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Memorandum to
UK Civil Aviation Authority

06 August 2026

Re. Consultation on Heathrow's Future Regulatory Framework – CAP3286

Dear Sir or Madam,

Oxford Global Projects welcomes the opportunity to respond to the Civil Aviation Authority's update on the regulatory framework for Heathrow's expansion (CAP3286). This response focuses on the implementation questions raised in Chapter 5, on which the CAA has invited views by 13 August 2026.

Our organisation specialises in the governance, assurance and delivery of major capital projects. We advise governments and private-sector organisations on improving the performance of complex infrastructure programmes, drawing on a database of more than 22,000 capital projects across 148 countries. That evidence base shows a consistent pattern: cost overruns, schedule delays and under-delivered benefits are rarely the result of individual project decisions. They are usually the product of governance arrangements that fail to create strong incentives for efficient capital investment.

Heathrow fits that pattern. The CAA's own analysis finds that capital expenditure has been a primary driver of HAL's high charges, which suggests a degree of inefficiency, and that Heathrow's service quality remains below its pre-pandemic level. The current regulatory framework has not consistently rewarded the commercial discipline and transparency that well-governed capital programmes require.

The CAA has already concluded, in its Shortlist Consultation and again in CAP3286, that this case for change is well-founded. We agree, and do not repeat the argument here. Our comments instead address three of the design choices set out in Chapter 5: the scope of the planned review of capital governance, the design of competitive tendering, and the distinction between competitive tendering and direct competition.

We welcome the CAA's plan to commission an expert review of capital governance for expansion, drawing on practice in other major UK infrastructure sectors. Our database covers the energy, water, rail and transport sectors named in Chapter 5, and includes

the international precedents needed to benchmark Heathrow's arrangements against them. We would welcome the opportunity to contribute this evidence to the review.

We also support the CAA's proposed design, in which the capital committee advises but the CAA itself decides whether expenditure is eligible for the regulatory asset base. That link between committee findings and regulatory consequence is what will determine whether the new governance framework changes behaviour, and it should be codified with clear escalation triggers and timeframes rather than worked out case by case.

On competitive tendering (models 4b and 5b), we support extending competitive procurement broadly across HAL's capital programme, rather than limiting it to separable, lower-risk packages as HAL has proposed. International experience shows that inefficiencies introduced at the definition and design stage of a project are the hardest and most costly to correct later, so competitive pressure needs to reach decisions made before construction begins, not only the construction contracts themselves. We would encourage the CAA's asset-selection framework to reflect this.

This is a different question from direct competition between an alternative developer and HAL for airport operation (model 7b), which the CAA's own analysis treats as a contingent arrangement, needed only if a third party secures development consent.

A regulatory framework that requires stronger capital governance and maximises value-for-money pressure at the right stages of the project lifecycle is likely to improve outcomes at Heathrow, and provide a sounder foundation for the delivery of the wider expansion programme. We would be glad to discuss any of the points above in more detail.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Alexander Budzier', with a stylized flourish extending to the right.

Alexander Budzier
Co-Founder and CEO
Oxford Global Projects