

UK/Ireland FAB Performance Plan Consultation – Virgin Atlantic Airways Response

Virgin Atlantic welcomes this opportunity to respond to the UK/Ireland FAB Performance Plan for the RP2 consultation. During this time we have been actively engaging with the CAA on this issue through the airline group, and we are pleased to submit this response, which supports the wider airline's response being submitted directly by the airline group.

Our main points are as follows:

We broadly welcome the plan as it currently stands; however we do believe that in certain instances the plan could go further. Examples of this include:

- Consistency of targets across UK/IRE airspace – Given the potential future integration of this FAB airspace, it is highly important that it is underpinned by the same requirements and methodologies in order to make integration as seamless as possible.
- With the above point in mind there also needs to be a consistency in the setting of incentives to ensure that the right behaviours are driven across the airspace. This includes a consistency across capacity and environmental objectives.
- Pensions and staff costs still in our view do not go far enough in driving out the inefficiencies that have been built-in over previous years. There is also a lack of transparency as to how such agreements have been reached making it difficult to come to an informed position on this issue.
- WACC remains higher than should be achieved during this period. Our view is that in comparison with other regulated sectors, we have seen that much lower levels have been deemed more appropriate to implement during this time. This is something that has also been seen during the recent Q6 decision at Heathrow and Gatwick, but also replicated in other regulated sectors.

For more information, or for any further clarification on the points made in this response please do not hesitate to get in contact.

Many thanks.