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To: economicregulation@caa.co.uk

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

Dear Selina,

Support for Heathrow Reimagined Submission and the Need for Fundamental Reform of Heathrow's Capital Governance Framework

I am writing in my personal capacity as an independent infrastructure adviser and author of the report *Independent Assurance of Governance for Heathrow Airport's Expanding Capital Expenditure Plans*, commissioned to examine Heathrow Airport Limited's current capital governance arrangements against recognised major-project best practice. I am not being paid for this submission and therefore I would hope that my strong background in telling 'Truth to Power' over 30 years as a leading infrastructure adviser to the Cabinet Office and Treasury, is duly respected as being unbiased. Indeed, my confidential reports as the most senior advisor to CEO NHS for NPfIT, CEO HS2 Ltd (and CE Cabinet Office), and Perm Sec at DECC for Smart Metering, were in each case, the first and most accurate early warning of loss of programme 'grip' which I rightly identified as likely to cost the taxpayer an extra £24Bn (in the case of HS2) and £10Bn for NPfIT (See Annex A).

Having undertaken the Review described above, I wish to express my support for the broad direction of reform proposed within the Heathrow Reimagined submission to the Civil Aviation Authority's review of Heathrow's regulatory framework.

My support does not arise from any position on airport ownership, airline interests or the wider commercial debate surrounding Heathrow. It arises from a concern that the governance arrangements currently underpinning Heathrow's capital investment programme are not sufficiently robust to support the unprecedented scale of expenditure now being contemplated.

The issue is not whether Heathrow needs investment – which is essential for future growth.

The issue is whether the governance framework responsible for directing, prioritising, scrutinising and assuring that investment is capable of delivering value for money, maintaining stakeholder confidence and avoiding the types of failures that have characterised a number of major UK infrastructure programmes.

Based on the evidence reviewed, I do not believe that sufficient confidence currently exists.

My report assessed Heathrow's capital governance arrangements against lessons learned from major infrastructure programmes including HS2, Crossrail, the Transport for London Investment Programme and wider HM Treasury, IPA/NISTA and National Audit Office best practice. The review identified recurring weaknesses in governance, accountability, stakeholder alignment, benefits management and capital decision-making which become significantly more concerning when considered against the scale of Heathrow Airport Limited's (HAL) future ambitions.

The challenge facing the CAA should not be underestimated.

Heathrow is proposing what it describes as the largest privately financed infrastructure programme in Europe, involving billions of expenditure during H8, alongside substantially larger programmes associated with expansion, terminal redevelopment and a potential third runway. The cumulative scale of these plans exceeds many of the UK's most complex infrastructure programmes.

In such circumstances, governance is not a secondary issue. Governance is the critical determinant of whether projects succeed or fail.

The lessons from HS2, Crossrail and other major programmes consistently demonstrate that failures rarely originate solely from engineering or construction. More often they emerge from weaknesses in governance, unclear accountability, optimism bias, inadequate challenge, poor incentives, weak benefits management and a gradual erosion of stakeholder trust.

Those are precisely the issues that require attention at Heathrow.

My review concluded that while the current H7 governance protocols appear robust on paper, they are not consistently delivering the intended outcomes in practice. The evidence suggests a disconnect between formal process and effective decision-making. Significant effort is expended by Heathrow and its stakeholders, yet confidence in investment decisions remains low and trust between parties has deteriorated.

In my view, there are five areas that deserve particular consideration as part of the CAA's review.

First, Heathrow requires a stronger investment governance model at portfolio level.

Current arrangements focus heavily on the governance of individual projects. There is insufficient emphasis on determining whether the right projects are being selected, prioritised and sequenced across the wider portfolio. This view is given stronger validation since I have been a leading designer of Portfolio Offices across global companies (eg BT and Cisco) as well as government departments (including for DfT)[1].

My experience suggests that the reason for this, is that major infrastructure programmes succeed when governance starts at portfolio level rather than solely at project level.

Second, value for money requires far more rigorous scrutiny and treatment.

The test of value for money is not whether investment is privately financed. The relevant question is whether consumers and users receive benefits commensurate with the costs they ultimately bear.

Robust business cases, quantified benefits and transparent evaluation should therefore sit at the heart of future decision-making.

[1] As the designer of DfT's original Portfolio Office, I initially conducted a Portfolio analysis for Perm Sec DfT, across the private and public sectors, leading to my design proposal that he commissioned to be implemented for the department, but also including a full review/change to departmental decision making at Executive level.

Third, capital assurance should be substantially strengthened.

The scale of Heathrow's future programme warrants a truly independent and proactive assurance model. Lessons from organisations such as Transport for London and major government infrastructure programmes demonstrate the value of independent technical, commercial and financial scrutiny at an early stage of project development.

Fourth, governance should focus greater attention on the most strategically significant investments.

One of the recurring lessons from major project delivery is that management attention is finite. Governance frameworks should focus disproportionate effort on the projects that create the greatest risk and the greatest value.

A more risk-based and strategically focused governance approach would improve both effectiveness and accountability.

Fifth, trust between stakeholders must be rebuilt.

The most successful major programmes are characterised by transparency, challenge, collaboration and mutual confidence.

The evidence reviewed suggests that this foundation has weakened over time. Without restoring confidence between HAL and its stakeholders, the risks associated with future expansion will increase materially.

For these reasons, I believe the Heathrow Reimagined submission raises legitimate and important questions regarding the future governance of Heathrow's capital investment programme.

The review currently being undertaken by the CAA presents a valuable opportunity to address those issues before significantly larger investment commitments are made.

The objective should not be to slow investment, nor to obstruct expansion.

Rather, it should be to ensure that future investment is supported by governance arrangements capable of delivering efficient outcomes, protecting consumers and maintaining confidence among all stakeholders.

To be clear and remain unbiased, you should know that Bob Kiley (the first Commissioner at TfL who had transformed New York's transport system before being recruited by Ken Livingstone to create the same delivery success in UK) asked me to draw from Heathrow's Terminal 5 to help London Transport deliver better value from its first £10Bn Investment Plan. I have used BAA's excellent programme approach for Terminal 5 as a case study for leadership groups in programme management across the globe (US, Canada, Middle East, China, Europe) and therefore I know the intimate details of when it goes right at Heathrow (despite the fiasco of the opening day and also noting that the cost was viewed by many as gold plating). However, today, the previous good teamwork between BAA and operators, and the governance structures and protocols that drove T5 success, are currently broken. These are conditions I have seen before in other major UK programmes. The remedies are well established. There is now a clear opportunity for the CAA to act before substantially larger commitments are made. I therefore urge you to take stock of my report and seek to better understand why the good practice learnt from Terminal 5, has so badly gone off course. In my professional judgement, fundamental reform of Heathrow's governance framework should be viewed not as a challenge to expansion, but as a prerequisite for its successful delivery.

I therefore encourage the Civil Aviation Authority to give serious consideration to the reforms proposed within the Heathrow Reimagined submission and to ensure that governance, assurance, accountability and value for money remain central to any future regulatory framework.

Should you wish further explanation, please do feel free to get in touch - I offer my services free of charge to you. It is of the highest national priority that we all do what we can to avoid an HS2 in the aviation sector.

Yours sincerely,

Dr Paul Mansell PhD, MSc, MPhil, MA
Hon Professor, University College London
MD, Green Impact Ltd

Annex A – Telling 'Truth to Power'

Hon Professor Paul Mansell, UCL, Bartlett School of Sustainable Construction

Over the course of my career that includes 25 years as one of UK's most senior infrastructure project advisers, I have, on four separate occasions, either as Programme Director or Senior Strategic Advisor to Government, written confidential reports for senior leaders of impending structural failure within nationally significant UK programmes, varying between £15Bn to over £100Bn.

The first warning related to the National Programme for IT (NPfIT), where, as senior adviser in 2004 with COO Connecting for Health, I authored an independent classified report for the Chief Executive of the NHS and senior Department of Health leadership identifying systemic governance and delivery weaknesses.

The second concerned the Smart Metering Programme where, in 2009, as the Programme Director, I wrote an independent report to the Permanent Secretary and Minister highlighting emerging structural risks, distorted incentives and affordability concerns. In both cases, the reports were accepted and substantial changes implemented.

The third warning related to High Speed 2 (HS2), embedded in HS2 as the senior IPA adviser, where I produced independent governance analysis for senior Cabinet Office leaders and the Chief Executive of HS2 Ltd. It highlighted the gap between the announcement to Parliament of a £56Bn programme and my estimate of costs exceeding £80Bn (today a much-reduced HS2 plan is over 10 years late and over £100bn). My report identified material concerns regarding governance architecture, realism of baselines, layered accountability and programme affordability. Subsequent developments have validated those concerns, with the cost to the taxpayer now exceeding £50 billion beyond earlier assumptions.

Most recently, my December 2025 independent governance and decision-making review of Heathrow expansion identified structural conditions historically associated with large-scale programme underperformance. Unlike previous interventions, there has thus far been limited acknowledgement of the underlying systemic realities highlighted within the report.