

CAA Economic Regulation Team
Sent via email to economicregulation@caa.co.uk

13th December 2024

Dear CAA Economic Regulation Team

HSPG response to CAP 3044 Draft Method Statement and Business Plan Guidance for H8

Background

This response is made by the Heathrow Strategic Planning Group (HSPG), a constituted grouping of 'willing' local authorities¹ committed to delivering sustainable growth across the functional economic area surrounding Heathrow Airport.

The Group was formed in late 2015. It is independent of, but constructively engages with, Heathrow Airport Ltd (HAL). The Group collaborates on interventions that could improve the area around the airport and acts as a conduit between the members and Heathrow Airport Limited, regional and national Government, and other key stakeholders.

This response has been prepared by the partnership's secretariat, based on discussions in our Local Authority officer working groups.

Consultation Response

HSPG have responded to the previous CAA consultations on the framework in place to assess the adequacy of Heathrow Airport's Business Plan (see for example our response to CAP2098). In particular, we have previously highlighted the critical need for decarbonisation to be fully and properly considered in the assessment framework being employed by the CAA when discharging their economic regulation duty.

In reviewing this new draft Business Plan Guidance, we would make the following high-level comments and would welcome a meeting with the Economic Regulation team to discuss these further:

- Having raised the issue of giving due weight to the urgent need to decarbonise previously we are delighted to see that there is much more focus given to this topic in this latest guidance and would like to put on record our warm endorsement of the wording provided on this in chapter 4 and Appendix E.
- We believe there is a significant gap in understanding by key stakeholders in this process about the importance that airport users place on sustainability: both in respect of the environmental performance of the airport itself but also surface access options, and therefore the extent to which resources should be provided within the business plan to address them. We would recommend further research is done on this to inform H8. We are happy to support this engagement via the considerable reach our members have into local communities in the Heathrow area.
- Appendix E on environmental sustainability, whilst welcome, only addresses carbon. In our view it should also cover noise, air quality and indicators of nature positivity. By way of example, whilst the new Quieter Neighbourhoods Scheme for noise insulation mitigation works (being piloted and developed with partner Kier Places during H7) is very welcome, given the size of the problem and resources currently available at H7, progress in the H8 period will, at this rate, be unacceptably slow. Increased funding is needed in the H8 period to reduce noise impacts for the worst impacted residential and community buildings. Heathrow have identified some 20,000 homes eligible for insulation at existing air traffic levels – so the H8

period really needs to see a significant scaling-up and a guaranteed sustained funded programme for this existing need to be addressed within a reasonable timescale. Of course, further properties eligible under the Easterly Alternation Infrastructure project (and associated redistribution of air traffic) should be funded separately from business-as-usual budgets.

- In previous consultations undertaken by both CAA and Heathrow we have raised the issue of the hypothecation of funding from parking and terminal drop off charges for the purposes of promoting sustainable transport (see for example http://www.heathrowstrategicplanninggroup.com/download_file/view/80/171). At the current time income from these charges, effectively an additional tax on those who lack high quality sustainable travel options to the airport, are subsumed within the single till. We know from consumer research undertaken by Heathrow pre-pandemic that the acceptability of such charges is significantly increased if there is a link between this income and support for improved public transport and active travel (as is the case with the income local authorities generate from such charges). Indeed, such hypothecation occurred at the airport itself previously through the use of a levy on all parking income. It appears to us that there would be significant support among airport users for the renewal of such a scheme and we strongly urge the regulator to consider how such an approach could be operationalised in H8, ideally with a specific focus on transition to net-zero.
- On the point of maintaining operational resilience, we believe this must include surface access which is critical to ensuring that the airport can provide a high-quality means of travel for passengers, consistent with ambitions to achieve environmental targets, particularly net zero both for the airport itself and the surrounding area. So, we strongly support the reference in 4.17 to HAL setting out in its business plan how surface access will contribute to operational resilience.

As a representative body of local authorities with a huge stake in both the success of the airport, but also in mitigating the worst of its impacts on its neighbours, we welcome the opportunity to put forward our views into this important discussion. We hope your team can facilitate a meeting in the new year to discuss some of these points in more detail to improve mutual understanding on key issues.

Yours faithfully,



**Mark Frost, Associate Director Heathrow Strategic Planning Group
On Behalf of HSPG members**

ⁱ Full Members of the HSPG (and signatories of an 'Accord') are: Elmbridge Borough Council, London Borough of Ealing, London Borough of Hounslow, Runnymede Borough Council, Slough Borough Council, Spelthorne Borough Council, Surrey County Council, Royal Borough of Windsor & Maidenhead.

Other organisations have 'Observer' status and participate in some activities, including: various Government agencies, National Highways and the West London Alliance (of London Boroughs) and London Borough of Hillingdon, The Group works closely with Heathrow and airport stakeholder groups such as Council for Independent Scrutiny of Heathrow Airport and Heathrow Area Transport Forum.