

EGHD Position Paper

Proposed Changes to RP3 Performance and Charging Schemes

1 Overview

The European Commission (EC) requested input from the Expert Group on the Human Dimension (EGHD) regarding identified change requests to be implemented in the Performance Scheme and Charging Schemes for Reference Period 3 (RP3). The intention of this paper is to inform the Commission of the EGHD's position with regards to the proposed changes for RP3.

This paper focuses on specific recommendations from a human dimension perspective and aims to complement other work being done from other stakeholder groups (e.g. the Industry Consultation Body). The paper is based on views of members on the human dimension of performance at EGHD teleconferences and face-to-face meetings during January and February 2018.

The EGHD supports, in principle, the sixth RP3 policy objective set out in Working Paper 4 (WP4) from the Ad-Hoc SSC in March 2017. This stated that 'the ATM industry is built on people and the human dimension cannot be underestimated. Engagement and buy-in is necessary to ensure high-level objectives can be translated in a safe and efficient manner into every day operations'.

2 Summary of Observations

As the fifth pillar of the Single European Sky (SES) II regulatory package, the human aspect is a key factor to consider throughout the process of performance improvements. The achievement of the targets set within the Performance Scheme has a direct effect on the human dimension; it is often difficult to identify these effects in the planning process. However, it is important to consider these effects for several reasons, but most importantly in case of any safety implications.

Some of the current challenges that have been discussed in the industry include the organisation of staffing, change management, and increasing performance requirements whilst reducing cost. Human dimension challenges have already arisen in RP1 and RP2 through an increase in the downwards pressure on costs. Should this continue in RP3, the EGHD would expect an increased risk of adverse impacts on the human dimension.

It is the objective of this paper to address some of the EGHD's concerns and how these issues can be adequately addressed in the upcoming RP3 legislations.

2.1 Specific Considerations

The EGHD recognises that proposed changes (SSC/67 WP5) to the Performance and Charging Schemes for RP3 have already been put forward. It is understood that the Commission aims to seek opinions on the RP3 legislations at future meetings of the Single Sky Committee (SSC). This paper offers the EGHD position with the intention of informing any consultation processes prior to the vote on the draft RP3 Regulations. The Group has considered three topics that will have the greatest impact on the human dimension during RP3. These topics are:

1. Target-setting and performance-planning processes;

2. Flexibility and predictability during RP3; and,
3. Financial Incentives and Sanctions.

Specific considerations of each of these areas are presented in the following sections.

3 Target-setting and performance-planning processes

3.1 Greater bottom-up coordination

It is recognised that the responsibility of setting targets at local level has been delegated to the individual State's National Supervisory Authority (NSA). The EGHD endorses an iterative approach for RP3 target setting at local level. Local targets should be based on a collaborative and balanced top-down bottom-up approach whilst ensuring recognition of local conditions and engagement with local staff. Greater Air Navigation Service Provider (ANSP) staff involvement is important to ensure that targets are achievable (e.g. taking into account staff capabilities and operational constraints when setting targets, including effects on staff, workload and fatigue). This approach should be extended beyond target setting for State-level to Union-wide.

Furthermore, an increase in involvement of operational staff would make for a more effective and realistic target-setting process. The EGHD are thus requesting strengthened consultation mechanisms with stakeholders. This would help to:

1. Increase mutual trust and reduce the possibility of misinformation between stakeholders;
2. Improve the overall involvement and awareness of staff of the process;
3. Increase transparency of the decision-making process; and,
4. Complement the top-down approach with bottom-up input from staff affected by the suggested performance improvements.

As well as the definition of targets, the EGHD believes that staff experience and feedback from an operational perspective should be actively incorporated into the monitoring processes at State level. The feedback will also provide value to any revision to performance plans within a reference period, when applicable.

The EGHD thus believes that staff representatives should be actively involved in the process of setting targets, revising targets and monitoring the achievement of targets. This could potentially be achieved by establishing dedicated operational groups at local level. However, the specific methods should be left for ANSP management to implement based on local engagement with staff representatives.

Recommendation 1

The EC should actively involve staff representatives in the process of setting and revising Union-wide targets.

Recommendation 2

The EC should ensure that the RP3 Performance Regulation requires States to implement appropriate mechanisms to strengthen the local consultation of stakeholders, including the specific mention of professional staff representative bodies in both target setting and performance monitoring.

3.2 Recognise the interdependencies between KPAs

The relationship and interdependencies between Key Performance Areas (KPAs) are important issues. This needs to be recognised such that appropriate and coherent performance targets are set at Union-wide and State level. The interdependencies between KPAs will need to be identified by assessing the combination of Key Performance Indicators (KPIs) to ensure a safe, efficient and sustainable European ATM service.

The EGHD thus supports the ninth RP3 policy objective set out in WP4 from the Ad-Hoc SSC in March 2017. This stated that regulatory processes of target setting and performance planning need to improve, through the better consideration of interdependencies between the different KPAs.

Recommendation 3

The EC, during the setting of Union-wide targets, and NSAs, during the development of performance plans, should identify and assess the specific interdependencies and trade-offs between KPIs (e.g. between risks and opportunities, safety being protected). This will help streamline performance and improve the efficiency of the ATM system.

4 Flexibility and predictability during RP3

4.1 Target-setting process

The ATM environment is dynamic, with the operational situation changing unpredictably on a daily basis, and even long-term trends are very difficult to predict due to changes in traffic, economic and social parameters. This includes:

1. Short-term changes in traffic flows resulting from unusual circumstances; and,
2. Long-term changes in traffic flows from external factors such as geopolitical events.

The resulting effects of the above bullets are likely to impact on staffing and staff planning (e.g. shortage of frontline operators). These factors can ultimately affect whether local targets within performance plans can be achieved, as well as the measures taken to do so. Stakeholders' expectations that any volume or pattern of traffic resulting from unplanned events can somehow be handled without delays are misplaced, especially in the context of pressures to reduce costs. It must therefore be recognised that potential workload effects need careful management by ANSPs.

Through the target-setting process, it is important to recognise the potential impacts of unplanned factors to prevent unreasonable targets being placed on ANSPs and operational staff.

In the context of a five-year reference period, it is also important to ensure that a clear and expeditious process of revising performance plans is provided to reflect any significant changes in circumstances that deviate from an ANSP's original planning assumptions.

Recommendation 4

The EC should ensure that potential impacts of unplanned factors are recognised in the target-setting process, at both Union and national/local level.

Recommendation 5

The EC should streamline and provide greater clarity regarding the revision of performance plans during the reference period in order to reflect any significant changes in circumstances that deviate from an ANSP's original planning assumptions.

4.2 ANS charging mechanism

During RP2, charges for air navigation services (ANS) have been based according to the last filed plan trajectory rather than the actual trajectory flown. AUs generally plan for the shortest and lowest cost route available. Nevertheless, recent evidence has suggested that AUs are not necessarily planning to fly the shortest available routes. The main reasons for this include:

1. Due to the recent low price of fuel, planned deviations to minimise the overall cost index by flying through a charging zone with a lower unit rate;
2. Planned deviations for operational reasons (e.g. weather, areas with high ATFM restrictions); and,
3. Planned deviations due to unforeseen circumstances (e.g. industrial action, political crises).

The Commission has been considering options in the ANS charging mechanism to address charging issues arising as a result of differences between the last filed flight plan and actual trajectories. The EGHD recognises that a change to the basis for ANS charges could help to increase transparency in the charging system: ANSPs receive revenue for the service they provide and AUs pay ANS charges for the services they use.

Nevertheless, the EGHD recognises that further work will need to be undertaken to address the potential consequences on operational staff, such as Air Traffic Controllers' (ATCO) decision making. For example, under a charging system based on the actual trajectory, it has to be considered, in the light of ATCOs principally being concerned with safety, how they would be impacted by having to manage clearances that have a direct impact on the charges paid by AUs. Pilots are also faced with the same scenario.

Recommendation 6

The EC should ensure that the impact of changing the charging mechanism from the last filed plan trajectory to the actual trajectory flown is fully investigated, particularly from a human dimension perspective.

4.3 Alert mechanism

The EGHD supports the application of an alert threshold as outlined in Articles 17 and 19 of the Performance Regulation. Alert thresholds and the process for revising performance plans should be appropriately defined to enable expedient revisions to performance plans. This will reduce the adverse impacts of increased workload on staff when it is apparent that performance targets may not be met.

In this context, the EGHD considers the timing between the triggering of an alert mechanism and when a performance plan can start to be revised as the most important issue. The EGHD believes that the response to an alert threshold should be dealt with in a timely manner. EGHD also recommends that the responsibility for triggering the alert should lie with the NSA at local level. The review and

potential revision of the performance plan should be accompanied by an appropriate stakeholder consultation, including involvement of staff representatives.

Recommendation 7

The EC should ensure that the responsibility for triggering the alert mechanism should lie with the NSA at local level. The review and potential revision of the performance plan should be accompanied by an appropriate stakeholder consultation, including involvement of staff representatives.

4.4 Change-management process

The EGHD supports the Commission's proposed change relating to improvement of how change management is managed within the reference period. A new section in the Performance Scheme that encourages a greater focus on change management and best practice is a significant improvement and a pragmatic short-term approach whilst the maturity of the Change Management Indicator is developed for RP4. This will help ensure a greater focus on change management and the use of best practice, as well as to assess the impact on the proposed changes on staff working methods and relationships.

Recommendation 8

The EC should encourage a greater focus on change management and the use of best practice within performance plans in RP3.

5 Financial Incentives and Sanctions

5.1 Financial incentives

In line with the scope of the Performance and Charging Regulations, the current incentives scheme only applies to ANSPs. It does not take into the account the performance of other operational stakeholders, such as AUs and airport operators. However, the EGHD believes that these actors have major and direct impact on ANS performance and as such their actions should be better reflected in the monitoring of target achievement which ultimately informs the incentives scheme.

The focus on ANS performance without considering the impacts of AUs and airport operators may create pressure on controllers to achieve their local targets which could create workload issues, for example in response to significant increases in traffic or changes to flight plan adherence. This could affect an ATCO decision-making processes and thereby impact the ability for an ANSP to achieve their performance targets.

As such, the EGHD considers the current provisions of the incentives scheme set out in the Charging Regulation as too simplistic. Whilst on the one hand local variation is permitted, on the other hand the regulation does not go far enough to allow specific local conditions to be reflected. The EGHD believes that it should be up to the NSA to determine if a financial incentive scheme is meaningful in the local context and whether it can be applied to factors controllable by the ANSP.

Recommendation 9

The EC should ensure that impacts resulting from the actions of all operational stakeholders are reflected in the incentives scheme when target achievement is determined.

5.2 Sanctions

The application of NSA sanctions is discussed under the Commission's proposed change to Article 18 of the Performance Scheme. There is a proposal to introduce enforcement measures in circumstances where the Network Operations Plan (NOP) is not consistent with the Union-wide targets. In this process, the NOP will first provide a trigger for enforcement at the discretion of the NSAs. NSAs would have the power to impose financial penalties in the event that corrective measures set out in the NOP were not implemented.

The EGHD believes that the principle objective of the Network Manager (NM) through the NOP is to facilitate the short to medium measures required to achieve the Union-wide capacity target. The EGHD believes the NM should not have, effectively, regulatory power, even if corrective measures outlined in the NOP are not met. Sanctions on ANSPs could result in indirect effects on the human dimension (i.e. to avoid being penalised, frontline operator decision-making could be influenced). Furthermore, there is a risk that the level of collaboration, which is a cornerstone of the current process, between the NM (should it effectively be given regulatory power) and ANSPs could be reduced, in the case of inconsistencies between the NOP and Union-wide targets.

Recommendation 10

The EC should not introduce the application of NSA sanctions in the case that corrective measures in the NOP are not met. The EGHD believes that the NOP is a document aimed at maximising performance through a cooperative process involving NM and ANSPs and, as such, it is not an appropriate mechanism to provide a trigger for enforcement actions which could lead to financial penalties.

6 Looking ahead to RP4

The EGHD has also looked ahead to RP4 and has provided observations on the following:

1. Change-management indicator;
2. Cruise-to cruise approach;
3. Human Performance Alert Mechanism; and,
4. Cost-efficiency.

Recommendation 11

The EC should consider investigating the viability of the proposals made for RP4.

6.1 Change Management Indicator

The Commission should investigate the possibility of a Change Management Indicator to take into account empirical data on human impacts in their working environments. There is currently limited information to assess whether the targets laid down by the Performance Scheme are actually achievable by operational staff. In response to ongoing technological changes (e.g. SESAR) and operational improvement projects (e.g. free route airspace), a change-management indicator will help encourage greater focus on change management, best practice, and the impact of any changes on staff working methods and relationships.

6.2 Cruise-to-cruise approach

To ensure all stakeholders are represented in the assessment of performance, it is recommended that the Performance Scheme is assessed based on a cruise-to-cruise concept rather than a gate-to-gate approach that is proposed for RP3. This means that all aviation stakeholders (e.g. AUs, airports, ATCOs, ground handlers etc.) will be subject to review, monitoring and potentially targets being set as part of the Performance Scheme.

6.3 Human Performance Alert Mechanism

The EGHD recommends the investigation of the viability of a Human Performance Alert Mechanism to help provide earlier signalling when thresholds for safe operations are exceeded. The investigation should include the contribution that existing voluntary reporting schemes of occurrences in civil aviation provide, under Regulation (EU) No 376/2014.

6.4 Cost-efficiency

Professional Staff Organisations (PSOs) believe that the Commission should investigate the possibility of implementing a form of cost or quality of service assessment prior to RP4 to quantify the value of any planned investment on the overall cost-efficiency of the network.

7 Recommendations

The EGHD recognises that the proposed changes to the Performance and Charging Schemes for RP3 have already been put forward. Nevertheless, the EGHD requests the European Commission to note the 11 recommendations that concern the human dimension with the intention of informing any consultation processes prior to the vote on the RP3 Regulations.

The EGHD's recommendations are as follows:

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| <i>Recommendation 1</i> | <i>The EC should actively involve staff representatives in the process of setting and revising Union-wide targets.</i> |
| <i>Recommendation 2</i> | <i>The EC should ensure that the RP3 Performance Regulation requires States to implement appropriate mechanisms to strengthen the local consultation of stakeholders, including the specific mention of professional staff representative bodies in both target setting and performance monitoring.</i> |
| <i>Recommendation 3</i> | <i>The EC, during the setting of Union-wide targets, and NSAs, during the development of performance plans, should identify and assess the specific interdependencies and trade-offs between KPIs (e.g. between risks and opportunities, safety being protected). This will help streamline performance and improve the efficiency of the ATM system.</i> |
| <i>Recommendation 4</i> | <i>The EC should ensure that potential impacts of unplanned factors are recognised in the target-setting process, at both Union and national/local level.</i> |
| <i>Recommendation 5</i> | <i>The EC should streamline and provide greater clarity regarding the revision of performance plans during the reference period in order to reflect any significant changes in circumstances that deviate from an ANSP's original planning assumptions.</i> |

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| <i>Recommendation 6</i> | <i>The EC should ensure that the impact of changing the charging mechanism from the last filed plan trajectory to the actual trajectory flown is fully investigated, particularly from a human dimension perspective.</i> |
| <i>Recommendation 7</i> | <i>The EC should ensure that the responsibility for triggering the alert mechanism should lie with the NSA at local level. The review and potential revision of the performance plan should be accompanied by an appropriate stakeholder consultation, including involvement of staff representatives.</i> |
| <i>Recommendation 8</i> | <i>The EC should encourage a greater focus on change management and the use of best practice within performance plans in RP3.</i> |
| <i>Recommendation 9</i> | <i>The EC should ensure that impacts resulting from the actions of all operational stakeholders are reflected in the incentives scheme when target achievement is determined.</i> |
| <i>Recommendation 10</i> | <i>The EC should not introduce the application of NSA sanctions in the case that corrective measures in the NOP are not met. The EGHD believes that the NOP is a document aimed at maximising performance through a cooperative process involving NM and ANSPs and, as such, it is not an appropriate mechanism to provide a trigger for enforcement actions which could lead to financial penalties.</i> |
| <i>Recommendation 11</i> | <i>The EC should consider investigating the viability of the proposals made for RP4.</i> |
