have set out our thinking on the NR28 timetable and Constructive Engagement above. We hope that this will facilitate further engagement on these matters and support the delivery of the wider NR28 price control review programme in a timely way. Throughout this review, we will carry out our work in a manner that we consider will best support the discharge of our statutory duties, including protecting safety and having regard to the interests of the users of NERL's services.
14. If you would like to respond to this consultation please provide feedback (on either the NR28 timetable, the possibility of setting a six-year price control for NERL or the approach to Constructive Engagement as set out in appendix 1), or have any queries or questions on this update, please email your written views to the CAA economicregulation@caa.co.uk by no later than **31 October 2025**.
15. We intend to confirm the NR28 timetable and Constructive Engagement guidance, including responding to any feedback provided, as part of the NR28 Draft Method Statement.

Appendix 1: Draft CAA guidance on the Constructive Engagement process for the next NERL price control review

Introduction

1. This document sets out draft guidance on the Constructive Engagement process for the next price control for NATS (En Route) plc (“NERL”). Therefore, references to dates in this draft guidance will relate specifically to the next NERL price control.
2. Constructive Engagement involves both high-level and more detailed discussions between NERL and its customers, and has been a key part of the NR23 and preceding NERL price control and airport reviews. Constructive Engagement supports regulated companies to develop business plans and the CAA to set price controls that take account of current and future customers’ requirements and priorities for areas such as service, capacity, resilience and cost.
3. We welcome stakeholder views on this draft guidance. We will take account of views as we refine the guidance for NR28.
4. This draft guidance is informed by our August 2024 review of price controls³. We have also considered the final H8 Constructive Engagement guidance,⁴ which implemented several recommendations from the August 2024 review that are relevant to both the H8 and NR28 price controls. and is structured as follows:
 - purpose, scope and timing of the rounds of Constructive Engagement;
 - governance and outputs from each round of Constructive Engagement; and
 - the role of the CAA.

Purpose, scope and timing of the rounds of Constructive Engagement

5. The Constructive Engagement process should start as early as reasonably practicable and consist of multiple rounds, to allow time for airlines to influence NERL’s business plan and find common areas in response to our Initial Proposals.
6. We propose four rounds of Constructive Engagement:
 - round 1 between January and February 2026 – 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;
 - round 2 between June and July 2026 – to seek to understand parties’ views and, where practicable, reach a consensus on detailed building blocks that will comprise NERL’s business plan. This should be appropriately targeted to allow in depth discussions of key issues and exclude areas where there is unlikely to be consensus, and the CAA will need to consider evidence from a range of sources;

³ Setting future price controls – lessons learnt from the review of approach, CAP 3000, August 2024.

⁴ Constructive Engagement for next Heathrow Price Control Review, CAP 3031, September 2024.

- round 3 between January and February 2027 – to seek to understand airline views on NERL’s business plan submission, identify areas where there is consensus and provide the CAA with a clear view on priority areas to consider; and
 - round 4 between August and September 2027 – to seek to understand NERL and airline customers’ views on the CAA’s Initial Proposals and identify any areas where there is consensus between NERL and airlines on issues, which either support the CAA’s approach or where they consider changes are required.
7. The section below sets out further detail on each of the four rounds, including an initial view of topics to be covered, the outcomes and the information or views we consider should be provided by the relevant party.

Purpose and scope of rounds of Constructive Engagement

Round 1: January to February 2026

- Scope: Focus on high level strategic issues and options, covering: service quality, incentives, priorities for investment, resilience and traffic forecasts.
- Purpose and desired outcomes:
 - 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.
- Information and views to be provided:
 - 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.
 - CAA to provide the draft method statement, which will include business plan guidance, in December 2025 (but with the scope for certain items such as the provision of draft templates for data tables to be provided later in the process).

Round 2: May to July 2026

- Scope: discussion of detailed price control building blocks: service quality metrics and incentives; cost building blocks (opex, capex, commercial revenues); capex incentives; traffic forecasts and incentives, including the remaining element of the TRS revenue recovery resulting from the Covid-19 shock; level or direction of changes in charges.
- Purpose and desired outcomes:

- To understand the views of NERL and airlines on NERL's proposed approach to forecasting key building blocks to estimate charges and to developing key incentives, ahead of NERL finalising its business plan. NERL's business plan should be informed by customer priorities or there should be a clear understanding where there are differences in NERL and airline views, and explanation for differing views.
- This engagement will also inform the CAA's Initial Proposals.
- We propose that this engagement would exclude discussion of cost of capital and cost efficiency. These matters will be considered separately based on evidence from stakeholders.
- Information and views to be provided:
 - In advance, NERL is to provide its latest views on the:
 - traffic forecasts and scenarios (high, low and base cases).
 - forecasting methodology for each cost building block.
 - current best forecasts for each cost building block and charges, where available and at an aggregate level.
 - proposed policy approach in relation to, capex incentives and service quality incentives; and
 - proposed policy approach in any other key areas forming part of NERL's business plan.

This should be more detailed than information provided in round 1.
- During Constructive Engagement, airlines are to provide more detailed suggestions for improving arrangements for:
 - service quality incentives; and
 - capex incentives.

Round 3: January to February 2027

- Scope: to discuss NERL's business plan submission.
- Purpose and desired outcomes:
 - To understand the views of NERL and airlines on the detail of NERL's business plan, identify areas of consensus and areas where views diverge.
- Information and views to be provided:
 - NERL to provide its full business plan, with supporting information, consistent with CAA guidance. We expect the business plan to be submitted in November 2026.

Round 4: September to October 2027

- Scope: to discuss the CAA's Initial Proposals (published in July 2027).
- Purpose and desired outcomes:
 - To understand the views of NERL and airlines on the detail of the CAA's Initial Proposals. This engagement will help inform the CAA's Final Proposals.
- Information and views to be provided:
 - CAA is to issue its Initial Proposals document with relevant supporting materials. We expect these Initial Proposals to be published in July 2027.

Governance and outputs

8. There should be appropriate governance arrangements for each round of Constructive Engagement to support an effective process where there are clearly defined roles, responsibilities and outputs.

9. NERL and airlines should agree (and the CAA will comment on, if appropriate), suitable procedures for the upcoming Constructive Engagement process, which can be high level and draw on existing materials.
10. These should be recorded in a working document that sets out:
 - the forums for each round of Constructive Engagement, whether these are existing or new meetings, and the dates and scope of each meeting;
 - a summary of the material that should be available and circulated for each meeting;
 - procedures covering circulation of meeting materials, requests for further information and responses to these requests;
 - the use of consultants to support airlines in the Constructive Engagement sessions, particularly around technical topics; and
 - references to any relevant guidance, processes or procedures (including specific clauses or provisions) that would be relevant for the Constructive Engagement process.
11. As the first round of Constructive Engagement is anticipated to start in January 2026, NERL and airlines should seek to agree a first draft of these rules of procedure that applies to Round 1 of Constructive Engagement (and beyond, if appropriate) as soon as practicable, and no later than by the end of December 2025, and should submit this to the CAA as soon as is practicable (which will facilitate the CAA making any comments on the draft rules).
12. We have considered different options for chairing Constructive Engagement sessions. For NR23, there were two co-chairs (one appointed by airlines and one by NERL). This provided a balanced chairing of the meetings, and the co-chairs were responsible for drafting a report summarising the outcome of the Customer Consultation process (NR23 term for Constructive Engagement).
13. For the H8 price review process, there are two co-chairs (one appointed by airlines and one by HAL). The sessions are also attended by an independent reporter, who was jointly appointed by HAL and the airlines, and is responsible for agreeing the outputs for each round of the Constructive Engagement process between HAL and airlines.
14. Our current view is that independent chairs or co-chairs support a balanced discussion during Constructive Engagement. We are aware that NERL and airlines have already discussed and provisionally appointed an airline and NERL co-chair. Subject to any feedback, we propose to support the proposed co-chairs.
15. We have also considered what the outputs should be from each round of the Constructive Engagement process. We consider that a structured approach to outputs should provide a clear understanding of the outcomes of the Constructive Engagement process. Our current view is that the main outputs should be:
 - a note from all Constructive Engagement meetings, to be shared with all participants, and provided to the independent reporter (if appointed); and
 - a report produced 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. At NR23 and H8, a similar type of report was produced that was an important reference document for the CAA and stakeholders during the price control review. We would envisage these reports being placed on the CAA website, so that a full range of stakeholders can see the progress being made on Constructive Engagement and comment on issues as appropriate.

16. We consider that there may be advantages in stakeholders appointing an independent reporter to produce the report and agree it with stakeholders. We note that the reports for each round of Constructive Engagement do not need to be lengthy or overly detailed.
17. We consider that the written report produced after each round of Constructive Engagement should cover:
 - a summary of the process, including meetings held, participants and topics discussed;
 - a list of information and documents that were provided, including in response to requests for further information;
 - a summary of the areas of consensus and any important caveats; and
 - a summary of areas where consensus was not reached, the main reasons why and the positions of each party.
18. This report to be provided to CAA no later than two weeks after the conclusion of the relevant round of Constructive Engagement, or within a timeframe to be agreed with the CAA and paid for by NERL.

Role of the CAA

19. We expect to participate actively during the Constructive Engagement process, including:
 - setting out the overall framework for the price control review and our business plan guidance in the method statement for the next NERL price control;
 - issuing appropriate guidance on the Constructive Engagement process to NERL and its airline customers;
 - making sure relevant CAA subject matter experts attend sessions or provide alternative attendees as appropriate;
 - requesting that NERL initiates discussions with airline representatives regarding the rules of procedure and the appointment of joint chairs), and providing support to this as needed;
 - encouraging the appointment of an independent reporter, as required, to produce outputs from each round of Constructive Engagement;
 - providing appropriate input during Constructive Engagement meetings to clarify our approach to the price controls and, where necessary, providing direction to discussions to make sure they remain relevant, reasonable and bring out both NERL and airline views;
 - maintain an 'open door' policy to enable any party (including those not involved directly in the Constructive Engagement process) to raise concerns about the progress or conduct of the Constructive Engagement process; and
 - encourage both NERL and airlines to approach Constructive Engagement in a pragmatic way and to reasonably seek out areas of consensus. This includes the provision of appropriate information in a timely way as part of the process.
20. Even with an active CAA role, it will remain important that stakeholders attempt to resolve or narrow differences during the Constructive Engagement process. We will not seek to resolve disputes around policy during the Constructive Engagement process, as these will be matters for our Initial and Final Proposals.