



NATS

**HOW CAN ANSPs IMPROVE ON THEIR
EFFICIENCY, SAFETY AND SERVICE
PROVISION?**

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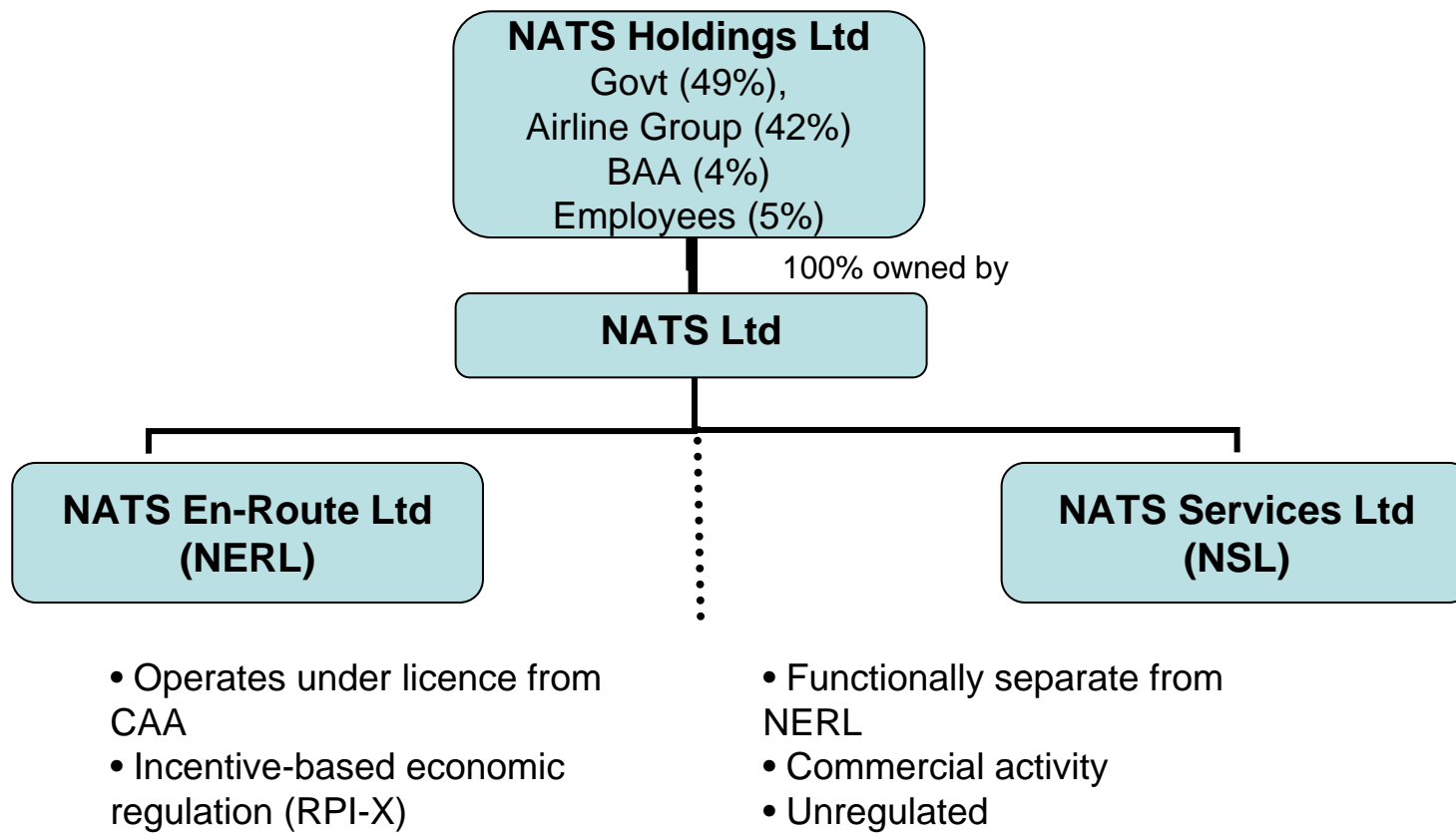
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Content

- Scene setting
- Where does NATS fit in value chain?
- NATS' experiences of a commercialised approach to service provision
- How has NATS performed?
- How can ANSPs improve on their efficiency, safety and service provision?

Scene setting

- Evolution of NATS - From Government body to PPP
- Current set-up:





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How does NATS add value in the transportation value chain?

- Creation of capacity
 - Increase in revenue generation
- Reduction in delays
 - Reduces costs

NATS experiences of a commercialised approach to service provision

- “Commercialisation” – a move away from the public sector to a more business-focussed approach to service provision
- A move away (almost) from political influence allowing for increased flexibility in day-to-day decision making
- No longer tied to public sector borrowing requirements leading to greater choice of finance
- Able to offer competitive wages and attract private sector expertise
- **Safety remains paramount!!**



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Our customer-focussed approach

- The new SES regulations place a strong emphasis on increasing consultation with users.
- NATS already has a good record on consultation
- Our Operational Partnership Agreement was introduced in 2004 to develop the relationship between NATS and its customers.
- It was *"set up between NATS and the airline customers, working together to solve demand and capacity problems to optimise the use of airspace capacity"*
- The OPA seeks a collaborative approach to decision making on capacity and configuration

NATS' record on performance

- Safety
 - Continued to improve following privatisation despite fears to the contrary
- Efficiency
 - Regulatory price cap requires that NATS improves its cost efficiency
 - Costs continued to fall during periods of high investment
 - NATS turned from a loss-making organisation to its third year of profit.
 - Achieved a strong investment grade rating
- Service Provision
 - Performance on delays improved significantly, from 109.4 seconds in 2001 to 22.2 in 2005
 - NATS operates in one of most complex airspaces in the world which has a direct effect on operating costs...
 - Nevertheless the PRU analysis shows NATS to be highly cost-effective

How can ANSPs improve their performance?

- Performance targets
 - Can be used to identify and improve upon possible weaknesses in performance
 - NATS required under its licence to publish performance measures and progress
 - Working with PRU to develop Key Performance Indicators
- Incentivisation
 - Encourages best use of existing scarce resources
 - Price cap regulation has incentivised NATS to reduce costs and improve delay performance
- Interoperability
 - Work together with all stakeholders e.g. airspace users/manufacturers, to develop future services and systems that all stakeholders can buy into.
 - NATS has agreements with other ANSPs jointly to develop new systems
- Competition, co-operation or consolidation?
 - Adopt relevant approach to circumstances
 - NATS model: monopoly (NERL) and competitive (NSL) models
 - Co-operation with IAA for UK/Ireland “Functional Airspace Block”
 - Future consolidation – reducing service fragmentation will be a key issue

Competition, co-operation and consolidation are not mutually exclusive!