

CAA Consultation: Economic regulation of Heathrow Airport: H8 initial proposals
ABTA response – May 2026

Introduction

ABTA is the trade association for UK travel agents, tour operators and the wider travel industry. We're the largest travel trade body, with over 4,000 travel brands in membership who have a combined pre-pandemic annual UK turnover of £41 billion. We work closely with our members to help raise and maintain standards, build a more sustainable travel industry, and provide travellers with advice, guidance and support.

ABTA welcomes the opportunity to comment on the CAA's initial proposals for the H8 price control period from January 2027 to December 2031.

Our response focuses on the need for H8 to keep charges low for passengers while improving efficiency, strengthening investment, as well as delivering better service quality and resilience. Feedback from ABTA members highlights the importance of affordability, alongside clear evidence that investment delivers real benefits for passengers. It is also important that Heathrow makes full use of its commercial revenues before seeking increases in regulated charges.

This response sets out our views on these priorities.

Heathrow remains a unique airport in the UK market, which places greater importance on effective regulation to ensure it operates efficiently and delivers value for money.

ABTA also notes concerns raised by the airline community during the Constructive Engagement process, particularly around transparency and the quality of engagement on Heathrow's plans. There are ongoing questions about the scale and prioritisation of capital expenditure, and whether proposed investments are clearly justified and benefit passengers. Recent service performance issues further highlight the need for stronger accountability and more effective incentives to drive improvement.

Overall, while ABTA considers the CAA's initial proposals a step in the right direction compared with Heathrow Airport Limited (HAL)'s Business Plan, further strengthening will be needed to ensure the final H8 settlement delivers for both consumers and the wider travel industry.

Airport charges and affordability

Keeping airport charges as low as possible remains critical, particularly given Heathrow's position as one of the most expensive major airports. High charges are ultimately passed on to consumers through ticket prices, making affordability a key concern.

ABTA therefore supports a regulatory approach that maintains downward pressure on charges, prevents over-recovery of costs by HAL, and ensures that consumers only fund efficient and necessary expenditure. This is especially important in the current economic climate, where both travellers and the wider industry continue to face cumulative cost pressures, driven by layers of taxation, including rising Air Passenger Duty (APD), increasing labour and operational costs and regulatory burdens.

Operating and capital expenditure

ABTA welcomes the increased scrutiny of operating and capital expenditure. It is important that investment plans are clearly justified, tightly controlled, and deliver measurable benefits for passengers. There should also be strong accountability where projects exceed cost expectations or fail to deliver as intended. ABTA would call on the CAA to compel HAL to demonstrate firm investment discipline and prioritise efficiency improvements before seeking to increase revenues through higher charges.

Service quality and resilience

ABTA members are clear that maintaining affordability, improving service quality and operational resilience should be central to H8. Recent years have highlighted the impact that disruption, including the power cut at Heathrow, can have on passengers and the wider travel ecosystem.

ABTA therefore urges that H8 establishes a clear performance guidance, ensuring meaningful consequences, financial and operational, for performance failures. It is important that these measures drive real improvements in the passenger experience, including in areas such as accessibility, communication and punctuality, especially during disruptions, and baggage performance.

Use of commercial revenues

Given HAL's strong commercial position, ABTA considers it important that it makes full use of its revenue streams before seeking increases in regulated charges. This includes ensuring that commercial revenues are maximised in a way that benefits consumers and that the balance between aeronautical and non-aeronautical income is appropriate. The regulatory settlement should also reflect Heathrow's market power and provide confidence that charges are not increased where alternative sources of revenue are available.