



Response to consultation on Draft H8 method statement and business planning guidance CAP 3044

13th December 2024

Heathrow Southern Railway Ltd, the promoters of the widely supported scheme to provide Southern rail access to Heathrow, welcomes the opportunity to respond to this consultation. Our proposal provides frequent, direct rail access from key airport catchments which are currently reliant on road, dramatically reducing the very significant environmental impacts of Heathrow's surface access.

We support the emphasis on understanding consumer priorities and believe the CAA's own research, as the consultation suggests will be considered, would be particularly relevant in considering its primary statutory duty.

We agree that environmental sustainability should be a priority area for H8, with the price control supporting the transition to net zero.

We welcome the intention to introduce a carbon measure definition and trust this will give due weight to surface access, recognising that passenger and staff travel accounted for roughly one third of Heathrow's emissions, (including aircraft in the LTO cycle), in 2018. ¹

Forecast growth in electric passenger cars will reduce carbon emissions, albeit gradually and with limited impact through H8. ² However, particulates ³ and microplastics ⁴ from vehicle tyre wear have significant human health impacts, with potentially greater adverse effects due to the generally higher weight of EV's.

Road congestion is of course unaffected by fuel type. The M25 western section includes the 4th and 5th worst traffic hotspots in Europe, ⁵ with an average 216,000 vehicles per day between Junctions 14 (Heathrow T5) and 15 (M4) in 2019. ⁶

Heathrow Airport Ltd. (HAL) estimated c.24-25% of all vehicles on the M4 and around 20% of the vehicles on the M25 were Heathrow related in 2015, ^{7 8} a year when the airport handled 75m

¹ Heathrow Carbon Footprint 2018

https://www.heathrow.com/content/dam/heathrow/web/common/documents/company/heathrow-2-0-sustainability/further-reading/Heathrow-Carbon-Footprint-report_2018.pdf

² https://energysavingtrust.org.uk/wp-content/uploads/2022/09/EST_LGSP-Guide_Forecasting-public-electric-vehicle-charging-demand.pdf

³ <https://www.emissionsanalytics.com/news/gaining-traction-losing-tread>

⁴ <https://www.emissionsanalytics.com/news/press-release-emissions-analytics-launches-tyre-database>

⁵ Europe's Traffic Hotspots, Inrix November 2016 https://inrix.com/wp-content/uploads/2017/01/INRIX_Europes-Traffic_Hotspots_Research_FINAL_lo_res.pdf?x25647

⁶ Road traffic estimates, DfT December 2019

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/916749/road-traffic-estimates-in-great-britain-2019.pdf

⁷ Graphic 2.8, Surface Access Proposals, HAL June 2019

⁸ Para. 148, A New Airport for London, Part 2, Mayor of London, 2011

<http://www.tfl.gov.uk/assets/downloads/corporate/a-new-airport-for-london-part2.pdf>

passengers (including transfer and transit).⁹ 83.8m passengers are predicted to pass through Heathrow in 2024¹⁰ and Government's 2017 forecast assumed further growth (without any new runway capacity) to over 93m by 2050. This is likely to be understated as that forecast assumed only 82.8m in 2024.¹¹

Transit and transfer traffic may also continue to decline,¹² in part due to the growth of Middle Eastern hubs and therefore increasing the proportion of O&D passengers and Heathrow's surface access demand.

Road congestion has severe adverse impacts on airport users. The CAA's research confirms the most important attributes for passengers, after an airport that can fulfil travel plans, are i) an airport that is easily accessible using a range of transport options and ii) a predictable and reliable journey to the airport.¹³ The latter has increased in importance since previous surveys.

We therefore support the consultation's proposal to review the CAA's Surface Access Policy to ensure this is aligned with passenger needs, H8 priorities and the changed circumstances, including net zero, since the policy was last updated in 2019.

We are pleased that CAP3000 notes *"the comments from Heathrow Southern Railway,"* recognises *"the importance to the environment of appropriate modal shift in terms of travel to Heathrow airport"* and confirms the CAA *"will consider an appropriate approach for the H8 price control, building on our existing surface access policy."*¹⁴

We note the current consultation identifies potential changes to the treatment of terminal drop off charges, with the intention of ensuring consumers' interests are protected.

The current Surface Access Policy states, *"direct charges from one mode of surface access may be used to offset the costs of another, particularly where this would support measures to encourage modal shift from car to public transport."*¹⁵

Contemporaneously, HAL confirmed the intention that revenues from what was then termed a 'road user charging scheme' would *"subsidise our investment in surface access initiatives through the single till as set out in the CAA's surface access policy."*¹⁶

⁹ Annual Report for y/e 31 December 2015, Heathrow Airport Ltd.

<https://www.heathrow.com/content/dam/heathrow/web/common/documents/company/investor/reports-and-presentations/annual-accounts/airport-ltd/Heathrow-Airport-Limited-31-December-2015.pdf>

¹⁰ Press release, Heathrow Airport Ltd. 11 November 2024 <https://mediacentre.heathrow.com/pressrelease/detail/21215>

¹¹ UK Aviation Forecasts, DfT 2017 <https://www.gov.uk/government/publications/uk-aviation-forecasts-2017>

¹² Heathrow connecting passengers 36.8% 2012, 24.8% in 2022 <https://www.caa.co.uk/media/gpddmdvx/caa-passenger-survey-report-2012.pdf> <https://www.caa.co.uk/media/3guogjui/type-of-passengers-using-the-2022-survey-airports.pdf>

¹³ Passenger priorities post-covid 19, InSites Consulting for CAA, October 2021 <https://www.caa.co.uk/media/cr2lz35u/a21-insites-consulting-passenger-priorities-post-covid-19-2021.pdf>

¹⁴ Para. 6.23, Setting future price controls – lessons learnt from the review of approach, CAP 3000 CAA August 2024

¹⁵ Para. 2.4 (c), Economic regulation of Heathrow Airport Limited: an update on the CAA surface access policy CAP1847 October 2019

¹⁶ P.262, Initial Business Plan, HAL December 2019

<https://www.heathrow.com/content/dam/heathrow/web/common/documents/company/about/economic-regulation/Heathrow-intial-business-plan-detailed.pdf>

As part of its important role in providing a 'robust understanding of what consumers value', the CAA's Consumer Challenge Board 2020 report¹⁷ subsequently considered the relationship between vehicle access charges and consumers' interests, for example:

"Unprompted or prompted, consumers have consistently voiced a desire that, and a greater acceptability if, the HVAC (Heathrow Vehicle Access Charge) is used to improve public transport. Given the material amounts involved, and the monopolistic nature of the charge even compared to other commercial revenues like food & beverage, the proceeds must be visibly directed to surface access improvements to have legitimacy in consumers' eyes."

There is no visibility if the HVAC simply reduces the overall airport charge, as consumers have low awareness of how much the airport charge is, or how it is determined and paid. The research findings demonstrate that consumers see benefits in supporting the public good of public transport, even if they themselves as private car users are paying for it and not using it. Consumer understanding and support for the purpose and use of the HVAC will promote compliance, generate satisfaction for consumers with green concerns, and, importantly, trigger consideration of (improved) public transport alternatives, which was its purpose in the first place."

"Populus carried out research with consumers on the proposed vehicle access charging regimes, getting consumer reactions to the idea of the charge and what the potential level of the charge meant to them. This work highlighted that the concept of a road charging scheme was not of considerable concern to consumers. However, consumers expressed some scepticism about the collection of the charge and wanted to know where the money would be used. They wanted to see funds going to improving public transport access to Heathrow."

HAL's own research concluded that *"feedback from consumers on an access charge is also clear – they will support it but far more so if it is used to increase transport choices or reduce overall costs than if it is a commercial mechanism for solely generating revenue"*¹⁸

This is also consistent with Heathrow Area Transport Forum's conclusion¹⁹ that *"one model might be the hypothecation of some revenues from airport activities for use exclusively on sustainability initiatives could provide a possible solution to funding those initiatives in a way which is legible and broadly acceptable to consumers. For example, revenues from the proposed forecourt access charge could be ring fenced for sustainable transport projects that enhance low carbon opportunities for airport users to access the campus. This would be in line with how similar such charges work in other sectors of the economy, e.g. congestion charging or parking fines issued by local government. We would like to understand better the regulator's views on these approaches."*

Appendix D of the consultation confirms that resilience during H8 and beyond will be an important priority and we agree with the proposed approach, that *"HAL should set out if and how any proposed surface access improvements support increased resilience."*

We would welcome the opportunity to engage with the CAA in developing an integrated approach to its surface access policy and treatment of vehicle access charges, and to provide details of how Heathrow Southern Railway can improve Heathrow's environmental sustainability, further the interests of users and increase resilience.

¹⁷ H7 Report on the Heathrow Airport Limited Initial Business Plan, CAA Consumer Challenge Board, 26 February 2020 https://www.caa.co.uk/media/0ysgwjea/20200226-ccb-report-on-ibp_redacted_20200521.pdf

¹⁸ Para. 7.4.3, *ibid*, referencing 'Exploring potential impact of an Access & Emission Charge to Heathrow, Populus 2019'

¹⁹ <https://www.caa.co.uk/media/45wnrsvf/heathrow-area-transport-forum-cap2098.pdf>