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MODIFICATIONS TO THE AIR TRAFFIC SERVICES LICENCE FOR NATS (EN ROUTE) PLC UNDER SECTION 11 OF THE TRANSPORT ACT 2000

Following consultation with stakeholders, the CAA has modified the following conditions in the Licence:

- Condition 1: Interpretation and construction
- Condition 2: General obligation to provide Core Services and Specified Services
- Condition 5: Availability of Resources and Financial Ring-Fencing
- Condition 6: Regulatory accounting requirements
- Condition 10: Business Plans, Service and Investment Plans and periodic Reports
- Condition 12: Restriction on use of En Route Business information
- Condition 13: Advice to the Secretary of State and the CAA in relation to the UK's international obligation
- Condition 14: Cooperation with other service providers
- Condition 16: Consultation and complaint handling
- Condition 18: Payment of fees
- Condition 19: Notification of changes in shareholdings
- Condition 21: Control of Eurocontrol Service Charges
- Condition 22: Oceanic Charges

- Condition 23: Charges for North Sea Helicopter Advisory Service and London Approach Service
- Condition 24: Information to be provided to the CAA in connection with the Charge Control Conditions
- Condition 25: Suspension and Modification of Charge Control Conditions and
- Schedule 4: Specified Services.

The CAA has also introduced the following new condition into the Licence:

- Condition 21a: Control of London Approach Charges

The modifications, which came into force on 1 January 2011, were set out in the CAA's decisions "NATS (En Route) plc CP3 Price Control Review: 2011-2014" published on 10 December 2011 and "Conditions in the Air Traffic Services licence held by NATS En Route plc: CAA decision under section 11 of the Transport Act 2000" published on 16 December 2011. The effects of the modifications are as follows:

- to establish new price controls for NERL's Eurocontrol business for the four years starting on 1 January 2011 and Oceanic business from 1 April 2011;
- to set a separate revenue cap for the London Approach service which is extended to include Luton and London City airports, from 1 April 2011;
- to set a gearing target of 60 percent and a gearing cap of 65 percent with a tax clawback mechanism;
- to update references to the relevant company law following the coming into force of the Companies Act 2006; and
- to align licence timescales or provide clarification as to the purpose of the condition, or part of condition, concerned.

There was also a number of other minor administrative modifications.

The modified licence is available on the CAA website at <http://www.caa.co.uk/docs/5/ergdocs/20110101NERLLicence.pdf>

A commentary on the price control conditions is available on the CAA website at: <http://www.caa.co.uk/docs/5/ergdocs/20110105LicenceCommentary.pdf>.