

20th January 2026

Via email to: economicregulation@caa.co.uk and DfT's Heathrow Expansion Team

RESPONSE TO CAP 3195 – WORKING PAPER ON HEATHROW AIRPORT REGULATORY MODELS

Economic Regulation and Community Impacts

This input from CISHA sits alongside the passenger-focused response provided on behalf of Heathrow's Passenger Forum. It is copied to DfT's expansion team because we recognise that CAA may face some constraints, within their current powers, in fully reflecting the community impacts of expansion. As such DfT will want to be assured that forthcoming changes to the aviation policy and regulatory model will, together, create a framework which is fit for purpose for the expansion process.

CISHA recognises that this consultation is focused on economic regulation and the CAA's primary duty to further the interests of consumers. However, the regulatory model selected for Heathrow expansion will affect how long communities are living with blight and associated negative impacts on well-being and will have material and long-lasting consequences ("externalities") for communities living around the airport, during both the construction and operation phases. CAA's environmental duties provide for some of these impacts to be considered, albeit indirectly.

Regulatory incentives, and the time taken to implement changes to the regulatory model for expansion, will influence the pace and phasing of expansion. Therefore, CAA's decisions will influence impacts on communities such as construction disruption, surface access consequences, the effectiveness of environmental mitigation delivery, and the degree of uncertainty experienced by affected communities, including those facing potential land take and loss of homes.

We strongly support the acknowledgement of CAA's environmental duties in this working paper, together with the recognition that mitigations will need financing. We would like to highlight that environmental impacts are often a proxy for community impacts, and it may be helpful to explicitly recognise this in the proposed evaluation framework. At present, effects such as noise, air quality impacts, traffic congestion, cumulative disruption, and prolonged planning blight are treated indirectly or assumed to be addressed elsewhere. From a social value perspective this risks under-weighting the impacts (market failures) that communities experience most acutely and for the longest duration, particularly where regulatory incentives prioritise cost control alone.

In particular, it is critical that the regulatory framework does not undermine the intended level of environmental and community mitigations set through the ANPS and DCO process e.g. by declining to fully fund such measures.

CISHA's research¹ suggests that the CAA has wider scope than currently exercised, within its existing statutory framework, to address these issues; latitude is provided by how it interprets and applies its secondary environmental duty.

When assessing regulatory models, CAA's framework could include greater emphasis on how different models incentivise the timely, robust, and enforceable delivery of mitigation, promote early design certainty to reduce prolonged uncertainty for affected residents, and reduce the externalisation of environmental and social costs onto communities. Explicit recognition of community impacts within the framework for the assessment of regulatory options would help ensure that Heathrow's expansion is delivered in a way that is environmentally responsible, fair to affected communities and consistent with the CAA's wider statutory duties.

Conclusion

Given the fundamental nature of the review of regulation which is underway, CAA and government should also consider whether CAA's powers are appropriate i.e. will they allow the regulatory approach to deliver economically and socially efficient outcomes, considering the full set of externalities affecting communities, and the competition issues involved in Heathrow expansion?

It is critical that the Airports National Policy Statement, airspace policies, planning reform and regulatory reform combine to provide a coherent framework which properly reflects the very significant and concentrated impacts on those communities most affected by airport expansion. We look to CAA and DfT to work together to ensure that this is the case.

Tracey Waltho

Chair of CISHA

¹ Funding for community investments and mitigation at Heathrow
<https://static1.squarespace.com/static/63c557a5efd5340d43ea2d49/t/686adb77ce0144371c0b0b64/1751833464711/CISHA+-+Funding+for+community+infrastructure+-+incl.+foreword.pdf>)