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email: economicregulation@caa.co.uk

S. Chadha
Civil Aviation Authority
11 Westferry Circus
Canary Wharf
London
E14 4HD

Dear Selina,

Support for Heathrow Reimagined Submission to CAP3251: The Case for Fundamental Reform of Heathrow's Regulatory Framework

Swissport and Menzies Aviation welcome the opportunity to express support for the Heathrow Reimagined submission to the Civil Aviation Authority's Spring 2026 Consultation on Heathrow capacity expansion and regulatory models.

The CAA's own evidence shows that Heathrow's regulatory model is failing passengers and users today – before any capacity expansion. Fundamental reform across the existing airport is therefore urgent and necessary. The prospect of a major expansion programme only increases the importance and urgency of reform. Future investment at Heathrow must be delivered under a reformed model that ensures efficiency, accountability and long-term value.

As two of the world's leading aviation services providers, we operate at hundreds of airports globally across a wide range of ownership, governance and regulatory frameworks. Our experience spans airports where infrastructure providers compete, where investment decisions are subject to rigorous challenge and accountability, and where commercial incentives drive continuous improvements in efficiency, innovation and customer service.

Our global experience leads us to a clear conclusion: Heathrow's current regulatory model is not delivering the outcomes that passengers, airlines, service providers, UK businesses or the wider economy should expect from Britain's principal international gateway and one of the world's most important aviation hubs.

We therefore strongly support the Heathrow Reimagined submission and welcome the CAA's conclusion that there is a compelling case for reform.

From our perspective, the fundamental issue is not simply the level of airport charges, although Heathrow remains the most expensive hub airport in the world. High charges are a consequence of a deeper problem – a regulatory model that concentrates decision-making and control within a single infrastructure provider, limits effective challenge and weakens the incentives that drive efficiency, innovation, operational responsiveness and cost discipline. The result is poor outcomes for passengers and airlines both in terms of cost and service quality.

The result is a system that places excessive risk and cost on airport users while limiting the competitive pressures that have transformed performance, resilience and service quality across many other sectors of the economy. Over time, these risks undermine Heathrow's relative competitiveness compared to other global hubs. Airlines, airport service providers, and passengers experience the daily operational consequences of these weaknesses and the lack of competition.

As Heathrow embarks on a major programme of expansion, the regulatory framework must undergo fundamental reform to ensure that future investment is delivered efficiently, transparently and in a manner that maximises benefits for consumers and the UK economy.

As providers of critical frontline airport services, we depend on infrastructure that is resilient, fit for purpose, efficiently planned and developed in close partnership with airport users. We also depend on governance arrangements that enable effective challenge, transparent decision-making and timely investment.

Too often, Heathrow's current arrangements fall short of these principles.

We therefore support the Heathrow Reimagined proposal for a comprehensive package of reforms that strengthens accountability, improves capital governance and expands the role of competition wherever it can be introduced safely and effectively.

In particular, we highlight four areas.

Stronger capital governance and accountability are essential

The scale of Heathrow's planned investment over the coming decades is unprecedented. Such programmes require robust governance arrangements, meaningful accountability and effective independent oversight.

Effective governance should not be viewed as an obstacle to delivery. On the contrary, successful major infrastructure programmes are typically characterised by rigorous scrutiny, strong stakeholder engagement, transparent decision-making and clear accountability throughout the investment lifecycle.

Strengthened capital governance would help ensure that projects are appropriately scoped, efficiently delivered and aligned with the needs of airlines, service providers and passengers. It would also increase confidence that investment decisions are being made in the interests of consumers and the wider economy.

We therefore support proposals that strengthen independent oversight of Heathrow's capital programme and improve the effectiveness and independence of oversight of investment planning and delivery.

Competition drives better operational outcomes

Competition is one of the most effective mechanisms for improving performance, encouraging innovation and controlling costs.

At other major airports – like Munich, Atlanta, LaGuardia and JFK – we have seen how competitive environments encourage operators to adopt new technologies, improve operational performance, strengthen resilience and respond more quickly to changing customer requirements.

The introduction of greater competitive pressure within Heathrow's operating environment will deliver similar benefits. This is particularly important given the scale of transformation that Heathrow is expected to undertake over the coming decades.

The UK has long recognised the benefits of competition in sectors such as telecommunications, energy, and port operations. There is no reason why Heathrow's future development should be insulated from similar principles where competition can be introduced safely and effectively. This should be viewed as an opportunity to improve outcomes rather than as a risk to be avoided.

Future infrastructure must reflect users' needs

Airport infrastructure functions as an integrated operational system. Airlines, ground handlers, cargo operators and passengers all depend upon facilities that are designed around practical operational requirements.

The most successful international airports are those where infrastructure planning is informed by the experience of frontline operators and where investment decisions are focused on delivering measurable operational benefits.

A stronger governance framework and greater use of competitive mechanisms can help ensure that future infrastructure is designed, delivered and operated in partnership with airport users rather than solely according to the priorities of a single infrastructure owner. This is particularly important as Heathrow embarks upon major programmes of expansion and renewal.

Operational resilience must remain central

Recent operational disruptions across the aviation industry have highlighted the importance of resilience in airport infrastructure and service delivery.

Resilience is strengthened by transparency, accountability, diversity of expertise and effective performance incentives. Similarly, innovation flourishes where organisations face competitive pressures and are rewarded for improving efficiency and service quality.

In our experience across airports with different regulatory models, well-designed governance arrangements and appropriately structured competition can enhance resilience by creating stronger incentives to address operational risks, improve asset management and invest in service quality.

The objective should not be to preserve existing structures for their own sake, but to establish arrangements that deliver better outcomes for passengers and airport users over the long term.

Why reform matters: Better outcomes for passengers, businesses and the UK economy

The beneficiaries of reform would extend far beyond airport users. The travelling public should benefit from a regulatory framework that delivers modern, resilient, customer-focused and affordable infrastructure.

UK businesses should benefit from a globally competitive hub airport that supports growth and international trade. The wider economy should benefit from investment decisions that maximise economic value rather than simply increasing the regulated asset base.

The CAA's review presents a unique opportunity to establish a framework that better aligns Heathrow's development with these wider public-interest objectives.

The airport's infrastructure must improve operational resilience, efficiency, and passenger experience. For example, Heathrow's baggage infrastructure is ageing, fragmented, and increasingly unable to support current passenger volumes and transfer requirements. At

Terminal 2, operations still rely on legacy systems supported by Terminal 1 baggage infrastructure which is decades past its intended use[1]. Based on the experience of both Swissport and Menzies, these systems are frequently overwhelmed, resulting in delays, reduced reliability, and an increased risk of baggage mishandling, including lost or misrouted baggage. Airlines and passengers bear the cost of this.

Similarly, inter-terminal connectivity remains inadequate for both passengers and operational staff. Swissport's assessment indicates that the absence of a fast and integrated transfer system results in unpredictable journey times and operational inefficiencies. In practice, staff schedules must incorporate additional buffers of up to 30 minutes to account for transfer delays, reducing productivity, increasing labour costs, and negatively affecting passenger connections.

These examples demonstrate that the lack of critical infrastructure at Heathrow creates operational inefficiencies, increase costs for airport users, and ultimately impact the passenger experience.

Conclusion

Swissport and Menzies Aviation support the CAA’s decision to undertake a fundamental review of Heathrow’s regulatory framework and welcome the direction of travel set out in the Heathrow Reimagined submission.

The review presents a unique opportunity to establish a framework that promotes efficient investment, operational excellence, accountability and long-term value for consumers.

As organisations responsible for delivering critical airport services to millions of passengers every year, we believe that the future regulatory model should:

- strengthen capital governance and independent oversight;
- increase accountability for investment and operational performance;
- expand the role of competition wherever practical and beneficial;
- improve incentives for efficiency, innovation and resilience;
- ensure that future infrastructure is developed in a manner that reflects the needs of airport users; and
- deliver cost-effective infrastructure that supports a globally competitive UK hub airport.

We encourage the CAA to pursue an ambitious package of reforms that delivers these objectives and establishes a stronger foundation for Heathrow’s future development, ensuring that passengers, UK businesses and the wider economy receive the full benefits of efficient, innovative and competitively delivered airport infrastructure.

Yours sincerely,

Warwick Brady
CEO
Swissport International

Philipp Joeinig
Group CEO
Menzies Aviation

[1] Heathrow, Response to CAP 2265, January 2022, link.

Cc:

- **Rt. Hon. Heidi Alexander MP**, Secretary of State (DfT), heidi.alexander@dft.gov.uk
- **Kier Mather MP**, Minister for Aviation, Maritime and Decarbonisation, keir.mather_MP@dft.gov.uk
- **Lord Livermore**, Financial Secretary to the Treasury, FST@hmtreasury.gov.uk
- **Ashley Ibbett**, Director General, Aviation, Maritime and Security Group (DfT), ashley.ibbett@dft.gov.uk
- **Hannah Newell**, Director, Heathrow Expansion (DfT), hannah.newell@dft.gov.uk
- **Jim O'Neil**, Second Permanent Secretary (HM Treasury), jim.oneil@hmtreasury.gov.uk
- **Fran Sims**, Deputy Director, Aviation (HM Treasury), fran.sims@hmtreasury.gov.uk