

## **Airlines UK response to CAP 3286: Heathrow capacity expansion — update on the approach to the regulatory framework**

August 2026

Airlines UK is the association for UK airlines, with members including 2Excel, British Airways, DHL, easyJet, FedEx, Jet2.com, Loganair, Norse Atlantic, One Air, RVL Aviation, Ryanair, TUI Airways, Titan Airways, UPS, and Virgin Atlantic.

### **Introduction**

Airlines UK welcomes the opportunity to respond to the CAA's update on its approach to the regulatory framework for Heathrow expansion. This response builds on our June 2026 submission to the CAA's consultation on a shortlist of regulatory models, and our views on the issues remain consistent with the position set out there.

We welcome the CAA's continued recognition that there is a strong case for reforming the current regulatory framework, and that incremental change, on its own, will not adequately address the underlying incentives that have produced Heathrow's high charges and service quality. A credible framework that protects consumers and controls cost is what will give airlines, passengers and investors confidence that expansion can be delivered well. Regulatory reform should also be implemented rapidly, as it is necessary now and not just for a future state.

### **Affordability must remain a central objective**

As highlighted in our response to the shortlist consultation, affordability must be treated as a core objective of the regulatory framework, given that the economic and connectivity benefits that are supposed to flow from expansion depend on it. If airport charges are not kept affordable, airlines will be constrained in their ability to invest in routes, fleet and capacity, and the demand growth and connectivity gains used to justify expansion will not materialise.

We therefore welcome the CAA's continued willingness to consider affordability as part of its evaluation framework and would urge that this be reflected clearly and consistently as the CAA moves from evaluating individual models to designing an integrated regulatory framework. The framework should be judged against whether it delivers demonstrably affordable outcomes for airlines across the full range of operating models and passengers, not only against whether individual components are practical to implement.

### **Competition as most durable protection for consumers**

Airlines UK continues to regard genuine competition as the most powerful and durable mechanism available to protect consumers from the consequences of Heathrow's monopoly position. Enhanced governance and incentive arrangements have a valuable role to play, but they are not, on their own, a substitute for competition. A framework that relies solely on strengthened oversight of a monopoly provider, without introducing genuine competitive pressure, is likely to fall short of delivering the outcomes consumers need.

We therefore continue to urge the CAA to pursue competition-based approaches with genuine ambition and commitment – including between terminal operators – to ensure that the overall

framework is designed so that competitive mechanisms are given a real opportunity to deliver benefits for consumers.

### **Capital governance**

We welcome the CAA's proposal for a senior capital committee, with independent oversight and airline participation, to scrutinise HAL's capital expenditure and procurement plans. Enhanced governance of this kind is necessary and overdue.

However, as we said in our earlier response, we do not consider that an advisory or escalation-only role for the committee will be sufficient to deliver the accountability required. Escalation routes to the CAA are a necessary safeguard, but they are not, by themselves, an adequate substitute for the committee having the ability to refuse or veto specific capital expenditure plans. We would therefore encourage the CAA to reconsider its current position and provide the committee with a right to refuse HAL's capex plans, so that governance arrangements can meaningfully control the risks faced by airlines and passengers.

### **Conclusion**

Airlines UK supports the CAA's continued work to develop a coherent regulatory framework for Heathrow expansion. We would encourage the CAA, as it moves from evaluation to implementation, to ensure that affordability is treated as a genuine and central objective of that framework, that competition-based approaches are pursued with real ambition, and that capital governance arrangements are given sufficient power to provide effective protection for consumers, rather than relying on scrutiny and escalation alone.

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