

Economic regulation of Gatwick Airport Limited: Final Decision on extending the current commitments

CAP3113

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Introduction and summary

Purpose of this document

1. This document is the notice under section 22(6) of the Civil Aviation Act 2012 ("CAA12") of the CAA's decision to modify the licence granted to Gatwick Airport Limited ("GAL") (the "Licence").
2. These modifications reflect the CAA's decision to accept the commitments put forward by GAL for the four year period from 2025/26 to 2028/29. They will take effect from 7 July 2025, but they will apply to GAL's charges and revenues from 1 April 2025.
3. This notice follows on from the notice proposing to modify the licence that we issued under section 22(2) of CAA12 in February 2025 (the "Final Proposals")¹, and consultations on our proposed approach in August 2024 ("the August 2024 Consultation")² and in June 2023 ("the June 2023 Consultation")³.
4. This document also deals with other matters raised in the Final Proposals, including our future review of the commitments framework for GAL.

Main issues raised in this document

Licence modifications to implement new commitments

5. Since 2014, our economic regulation of GAL has been based on a set of commitments that are incorporated into the Licence as conditions. This approach reflects the circumstances of Gatwick airport, including that there is some competitive pressure on Gatwick and that its airline customers have some countervailing buyer power.
6. In the summer of 2022, GAL consulted airlines on an initial proposal to extend the existing commitments for four years (from 2025/26 to 2028/29) and provided a revised proposal to us in March 2023. In summary, this revised proposal included:
 - a price ceiling of CPI-1% on GAL's published charges for the first two years of the extension period and CPI+0% for the final two years;

¹ Economic regulation of Gatwick Airport Limited: Final Proposals on extending the current commitments CAP3078. See www.caa.co.uk/CAP3078

² Economic regulation of Gatwick Airport Limited: second consultation on extending the current commitments CAP3012. See www.caa.co.uk/CAP3012

³ Consultation on proposal to extend the current commitments. See www.caa.co.uk/CAP2554

- changes to the current service quality targets and rebates if GAL misses certain service quality targets; and
- a commitment to continuous investment in the airport, extending GAL's current commitment to invest a minimum of £136 million (in 2022 prices) each year, on average, over the period.⁴

7. An important component of GAL's future investment plan is its proposal to extend its current "standby" northern runway and bring it into regular use. The northern runway could be used by departing aircraft, increasing Gatwick's maximum capacity by an estimated 13 million passengers per year. If the application GAL has made for a Development Consent Order ("DCO") under the Planning Act 2008 to permit this is successful, the new runway could come into operation in the late 2020s or the early 2030s.
8. We first consulted on GAL's proposal to extend the commitments in the June 2023 Consultation and, in response to a request from airlines, we set out a detailed assessment of GAL's proposals in the August 2024 Consultation.
9. The Final Proposals set out:
 - our proposal to accept GAL's proposed commitments; and
 - modifications to the Licence to implement this.⁵
10. Recognising the uncertainty around GAL's plans, we said that, if GAL is either unwilling or unable to proceed with its plans to bring its northern runway into regular use, we would expect GAL to renegotiate with airlines a new set of commitments for the remainder of the period to 2028/29.

Stakeholder views

11. GAL, the Airport Consultative Committee (the "ACC", which represents airlines at Gatwick), easyJet, British Airways ("BA") and Vueling responded to the Final Proposals:
 - GAL welcomed our proposal to accept its extension of the commitments framework up to 31 March 2029, including our proposal to remove the appendix to the Licence that set out the conditions of use in full and replace it with a shorter appendix setting out only the commitments. GAL also suggested a further revision to the licence modifications, to reduce the notice period that it must provide of its intention to continue the Commitments.⁶

⁴ This average will now be assessed over ten years from 2019/20 to 2028/29.

⁵ Appendix C of our final proposals contains the proposed licence modifications. See www.caa.co.uk/CAP3078.

⁶ A reduction from two years' to one years' notice.

- the Airlines that responded to our consultation did not object to our proposal and did not provide specific comments on the proposed licence modifications. Nonetheless, these airlines did raise wider issues in relation to the commitments framework, which we intend to consider as part of the review that we plan to undertake in 2027 and 2028.

Our decision to accept GAL's proposed extension and modify the Licence

12. Having considered stakeholders' responses, we have decided to modify the Licence to implement GAL's proposed new commitments for the period from 2025/26 to 2028/29.
13. We remain of the view that GAL's proposals to extend the commitments for four years, are in the interests of consumers. This is subject to a further review if GAL is unable or unwilling to make appropriate progress with the development of its northern runway.
14. Capacity expansion should bring significant benefits to passengers, and we have also taken account of the advantages to consumers of a regulatory framework that is more agile and has a commercial focus. It requires GAL to work flexibly with airlines to resolve issues and, if necessary, to bring forward a new set of commitments if circumstances materially change.
15. If GAL is either unable or unwilling to proceed with plans for its northern runway, we expect GAL to:
 - negotiate (within a reasonable period of time) with airlines a new set of commitments for the remainder of the extension period to 2028/29; and
 - submit in a timely way its revised proposal to the CAA for review, setting out how any alternative arrangements will operate in consumers' interests.
16. The modifications to the Licence are set out in Appendix B. We do not consider that these differ significantly from the modifications set out in the Final Proposals as they are almost identical, with the only exceptions being:
 - a minor amendment to Schedule 2: service commitment (paragraph 8) to bring the terminology in line with the updated service standards so that the special assistance metric is now calculated at the airport level; and
 - minor updates to metrics in Annex I: Core Service Standards (rebates), to also bring the terminology in line with updated service standards.
17. We have decided not to change the notice period that GAL must give the CAA and airlines of its intentions regarding continuation of commitments. Our reasons

not to accept this proposal as part of our final decision are explained in more detail in chapter 4.

A future review of the commitments framework

18. In our Final Proposals we said that we should review the commitments framework during the extension period so that we can assess more broadly whether the framework is continuing to deliver in the interests of consumers and whether changes could further improve outcomes for consumers. We said that we would start this work in 2027, noting that the review will need to be appropriately sequenced with the process for GAL renegotiating the commitments with airlines.

Stakeholder views

19. GAL said that it does not think that it is necessary to review the commitments framework, while airlines have strong views that a review should take place before the start of any further period of commitments (that is, before March 2029).
20. Airlines identified several issues in relation to the commitments framework, including whether the current model provides effective protections for users and whether it appropriately constrains the market power held by GAL. Airlines also raised some specific issues in relation to capex governance arrangements and incentives for service quality.

Way forward

21. We remain of the view that a review of GAL's framework is important, particularly in the light of the issues that airlines have raised in response to the Final Proposals.
22. Our current thinking is that the scope should be wide-ranging so that we can consider a full range of issues relating to improving the outcomes for passengers and that we should start this review in 2027, seeking to complete it by mid-2028.

Next steps

23. As stated above, the licence modifications set out in Appendix B will take effect on 7 July 2025. However, they will apply to GAL's charges and revenues from 1 April 2025.
24. CAA12 also provides both GAL and materially affected airlines with the right of appeal to the Competition and Markets Authority ("CMA") following a notice by the CAA to modify the Licence. It is for GAL and airlines to decide whether to exercise these rights, consistent with the procedures set out in CAA12.

25. Once the modifications to the Licence set out in Appendix B have taken effect, and subject to the outcome of any appeal to the CMA, GAL will be required to make the required changes to its Conditions of Use as soon as reasonably practicable.
26. We will continue to monitor GAL's performance and track how GAL is progressing its plans for its northern runway. We expect GAL to keep both the CAA and airline community updated on progress.
27. We also expect GAL to work with airlines to address the important issues that have been raised by airlines, including engagement on GAL's capex plans and service quality issues.
28. We intend to start the future review of the regulatory framework in 2027 and will consult with stakeholders on the scope of this review.

Our duties as an economic regulator of GAL

29. In developing this policy, we have had full regard to our statutory duties under CAA12, which are set out in Appendix A.

Structure of this document

30. The structure of this document is as follows:
 - Chapter 1 summarises the responses to our final proposal on GAL's price commitment and sets out our views on these matters;
 - Chapter 2 summarises the responses to our Final Proposals for dealing with the uncertainty around expansion at the airport and sets out our views on these matters;
 - Chapter 3 summarises the responses to our Final Proposals on GAL's service commitments and sets out our views on the way forward;
 - Chapter 4 sets out our current views on the scope and timing of a future review of the commitments framework;
 - Appendix A summarises our statutory duties;
 - Appendix B sets out the modifications we have decided to make to the Licence; and
 - Appendix C sets out a glossary of terms used in this consultation.

Chapter 1

GAL's pricing commitment and levels of profitability

Introduction

- 1.1 This chapter summarises what we said in the Final Proposals on GAL's proposed prices and profitability. It then summarises the responses to those proposals and sets out our final decision on these matters.

The Final Proposals document

- 1.2 The Final Proposals set out our updated assessment of GAL's likely level of profitability during the extension period, supported by new analysis we had commissioned from Grant Thornton. Our updated assessment considered sensitivities around our previous assumptions on airline discounts, passenger forecasts and cost risks. We concluded that GAL's profitability would be likely to be significantly below the levels indicated in the "central" case we set out in the August 2024 Consultation.
- 1.3 Noting our latest projections for GAL's profits, we said that these profits did not appear to be excessive in the context of the importance of allowing the reasonable financing of the substantial levels of investment required to support the development of the northern runway. We also said that there would appear to be advantages to consumers in arrangements that involve both modest real reductions in charges and support the funding of its northern runway.

Stakeholder views

- 1.4 GAL did not comment specifically on our analysis of prices and profitability.
- 1.5 easyJet said that GAL's charges, market power and profitability were among the features of the framework that merit a "full customary mid-term review" to inform decisions on the future regulatory framework.
- 1.6 BA and Vueling both said the regulatory framework had resulted in rising airport charges without commensurate increases in service level outcomes or appropriate safeguards for airport investment and had failed to constrain GAL's market power. They argued that the CPI-X methodology used to set the price path failed to ensure that efficiencies are reflected in GAL's prices and considered that this had made Gatwick an increasingly expensive airport at which to operate. They said that GAL should be incentivised to operate as it would in a competitive environment. While the commitments framework encourages bilateral agreements, that alone cannot replicate the outcomes of a

competitive market due to the imbalance in negotiating power between GAL and its users.

- 1.7 BA also said that the absence of any references by the CAA to the affordability of access to airport facilities by consumers, specifically balancing infrastructure needs with efficient and reasonable airport charges, meant consumers run the risk of bearing the cost of inefficient and unnecessary investments by GAL.
- 1.8 Gatwick ACC said it was concerned at the potential impact of expenditure on the northern runway on future prices. It welcomed the CAA's commitment to review the future pricing mechanism, which it considered crucial to ensuring fairness, transparency and affordability for all airport users, while also allowing GAL to invest in necessary infrastructure improvements. The ACC suggested that this review should thoroughly examine the justification for costs and ensure transparency in how these costs are factored into future charges.

Our views and final decision

- 1.9 We remain of the view that the future level of GAL's airport charges and the associated projections of its profitability should be consistent with the reasonable financing of the investment required to support development of the northern runway. Further, we note that, under the price commitment, GAL's price ceiling will also increase by less than inflation and so, overall, its airport charges should fall in real terms. Taken together, these factors mean that the new pricing commitments should further the interests of consumers.
- 1.10 That said, we acknowledge the concerns expressed by airlines over the incentives provided by the framework and its ability to constrain GAL's market power in the longer-term. We intend to consider these issues as part of a future review of the commitments framework which is discussed further in chapter 4.

Chapter 2

Capacity expansion

Introduction

- 2.1 This chapter summarises the Final Proposals on how we would deal with the uncertainty around GAL's plans to bring its current 'standby' northern runway into regular use. It then summarises the responses to those proposals and sets out our final decision.

The Final Proposals document

- 2.2 We recognised that development of the northern runway has the potential to bring significant benefits to consumers, for example, through making additional capacity available that will support additional choice and flexibility, as well as enhanced operational resilience. We also acknowledged that uncertainty in relation to the outcome of GAL's planning application could continue well into the commitments extension period.
- 2.3 In the light of the above, we said that, if GAL continues to make good progress with its plans for development of the northern runway, including obtaining planning permission and progressing delivery, its commitments proposals would be in the interests of consumers.
- 2.4 We proposed to maintain the flexibility offered by the commitments framework that provides a commercial approach to dealing with uncertainty over the outcome of GAL's planning application. We said that, if necessary, GAL will need to work with airlines to resolve issues and bring forward a new set of commitments if circumstances materially change.

Developments since the Final Proposals

- 2.5 On 27 February 2025 (after we published the Final Proposals), the Secretary of State for Transport issued a 'minded to approve' decision on GAL's application for development consent for the northern runway and extended the deadline for a decision. We understand that the Secretary of State is seeking additional information on specific areas of its plans including;
- aircraft noise and noise mitigation;
 - public transport mode share; and
 - other issues including points relating to national landscapes, sustainable design (energy consumption) and noise operating provisions.

- 2.6 GAL submitted a response to these issues to the Planning Inspectorate on 25 April 2025⁷ and has told us that comments have now been invited from interested parties on these matters. The deadline for the final decision by the Secretary of State is now 27 October 2025.

Stakeholder views

- 2.7 GAL said it is committed to securing development consent and will continue to keep the CAA updated on progress. It welcomed the Secretary of State's "minded to" decision and considers that this sets out a clear pathway to full approval later this year.
- 2.8 BA supported a review of the commitments if GAL:
- does not obtain planning permission;
 - is unable to proceed; or
 - makes insufficient progress on the project.
- 2.9 BA and Vueling made several of the same points, including that they:
- did not agree to prefunding the northern runway project from charges of current consumers for a benefit accruing to future consumers;
 - wanted greater clarity on what constitutes GAL being unable or unwilling to progress its plans; and
 - considered that refunds to airlines should be automatic and immediate if that investment does not materialise, rather than being subject to GAL renegotiating with airlines which may result in inconsistent and unfair outcomes across users.
- 2.10 easyJet did not provide views on our specific proposal for dealing with uncertainty over development of the northern runway, but did accept our overall approach for the extension period.
- 2.11 The ACC wanted GAL to provide greater transparency on its plans including timelines for individual projects that contribute to the development work. It was also concerned that the significant costs of GAL's northern runway will affect future airport charges.
- 2.12 Airlines also highlighted the need for robust capex governance mechanisms related to the northern runway investment.

⁷ The consultation closes on 9 June 2025, see Planning Inspectorate Documents | Gatwick Airport Northern Runway [Gatwick Airport Northern Runway - Project information](#)

Our views and final decision

- 2.13 Having considered stakeholders' responses, we have decided to maintain the approach that we set out in the Final Proposals for dealing with GAL's plans for development of the northern runway.
- 2.14 We remain of the view that the commitments framework provides flexibility to address this uncertainty: an important characteristic of the framework is that it is for GAL to seek agreement with airlines on an appropriate way forward if GAL is either unable or unwilling to proceed with its plans.
- 2.15 GAL should act in a timely and reasonable way to deliver its plans, and we welcome that GAL has committed to providing updates on these matters. If airlines consider that GAL is not progressing its plans, they should inform the CAA, providing appropriate evidence to support this view. We will use this evidence, along with updates from GAL and information on investment during the extension period, to monitor the progress that GAL is making and take further action where necessary.
- 2.16 We do not agree with the proposal that airlines should be automatically refunded if GAL does not proceed with its plans for development of the northern runway. In our view, this approach would not be consistent with the agile and commercial focus that the commitment framework offers.
- 2.17 If GAL is either unwilling or unable to proceed with its plans for development of the northern runway, we expect GAL to:
- renegotiate with airlines a new set of commitments for the remaining extension period; and
 - submit in a timely way its revised proposal to the CAA for review, setting out how any alternative arrangements will operate in consumers' interests.
- 2.18 GAL will have six months to renegotiate with airlines and submit revised proposals for the CAA to review. We will scrutinise the progress that GAL has made in those negotiations, including any new proposals, to ensure that its approach is in the interests of consumers. We will consult in a timely manner on our assessment of GAL's revised proposals providing stakeholders with an opportunity to respond to our proposals.
- 2.19 We expect GAL to work with airlines during the extension period to address the concerns that have been raised in relation to the governance arrangements for its northern runway investment. If issues persist, we will consider wider capex governance arrangements as part of the future review of the regulatory framework which is discussed in chapter 4.

Chapter 3

GAL's service commitments

Introduction

- 3.1 This chapter summarises the Final Proposals in relation to the issues surrounding GAL's service commitments. It then summarises the responses to those proposals and sets out our final decision on these matters.
- 3.2 Consistent with our approach in the Final Proposals we assess GAL's service commitments under the following three broad categories:
- service quality and Core Service Standards ("CSS");
 - special assistance services; and
 - coordinating activities across the airport.

Service quality and the Core Service Standards

The Final Proposals document

- 3.3 The Final Proposals noted that GAL and airlines had been discussing a number of changes to the existing CSS measures, including in relation to areas such as special assistance services, self-service bag drop availability, availability of the community app and security queues, among other areas. We said that the proposed changes to GAL's CSS metrics and targets would better protect the interests of consumers compared with previous service quality metrics and targets.
- 3.4 We also noted that GAL did not agree to every change proposed by airlines and that there were some issues on which GAL expected to continue discussions. We said that we expected GAL to make final proposals to airlines on metrics not already agreed by September 2025 and we would continue to monitor progress on these matters.

Stakeholder views

- 3.5 GAL noted that it included CSS enhancements in the Conditions of Use for 2025/26 and is working with the ACC to reach agreement on further improvements. While many CSS metrics were agreed with the ACC, it said that there are still several areas that required further work and review.
- 3.6 BA and Vueling welcomed the updating of the CSS and appreciated the increased engagement by GAL with the ACC and airlines. While they said the changes agreed or under consideration were positive, they said that, overall,

these changes represented only incremental improvements. Airlines said they would like GAL to go further in several areas, including:

- on pier service levels ("PSL"), where airlines considered that the current annual average measurement fails to capture persistent issues with variability in stand availability and use of buses, particularly during peak periods;
- other metrics where monthly or annual averages also obscure service variability and outages during critical operational periods; and
- security search targets and work to improve runway and airfield congestion metrics.

3.7 BA said that a more comprehensive review of the CSS framework is needed, to incentivise GAL to focus its capital investment plan more closely on users' priorities and projects that benefit consumers. It also questioned the suitability of including the metrics as defined in the Final Proposals since discussions on several areas are still progressing.

Our views and final decision

3.8 GAL's current proposed changes to service standards and rebates are part of an overall package that we consider will operate in consumers' interests.

3.9 In terms of updates to the CSS, we consider the increase in the international departure lounge seating target level from 3.8 to 4.0 to be a valuable change to the CSS for consumers. It responds directly to GAL's own consumer research findings as well as our previous concerns about seating availability and overall passenger experience at the airport. The commitment (in principle) to include a self-service bag drop availability metric will also likely be of benefit to consumers, since self-serve bag drop can help speed up the check-in process and, therefore, improve passengers' overall airport experience.

3.10 We recognise that GAL has not agreed to every change to the CSS that airlines have proposed, and that GAL expects to continue discussing some issues with airlines. It is important this happens and that the discussions reach a satisfactory and timely conclusion. We particularly encourage GAL to consider airlines' point about the measurement of the PSL metric and to put forward proposals to airlines on how this metric could better capture seasonal variations in performance or other solutions that will address the concerns raised by airlines.

3.11 We will continue to monitor developments on the CSS more broadly and expect GAL and airlines to make progress on these matters. To BA's point, we are updating GAL's commitments in the Licence to reflect latest discussions and agreement since the Final Proposals. In this context, and beyond the modifications we propose to make here, we note that the commitments

framework gives flexibility for GAL and airlines to make self-modifications to the service commitments during the extension period on areas on which they agree, and we encourage parties to make use of this mechanism where agreement is reached.

- 3.12 We expect GAL to make final proposals to airlines, on metrics not already agreed, by September 2025. If progress on the above matters is not made in a timely manner, then we will consider whether greater regulatory intervention would be appropriate.

Special assistance services

The Final Proposals document

- 3.13 The Final Proposals explained that a crucial part of service quality is providing special assistance services, including for disabled and less mobile passengers. We welcomed the progress that GAL had made and the steps it had taken to improve the provision of special assistance services.
- 3.14 We noted airlines' concerns around the implications of pre-notification levels being measured at the airport level (rather than airline level). We said we would require GAL to provide us with an update on the operation of the new metric, including on whether and how pre-notification levels are being met within 12 months of the measure coming into effect. We also said we would expect GAL to propose measures to address airlines' concerns around pre-notification levels if issues arise.

Stakeholder views

- 3.15 GAL confirmed it will provide an update to the CAA on the operation of the new CSS metric for special assistance within 12 months of the measure coming into effect, including on whether and how pre-notification levels are being met.
- 3.16 Airlines did not comment on what we said in the Final Proposals in relation to special assistance services.

Our views and final decision

- 3.17 Overall, the new CSS measure for special assistance services is part of GAL's commitments and we remain of the view that it is a welcome and important addition in the interests of consumers. The introduction of this measure represents considerable change since the Licence was last modified in 2021 and responds directly to our previous concerns about the airport's performance in this area.
- 3.18 We have a duty under the Equality Act 2010 to advance equality of opportunity between people who share a protected characteristic (such as a disability) and those who do not. For example, we must consider how to remove or minimise

disadvantages suffered by people due to protected characteristics, and how to meet the needs of people with protected characteristics. In light of this duty, we consider the inclusion of this measure in the CSS is likely to:

- better hold GAL to account for the quality and consistency of services it provides to people requiring special assistance when navigating the airport, and consequently improve the accessibility, inclusivity and overall consumer experience of the airport for disabled and less mobile passengers; and
- better align GAL with European Civil Aviation Conference ("ECAC") standards for providing special assistance services.

3.19 We look forward to receiving GAL's update on the operation of this new metric within 12 months of it coming into effect, including on whether and how pre-notification levels are being met.

Coordinating activities across the airport

The Final Proposals document

3.20 We noted that Gatwick's on time performance ("OTP")⁸ has been an area of ongoing concern and that a key issue was staff shortages at the Gatwick control tower, contributing to delays and flight restrictions. We welcomed the efforts that GAL had taken, together with other stakeholders, to improve OTP. We were also encouraged by the discussions between GAL and the airlines to develop a broader 'basket' of airfield performance measures, including elements such as taxi-time and call-up response time. We agreed that a comprehensive set of metrics capturing all aspects of the airfield eco-system would assist in driving improvements in OTP.

Stakeholder views

3.21 GAL noted it had agreed with the ACC to update the runway availability metric, so that it combines the existing physical runway condition measure as well as a measure of air traffic management ("ATM") flow restrictions, which captures equipment and resources directly within GAL's control. GAL also noted that it is working with the airline community to develop a more comprehensive set of key performance indicators ("KPIs") during 2025 with a view to updating / adding new metrics to the CSS for the summer of 2026.

3.22 GAL noted that in March 2025 it successfully rolled out 'Advanced Mixed Mode' technology with NATS which allows aircraft to be separated by time rather than distance, increasing the throughput of the runway and enhancing resilience.

3.23 The ACC acknowledged GAL's work to date on developing a 'basket' of airfield metrics as well as a shared data platform to increase data transparency and better identify airfield performance levers and constraints. However, it also said:

- GAL's initiatives are minor and aimed at improving third-party performance and, therefore, it does not feel that GAL has actively contributed to improving OTP; and
- that it has not seen tangible evidence of significant investment by GAL directly relating to improving OTP, or of projects targeting root causes of delays such as airfield congestion.

The ACC noted the actions taken were positive steps but would need to be associated with tangible programmes of work by both airlines and GAL to address the root causes of delays and disruptions.

Our views and final decision

3.24 We note the ACC's points and encourage GAL and airlines to work together to identify and take advantage of further opportunities to improve OTP. We recognise OTP is not solely within the airport operator's control and acknowledge the steps GAL has taken so far to improve OTP, some of which necessarily involve working with third-parties, airlines and the groundhandling community. We also note that most flight delays at the airport (apart from knock-on delays) are attributable to airline and air traffic control reasons⁹ and, therefore, GAL's initiatives to incentivise third-party performance seem appropriate and necessary to further the interest of consumers.

3.25 As we explain in chapter 4 we expect GAL to make further progress with airlines on capex governance and if appropriate we will consider these issues further as part of our wider review of the commitments framework in 2027 and 2028.

3.26 The updated runway availability metric responds directly to our previous concerns (particularly in relation to tower air navigation services contracted by GAL) and will likely help to reduce schedule delays at Gatwick. We therefore remain of the view that this change, as well as a continued focus on improving OTP at Gatwick, will deliver benefits for consumers.

3.27 Consistent with the Final Proposals, we consider that:

- GAL and airlines should continue to develop a broader 'basket' of airfield performance measures. We consider that a comprehensive set of metrics capturing all aspects of the airfield eco-system would assist in driving improvements in OTP; and

⁹ According to CAA analysis of 2024 data from Eurocontrol's Central Office for Delay Analysis and CAA UK Airport data.

- as and when additional metrics capturing airfield performance are fully developed, we strongly support their inclusion in the CSS framework.

Chapter 4

A future review of the commitments framework

Introduction

- 4.1 This chapter sets out what we have said about carrying out a future review of GAL's regulatory framework. It summarises stakeholder responses on this issue and sets out our latest views on the way forward.

The Final Proposals document

- 4.2 The Final Proposals said that we intend to review the commitments framework during the period of GAL's commitment extension (that is, before March 2029).
- 4.3 We acknowledged that it has now been over ten years since we introduced the commitments framework and our work on the Final Proposals identified several areas that we may need to review in the future, for example on the incentives on GAL to provide an appropriate quality of service.
- 4.4 We said that we expected to start this review in the second half of 2027 and seek to complete the review by mid-2028 but given the uncertainty over development of the northern runway, we may need to revisit the proposed timings of the review.

Stakeholder views

- 4.5 GAL said that a broad review of the commitments framework would not be necessary. It said that longer-term certainty over the regulatory framework is important and, if a review does take place, it would need to consider some specific issues including:
- the increase in business rates from 2026; and
 - the context of the northern runway project.
- 4.6 In contrast, the airline community firmly supported a review of the commitments framework. For example:
- the ACC wanted a detailed "root and branch" review of the regulatory framework;
 - easyJet raised concerns around how GAL consults with stakeholders, including in relation to investment at the airport and said that GAL's charges, market power and profitability should be considered as part of the review; and

- BA and Vueling also highlighted issues on capex governance arrangements as well as the CSS framework and said that these issues should be considered as part of the review. They said that the current model fails to provide effective protections for users or constrain the market power held by GAL.

- 4.7 Airlines generally took the view that the commitments framework should be reviewed as soon as practicable, with BA suggesting this should happen as early as the spring of 2026 and easyJet suggested a review should start no later than mid-2027. GAL said that the timing of a review must be flexible, and it must not interfere with the commercial process between GAL and airlines for the next regulatory period.
- 4.8 GAL also proposed a change to the Licence so that the period that it is required to notify the CAA and airline operators of its intention to continue the commitments should be reduced from two years (prior to the end of the regulatory period) to one year. GAL said that this approach has several advantages, for example more recent information would be available to inform the CAA's assessment of GAL's next regulatory proposal.

Our views and final decision

- 4.9 It will be important to review the commitments framework ahead of the next regulatory period, noting that the framework was first introduced in 2014, and that it is good practice to periodically review regulatory arrangements to ensure that the regulatory framework continues to deliver for consumers.
- 4.10 Our current view is that the scope of the review should be relatively wide-ranging so that we can assess more broadly whether the commitments framework is continuing to deliver for consumers.
- 4.11 Our work in preparing the Final Proposals identified aspects of the framework that would benefit from review. Airlines have also highlighted several areas of concern including capex governance arrangements and incentives on GAL in relation to service quality. We expect GAL to work with airlines to address these issues as part of its negotiations with airlines on arrangements for the next regulatory period. If issues persist, we will consider how best to address these concerns and whether these are best addressed in our review of the commitments framework.
- 4.12 There is a balance in terms of the timing of a review. If we carry out a review too early, we are unlikely to have enough information on the regulatory period to inform our thinking. That said, the later we leave the review, the more challenges it creates to implement arrangements that will follow this extension period.
- 4.13 We intend to start this review in 2027 and seek to complete it by mid-2028. We expect to start the review after we have received GAL's proposals for its

commitments for the next regulatory period (which GAL is due to submit by March 2027), so that discussions between GAL and airlines on the commitments for the next regulatory period will have already taken place, and we will have received some information from the current regulatory period to inform our thinking. This sequencing provides an opportunity for GAL and airlines to address issues that have been raised in the first instance, ahead of our review. It may be appropriate to consider whether there is a case for an interim extension of the existing commitments if this would facilitate the review of the framework and transition to any new arrangements in a way that furthers the interests of consumers.

- 4.14 Given the uncertainty around the development of the northern runway, we may need to revisit these proposed timings, for example, if GAL negotiates a new set of commitments with airlines for us to consider.
- 4.15 Finally, we have decided not to change the notice period that GAL must give the CAA and airlines of its intentions regarding continuation of commitments. This proposed change has implications for the future review of the commitments framework and the timescales for GAL to engage with stakeholders on the next set of commitments. It is a new point which has not been consulted on, so it is not appropriate for us to change the long-standing approach at this late stage. Instead, we intend to consider whether GAL's proposal is in the interest of consumers as part of our future review of the commitments framework.

APPENDIX A

Our Duties

- A.1 The CAA is an independent economic regulator. Our duties in relation to the economic regulation of airport operation services (AOS) are set out in the Civil Aviation Act 2012 (CAA12).
- A.2 CAA12 gives the CAA a general ('primary') duty to carry out its functions under CAA12 in a manner which it considers will further the interests of users of air transport services regarding the range, availability, continuity, cost and quality of AOS.
- A.3 CAA12 defines users of air transport services as present and future passengers and those with a right in property carried by the service (i.e. cargo owners). We often refer to these users by using the shorthand of 'consumers'.
- A.4 The CAA must also carry out its functions, where appropriate, in a manner that will promote competition in the provision of AOS.
- A.5 In discharging this primary duty, the CAA must also have regard to a range of other matters specified in CAA12. These include:
- the need to secure that each licensee is able to finance its licensed activities;
 - the need to secure that all reasonable demands for AOS are met;
 - the need to promote economy and efficiency on the part of licensees in the provision of AOS;
 - the need to secure that the licensee is able to take reasonable measures to reduce, control and/or mitigate adverse environmental effects;
 - any guidance issued by the Secretary of State or international obligation on the UK notified by the Secretary of State; and
 - the Better Regulation principles.
- A.6 CAA12 also sets out the circumstances in which we can regulate airport operators through an economic licence. In particular, airport operators must be subject to economic regulation where they fulfil the market power test as set out in CAA12. Airport operators that do not fulfil the test are not subject to economic regulation. As a result of the market power determinations we completed in 2014, the airport operators of both Heathrow and Gatwick airports are subject to economic regulation.
- A.7 We are only required to update these determinations if we are requested to do so and there has been a material change in circumstances since the most recent determination. We may also undertake a market power determination whenever we consider it appropriate to do so.

APPENDIX B

Licence modifications

Introduction

- B1 The modifications that the CAA has decided to make to the Licence are set out below, with the changes marked against the current provisions of the Licence. They will take effect from 7 July 2025, but they will apply to GAL's charges and revenues from 1 April 2025. Where a condition, or part of a condition, is not set out below, the CAA has not made a decision to modify it.
- B2 The reasons for, and effects of, the modifications set out in this Appendix are set out in chapter 1 (GAL's pricing commitment and levels of profitability) chapter 2 (Capacity expansion) and chapter 3 (GAL's service commitments) of this notice.

What the modifications cover

- B3 The modifications that we have decided to make, and which are set out below, are almost identical to those set out in the Final Proposals with the only exceptions being:
- minor typographical changes to paragraph 18 of the commitments and paragraph 1.10 of the Schedule 1 price commitment;
 - a minor amendment to Schedule 2 service commitment (paragraph 8) relating to the calculation of rebates to bring the terminology in line with the updated service standards so that the special assistance metric is now included as one of the metrics that is calculated at the airport level; and
 - minor updates to metrics in Annex I: Core Service Standards (rebates) again to bring the terminology in line with the updated service standards. The specific changes to Annex I are to:
 - (i) update the definition from Special Assistance to Assisted Travel (Special Assistance) for the relevant measures in sections (i) and (vii) of Annex I;
 - (ii) clarify that the maximum rebate for community app availability and Assisted Travel (Special Assistance) measures are calculated at the airport level; and
 - (iii) update footnote 2 to reflect latest update from GAL on the service drop availability target which is still to be set following software updates which were due at the end of March 2025 to enhance availability reporting capabilities and ensure accuracy ahead of GAL's proposals for the new metric.

- B4 These updates represent changes to a few specific service quality targets and rebates and implement the metrics and targets included in the latest service standards commitments, following discussions between GAL and airlines. We do not consider that the modifications that we have decided to make differ significantly from those set out in the Final Proposals.
- B5 As discussed in the Final Proposals we have decided to:
- delete the current “Appendix: The Commitments, as set out in the Gatwick Conditions of Use” set out in the Licence in its entirety; and
 - replace with a new “Appendix: Commitments by Gatwick Airport Limited”.
- B6 We consider that this approach of separating the Commitments from the Conditions of Use as a whole reflects the facts that the Conditions of Use:
- include a range of material that is not relevant to the Commitments or the Licence; and
 - are updated on an annual basis, so that over time there is a mismatch between the Conditions of Use in operation in any given year and those set out in the Licence.¹⁰
- B7 The reasons for and effect of this change of approach to incorporating the Commitments in the Licence is that the obligations GAL is subject to under the Licence are clearer and more targeted.
- B8 GAL has said that it expects to make further changes to Annex I of its service commitments during the extension period to reflect the conclusion of discussions with the ACC on a limited number of CSS metrics that are still under review. As with previous commitments, the Commitments to be incorporated in the Licence contain a self-modification process that allows certain specified parts of its commitments to be modified by agreement. Conditions C1.4 and C1.5 of the Licence have been modified to retain the self-modification process in light of the changes we have made to the way in which the Commitments are incorporated into the Licence discussed above. We expect these updates to be dealt with using this process.

Proposed modifications to the Licence

- B9 The modifications to the Licence that the CAA has decided to make to Condition C1 (Commitments) are set out below, and except where indicated, are set out in “tracked change” format in red compared to the current version of the Licence

¹⁰ Further discussion on our reasons for this change can be found in appendix C, paragraph C3 of our Final Proposals [CAP3078](#).

which took effect on 18 June 2021. Where a condition, or part of a condition, is not set out below, no modifications to it are proposed.

C1 Commitments

C1.1 The Commitments ~~set out in the Appendix~~ are conditions of this Licence ~~and shall be set out in the Conditions of Use.~~

C1.2 ~~The Licensee shall include the Commitments in the Conditions of Use. Obligations placed on third parties in the Commitments shall not be treated as conditions of this Licence.~~

C1.3 In complying with this Condition C1 and the Commitments, the Licensee shall, so far as reasonably practicable, do so in a manner designed to further the interests of passengers regarding the range, availability, continuity, cost and quality of airport operation services.

Modification of the Commitments

C1.4 The Licensee shall not modify the Commitments otherwise than ~~in accordance with the terms of the Commitments and the Licensee shall inform the CAA of any modifications it has made as soon as reasonably practicable.:~~

~~(a) in the circumstances set out in the modification provisions of the Commitments (as defined in Condition C1.7(c)); or~~

~~(b) in accordance with Condition C1.6.~~

C1.5 ~~The Licensee can make M~~modifications ~~can be made~~ to the Commitments under Condition C1.4~~(a)~~ at any time.

C1.6 Where the CAA makes any changes to the conditions of this Licence under section 22 of the Act, the Licensee shall, as soon as reasonably practicable and subject to the outcome of any appeal to the Competition and Markets Authority under section 25 to 30 of the Act, make any necessary consequential changes to the Conditions of Use.

Definitions

C1.7 In this Condition C1:

(a) ~~the Commitments are the commitments made by the Licensee to airline users of London Gatwick Airport as set out in the Appendix to this Licence and means the contractual obligations given by the Licensee to providers of air transport services at Gatwick Airport and in the case of certain obligations also to other service providers of Gatwick Airport as contained in the following provisions of the Conditions of Use as agreed by the CAA and to be effective from the date this Licence comes into force and as~~ amended from time to time under Conditions C1.4. ~~to C1.6 namely:~~

- ~~(i) Condition 2.1.2 of the Conditions of Use (Applicability and Enforceability of Conditions of Use);~~
 - ~~(ii) Condition 2.1.3 of the Conditions of Use (Variation);~~
 - ~~(iii) Conditions 2.1.11-2.1.20 of the Conditions of Use (Dispute Resolution Procedure);~~
 - ~~(iv) Condition 5 of the Conditions of Use (Price Commitment);~~
 - ~~(v) Condition 6 of the Conditions of Use (Service Standard Commitment);~~
 - ~~(vi) Condition 7 of the Conditions of Use (Continuity of Service Plan, Operational and Financial Resilience);~~
 - ~~(vii) Condition 8 of the Conditions of Use (Investment and Consultation Commitment);~~
 - ~~(viii) Condition 9 of the Conditions of Use (Financial Information Commitment);~~
 - ~~(ix) Schedules 2, 3 and 4 to the Conditions of Use and associated appendices; and~~
 - ~~(x) Annex to the Conditions of Use (the Gatwick Airport Core Service Standards Handbook);~~
- (b) the Conditions of Use means the Gatwick Airport Conditions of Use, published by the Licensee ~~as defined in the Appendix.; and~~
- ~~(c) the modification provisions of the Commitments referred to in Condition C1.4(a) means the modification provisions set out at:~~
- ~~(i) Condition 8.2 of the Conditions of Use (investment and consultation commitment);~~
 - ~~(ii) paragraph 3 of Schedule 2 to the Conditions of Use (price commitment);~~
 - ~~(iii) paragraph 5 of Schedule 3 to the Conditions of Use (service commitments); and~~
 - ~~(iv) the final paragraph in Schedule 3 Appendix I to the Conditions of Use (core service standards);~~

Proposed modifications to replace the existing Appendix setting out the Conditions of Use with new Appendix based solely on the Commitments

Appendix: Commitments by Gatwick Airport Limited

Definitions

'Airport Charges' means charges for the landing and taking off of aircraft, the parking of aircraft and the departure of passengers.

'Airport User' means any Operator or other person using the facilities at the Airport other than as a Passenger.

'Bilateral Contracts' means any contract relating to Airport Charges payable between an Operator and Gatwick Airport Limited other than the Conditions of Use.

'Conditions of Use' constitute an offer by Gatwick Airport Limited to permit the use of its facilities on the terms set out therein. The use of any facilities at the Airport whether airside or landside other than as a Passenger constitutes acceptance of the Conditions of Use. It is intended that the Conditions of Use constitute a contract as between Gatwick Airport Limited and each and every Airport User in relation to obligations relevant to them.

'Core Service Charges' means those charges referred to in Appendix I of the Schedule of Charges set out in the Conditions of Use as may be varied from time to time in line with these commitments with the exception of any charges levied in respect of whole plane cargo flights, positioning flights and general and business aviation.

'Core Service Rebate' is the amount payable by Gatwick Airport Limited to Operators paying Core Service Charges for commercial passenger services operated under the Conditions of Use or similar charges for commercial passenger services under the terms of Bilateral Contracts where the application of the Core Service Standards have not been waived or replaced.

'Core Service Standards' are standards for services and facilities in connection with the landing, parking or taking off of aircraft at the Airport to be subject to penalties / rebates as defined at Annex 1 to Schedule 2.

'Core Service Standards Rebate Level' is the amount payable by Gatwick Airport Limited for failure to meet its Core Service Standards.

'Gross Yield' means the Gross Revenue divided by the total number of Passengers using the Airport in any Relevant Year.

'Maximum Gross Yield' for a Relevant Year or '(Myt)' is defined as the Underlying Gross Yield (Ut) plus the Permitted Security Cost (St) as such terms are defined in Schedule 1.

'Operator' in relation to an aircraft means the person for the time being having the management of that aircraft.

'Passenger' means any persons carried on an aircraft with the exception of the flight crew and cabin staff operating the aircraft flight.

'Permitted Security Cost' reflects changes in the required security standards at the Gatwick Airport Limited and is defined at Schedule 1: Price Commitment.

‘Relevant Year’ or **‘t’** means the period of twelve months ending on 31 March in each year and **‘t-1’** means the year immediately preceding **‘t’**.

‘Service Rebate Percentage’ is the maximum penalty / rebate payable by Gatwick Airport Limited for failure to meet its Core Service Standards and is defined at Schedule 2: Service Commitment.

‘Special Assistance Services’ means the special assistance services described in the Special Assistance Gatwick Airport Directive and General Advice Notice.

‘Underlying Gross Yield’ is the Maximum Gross Yield minus the Permitted Security Cost.

Introduction

1. This Appendix sets out the commitments made by Gatwick Airport Limited for the period from 1 April 2025 to 31 March 2029 (the **‘Term’**). Gatwick Airport Limited will reflect these commitments in its Conditions of Use published in each year during the Term.

Price commitment

2. Gatwick Airport Limited’s maximum average annual rate of increase in the Underlying Gross Yield (i.e. the Maximum Gross Yield excluding the Permitted Security Cost) will be no more than CPI-1% for the first two years of the Term (01 Apr 25 – 31 Mar 27) and no more than CPI for the second two years of the Term (01 Apr 27 – 31 Mar 29), subject to the Underlying Gross Yield not reducing in nominal terms in the first two years of the Term. The Underlying Gross Yield ceiling remains a year-by-year limit rather than an average measured over the Term.
3. Gatwick Airport Limited will comply with the price commitments set out in Schedule 1 throughout the Term.
4. Gatwick Airport Limited will provide Operators with comprehensive information and consultation on the evolution of airport charges on an annual basis.
5. Gatwick Airport Limited commits to seek to increase the capacity and resilience of its airfield infrastructure and include details of its plans to do so annually as part of its capital investment plans. It further commits to continue to bear the cost and risks incurred during the Term developing these plans, securing necessary Government approvals, and implementing the necessary projects. These include the potential projects to maximise the use of the existing main runway and to bring into routine use the existing Northern Runway.

Service standards commitment

6. Gatwick Airport Limited commits to continue maintaining good service delivery for its passengers and airlines for the Term and will remain financially incentivised to do so through the continuation of the Core Service Standards regime which it will continue to operate for the Term. The Core Service Standards are set out in Annex I to Schedule 2.

7. The Core Service Rebate is the amount payable by Gatwick Airport Limited to Operators paying Core Service Charges for commercial passenger services operated under the Conditions of Use or similar charges for commercial passenger services under the terms of Bilateral Contracts where the application of the Core Service Standards have not been waived or replaced if it fails to meet the Core Service Standards Rebate Level as set out in Annex I to Schedule 2 and calculated in accordance with Schedule 2 paragraphs 1 and 2. In any Relevant Year the Service Rebate Percentage shall not exceed 7% of revenue from Core Service Charges payable by Operators in the Relevant Year.
8. The Core Service Rebate shall be paid quarterly, within one month of the end of each quarter (being June, September, December, March). The rebates shall be calculated by terminal (with the exception of special assistance, runway and community app availability which will be calculated at an airfield level and the same percentage applied to both terminals) by month and allocated to the Operators that used the terminal pro-rata with the Core Service Charges payable in that month.
9. Rebates payable in respect of a Relevant Year will be based on a forecast of Core Service Charges revenue for that Relevant Year, for each terminal. To the extent that actual revenues differ from forecast revenues, rebates will be recalculated and under- or over- payments of rebate will be reconciled and paid or invoiced (as appropriate) to the Operators by no later than 31 August following the Relevant Year, one month after the deadline for Gatwick Airport Limited to publish its price monitoring report for the Relevant Year to the CAA.
10. The Airline Service Standards are set out in Annex II to Schedule 2. An Operator that has not met the applicable Airline Service Standards Target Level as set out in Annex II to Schedule 2 will have its entitlement to Core Service Rebates reduced, in accordance with paragraph 3 of Schedule 2.

Continuity of service plan, operational and financial resilience commitment

11. Gatwick Airport Limited shall prepare and at all times maintain a continuity of service plan. The plan shall describe such legal, regulatory, operational and financial information that an administrator, receiver, or new management might reasonably be expected to require, in addition to the aerodrome manual and other statutory or regulatory documents which Gatwick Airport Limited is required to maintain, in order for it to efficiently carry out its functions and to remain compliant with its aerodrome licence. Gatwick Airport Limited shall provide the CAA with details of any material variations to the continuity of service plan.
12. Gatwick Airport Limited will develop and maintain an operational resilience plan which will set how it intends to operate an efficient and reliable airport to the levels required by the Core Service Standards or otherwise agreed with users and, in particular, how it will secure the availability and continuity of airport operation services, particularly in times of disruption. Gatwick Airport Limited will consult annually on the resilience plan with all interested parties including the CAA. Such plans and any amendments will have regard to any relevant guidance issued by the CAA.

13. Prior to publishing any plans or other documents under paragraph 12, Gatwick Airport Limited shall consult all relevant parties on those plans or documents in a fair and timely manner providing consultees with an adequate level of information.
14. Gatwick Airport Limited shall so far as is reasonably practicable coordinate and cooperate with all relevant parties at the Airport to meet the requirements of this operational resilience commitment and shall at least twice a year hold a meeting to which all relevant parties or organisations representing them shall be entitled to attend to discuss any issues pertinent to this operational resilience commitment.
15. All providers of air transport services and ground handlers shall use best endeavours to cooperate with Gatwick Airport Limited in implementing the plan(s).
16. During periods of service disruption Gatwick Airport Limited shall use reasonable endeavours to coordinate the communication of operational information and to ensure the provision of timely, accurate and clear information about its operations to Passengers of air transport services as well as information as to their rights under denied boarding regulations.
17. The Directors of Gatwick Airport Limited will provide an annual confirmation of adequate financial resources to operate the Airport and provide the Core Services.
18. Gatwick Airport Limited shall not amend, vary, supplement or modify or concur in the amendment, variation, supplementation or modification of any of its finance documents in respect of credit rating requirements (whether in each case in the form of a written instrument, agreement or document or otherwise (a '**Variation**') unless it has given prior written notice thereof to the CAA).
19. Gatwick Airport Limited shall, as soon as reasonably practicable notify the CAA of the possibility of any such Variation; and provide a summary of the executed change. The provisions of this condition shall not apply to any administrative or procedural variation.

Investment and consultation commitment

20. Gatwick Airport Limited shall maintain the Airport to comply with all applicable safety and environmental requirements and to maintain and develop the infrastructure of the Airport to ensure the Core Service Standards are met.
21. Gatwick Airport Limited commits to invest at least £120m in 2018/19 prices per year on average over the Term.
22. Gatwick Airport shall invest at least £1.2bn in 2018/19 prices during the period commencing 1 April 2019 and ending 31 March 2029, save where paragraph 23 applies.
23. Gatwick Airport Limited may invest less than £1.2bn in 2018/19 prices during the period commencing 1 April 2019 and ending 31 March 2029 if consent to such a proposal is given in writing by:

- a. Operators carrying at least 67% of Passengers in the 12 months immediately preceding the date on which Gatwick Airport Limited notified Operators of its proposal to invest less than £1.2bn (during the period commencing 1 April 2019 and ending 31 March 2029); and
- b. Operators representing at least 50% of the Operators responding in writing.

24. Gatwick Airport Limited will undertake consultation in relation to the capital investment to be undertaken during the Term in accordance with the capital investment consultation framework set out in the Conditions of Use.

Financial information commitment

25. To ensure there continues to be the provision of sufficient information for Operators to understand whether charges are reasonable, Gatwick Airport Limited will ensure that throughout the Term it provides either through its statutory accounts or through a separate audited statement a level of disclosure in relation to operating costs, revenues, fixed asset base, depreciation and capital expenditure equivalent to the level of disclosure in its Annual Report and Financial Statements for the year ended 31 December.

Schedule 1: Price Commitment

1. For the purposes of this Schedule, in addition to the definitions set out at the start of the Appendix, the following definitions apply:
 - 1.1. **'Actual Gross Yield'** means the Gross Yield determined following the completion of a Relevant Year.
 - 1.2. **'Actual Net Yield'** means the Net Yield determined following the completion of a Relevant Year.
 - 1.3. **'Core Services'** means such services and facilities in connection with the landing, parking or taking off of aircraft at the Airport for which a standard is set in Annex 1 to this Schedule.
 - 1.4. **'Gross Revenue'** means the sum in a Relevant Year of:
 - 1.4.1. revenue arising from Core Service Charges for relevant commercial passenger services operated under the terms of the published airport tariff set out in the Conditions of Use; and
 - 1.4.2. revenue arising from charges equivalent to the Core Service Charges for relevant commercial passenger services operated under the terms of Bilateral Contracts, but substituting for the actual revenue received the revenue that would have been received if such services had been offered and charged under the terms of the Schedule of Charges set out in the then applicable Conditions of Use but excluding revenue from any other charges not included

within the definition of Core Service Charges whether levied under the terms of the Conditions of Use or under the terms of Bilateral Contracts or separate commercial arrangements.

- 1.5. **'Net Yield'** means the Gross Yield adjusted to reflect the impact of discounts and marketing support offered under Bilateral Contracts.
- 1.6. **'Planned Gross Yield'** refers to the Gross Yield assumed at the time the Core Service Charges for the Relevant Year were set, as detailed in Gatwick Airport Limited's annual charges consultation documents. The Planned Gross Yield shall not exceed the Maximum Gross Yield.
- 1.7. **'Qt'** means the total number of Passengers using the Airport in a Relevant Year.
- 1.8. **'CPI t-1'** means the percentage change (positive or negative) in the CPI All Items Index (D7BT): Jan 2015=100 published by Office for National Statistics between August in year t-1 and the immediately preceding August.
- 1.9. **'St'** means the permitted security cost per passenger in Relevant Year t, if any, being: the aggregate of:
 - 1.9.1. 90% of the amount by which the increase, or decrease, in security costs at the Airport in year t, which arise as a result of a change in required security standards at the Airport, exceeds £1.75m; and
 - 1.9.2. the cost of installing new hold baggage screening equipment in order to meet the requirements of the Department for Transport, the European Commission or other aviation security regulator with the cost in year t calculated by amortising the capital costs and associated funding costs over the assessed life of the equipment, in equal annual amounts divided by the total number of Passengers using the Airport (Qt). A methodology for recovering the costs associated with the EDS Standard 3 project was consulted on with the airline community in 2016. Full details can be found in '2017/18 Airport Charges Consultation, New Hold Baggage Screening Equipment, Explosive Detection Systems (EDS) Standard 3' published by GAL on 6 June 2016 and '2017/18 Airport Charges Consultation, New Hold Baggage Screening Equipment, Explosive Detection Systems (EDS) Standard 3, Decision Advice' published by Gatwick Airport Limited on 2 September 2016.
 - 1.9.3. The capital and operating costs of implementing the Department for Transport mandate for Next Generation Security Checkpoints which includes new requirement for screening of passengers and staff and their belongings (i.e. body scanners and C3 cabin baggage technology). The capital costs and associated funding costs will be subject to consultation in accordance with the Conditions of Use and a similar methodology to the amortisation of costs will be adopted as for hold baggage screening as outlined in paragraph 1.9.2.

1.10. 'Ut' in Relevant Year t, defined as the Underlying Gross Yield:

Where $t=2025/6$ or $t=2026/7$

$U_t = U_{t-1} (1 + CPI_{t-1}-1\%)$ and,

That if the formula above would lead to $U_t < U_{t-1}$, then $U_t = U_{t-1}$

Where $t=2027/8$ or $t=2028/9$

$U_t = U_{t-1} (1 + CPI_{t-1})$

2. Gatwick Airport Limited shall set the Core Service Charges in any Relevant Year to recover the Planned Gross Yield.

2.1. Subject to paragraph 2.3 below, should the Actual Gross Yield be greater than the Maximum Gross Yield, a rebate will be issued to those carriers that paid Core Service Charges or operated under Bilateral Contracts where such contracts adopt the airport tariff as a reference price index in the Relevant Year. For each carrier, the value of the rebate for the Relevant Year will be equal to the Core Service Charges or equivalent paid by the carrier multiplied by the percentage difference between the Maximum Gross Yield and the Actual Gross Yield. Rebates will be issued to carriers by no later than 31 August following the Relevant Year, one month after the deadline for Gatwick Airport Limited to publish its price monitoring report for the Relevant Year to the CAA.

2.2. Should the Actual Gross Yield be less than or equal to the Maximum Gross Yield, no rebates will be due.

2.3. The provisions of paragraph 2.1 of this Schedule 2 shall not have effect before the Relevant Year ending 31 March 2023.

3. Any amendment to the Maximum Gross Yield may be made by Gatwick Airport Limited if consent to that amendment is given in writing by:

3.1. Operators carrying at least 67% of passengers (in the 12 months immediately preceding the date on which Gatwick Airport Limited notified Operators of the proposed amendment to the Maximum Gross Yield) on airlines operating at the Airport paying the Core Service Charges or under Bilateral Contracts where such contracts adopt the airport tariff as a reference price index and

3.2. Operators representing at least 50% of the Operators responding in writing.

4. When undertaking the annual consultation on airport charges, Gatwick Airport Limited will publish a comparison of the actual net yield, the Actual Gross Yield and the Maximum Gross Yield for the most recently completed Relevant Year and estimates for the current Relevant Year. Gatwick Airport Limited will also publish the Planned Gross Yield and the Maximum Gross Yield for the Relevant Year which is subject to consultation.

5. Gatwick Airport Limited shall notify the CAA and all Operators at the Airport at least 2 years prior to the end of the Term of its intention with regards to the continuation of

commitments, if any, on pricing, service standards, continuity of service, operational and financial resilience, investment consultation and financial information.

6. Gatwick Airport Limited shall make available Core Services to all Operators at the Core Service Charges rate as amended from time to time.
7. Subject to complying with paragraph 6 above Gatwick Airport Limited may offer enhancements or additions to the Core Services either under Bilateral Contracts or at charges separate from the Core Service Charges.

Schedule 2: Service Commitment

1. The Core Service Rebate to Operators in the aggregate in month 'j' shall be calculated as:

Core Service Rebate T-j = Service Rebate Percentage (calculated in accordance with paragraph 2 below) T-j x Annual Core Service Charge T

Where:

Annual Core Service Charge T =

in respect of terminal 'T', in any Relevant Year, is the annual revenue arising from Core Service Charges or equivalent charges under Bilateral Contracts for relevant commercial passenger services operated by Operators under the terms of the published airport tariff set out in the Conditions of Use.

The rebate by each terminal will be allocated to Operators that used the terminal pro-rata with the Core Service Charges or equivalent charges under Bilateral Contracts payable by each Operator in relation to that terminal in that month. The deduction to be made from this rebate amount if an Operator fails to meet airline standards will be calculated as:

Deduction from Core Service Rebate a,T,j = Airline Standard Reduction Percentage (calculated in accordance with paragraph 3 below) a,T,j x Core Service Charge a,T,j

For the avoidance of doubt, the deduction only operates to reduce the Core Service Rebate (if any) payable by Gatwick Airport Limited to an Operator; it cannot result in a payment due from the Operator to Gatwick Airport Limited.

2. The Service Rebate Percentage in month 'j' for each terminal 'T' shall be calculated as follows: Service Rebate Percentage

$$T,j = \sum_{i \text{ Standard}} 2 \times (p_{i,T} / 12) \times (x_{i,T,j})$$

Where:

$p_{i,T}$ = the maximum potential Core Service Standard rebate percentage for standard "i", for terminal "T", as set out in Annex I to this Schedule.

If the standard “i”, for terminal “T”, in month “j” is greater than or equal to the Core Service Standard rebate level, as set out in column 4 of Annex I to this Schedule then $x_{i,T,j} = 0$.

If the standard ‘i’, for terminal ‘T’, in month ‘j’ is less than the Core Service Standard rebate level, as set out in Annex I to this Schedule, then $x_{i,T,j} = 1$ or 0, if prior to month ‘j’ there have been any six or more months in a Relevant Year in which the standard ‘i’, for terminal ‘T’ was less than the service rebate level, as set out in Annex I to this Schedule. This provision applies in precedence to, and overrides, the provisions above providing for the calculation of $x_{i,T,j} = 1$.

3. Airline Standard Reduction Percentage for each airline ‘a’ shall be calculated as:

$$\text{Airline Standard Reduction Percentage } a_{T,j} = \sum_{\text{Standard } k} r_{k,T} \times z_{a,T,j,k}$$

Where:

$r_{k,T}$ = the potential Airline Service Standard Reduction Percentage per month for standard ‘k’, for terminal ‘T’, as set out in column 4 of Annex II to this Schedule.

$z_{a,T,j,k} = 0$ if the standard ‘k’, for terminal ‘T’, in month ‘j’ is greater than or equal to the Airline Service Standard Target Level, as set out in column 4 of Annex II to this Schedule; or 1 if the standard ‘k’, for terminal ‘T’, in month ‘j’ is less than the Airline Service Standard Target Level, as set out in column 4 of Annex II to this Schedule.

4. Gatwick Airport Limited shall be under no obligation to pay the Core Service Rebate to an Operator which has failed to pay Gatwick Airport Limited any amounts due and owing under the Conditions of Use.

Amendment

5. Any amendment to the Airline Service Standards or the Core Service Standards may be made by Gatwick Airport Limited following consultation with the Gatwick Airline Operators Committee and the Gatwick Airport Consultative Committee if consent to that change is given in writing by:
- Operators carrying at least 67% of passengers (in the 12 months immediately preceding the date on which Gatwick Airport Limited notifies Operators of the proposed amendment) travelling through the Airport on airlines operating at the Airport paying the Core Service Charge or operating under Bilateral Contracts which have not waived or replaced these Core Service Standards provisions; and
 - Operators representing at least 50% of the Operators responding in

writing.

Monitoring

6. Gatwick Airport Limited shall monitor and publish on the Gatwick Airport website a monthly report in relation to certain Airport-wide activities including:
 - a. The Core Service Standards.
 - b. The Airline Service Standards.
 - c. Special Assistance service and notification.
 - d. On-time performance (departures and arrivals).
7. If Gatwick Airport Limited fails to meet any Core Service Standard for any six consecutive months it will prepare an improvement plan to address the failure and will consult with the Gatwick Airline Consultative Committee and the CAA on its proposals and will then implement the improvement plan.

On-time performance

8. Gatwick Airport Limited will continue to seek ways to expand its capacity, resiliently, to meet the growing demand through innovation, investment and process improvements. Gatwick Airport Limited will provide leadership and focus in the drive for on-time performance, while recognising that punctuality is a product of efficient delivery from many organisations; airlines, ground handlers and air traffic controllers, as well as the airport operator.
9. Starting from the IATA Summer 2021 season, Gatwick Airport Limited introduced new service targets to underpin its continuing focus on improving punctuality and operational resilience:
 - a. Average departure punctuality will have a target of at least 70% in the summer season and 75% in the winter season. (Punctuality is defined as the percentage of scheduled flights which depart from their stand no more than 15 minutes and 59 seconds after their scheduled departure time.)
 - b. Gatwick Airport Limited will report to airlines and their ground handlers on the punctuality performance of each season within one month after its conclusion and publish results on its website.
 - c. If the reported seasonal punctuality drops below the relevant target set out in 9a above, then Gatwick Airport Limited will within three months of the publication of the punctuality performance set out in 9b above consult with the airlines, their ground handlers and Passenger Advisory Group on a root cause analysis of the Airport's and airlines' collective performance over the season, and then develop with

airlines a punctuality improvement plan for the following equivalent season. If appropriate, Gatwick Airport Limited may invest in a portfolio of operational incentives and financial incentives for airlines and/or their ground handlers.

10. For avoidance of doubt, it is the responsibility of airlines operating at Gatwick Airport to ensure that they procure sufficient ground handling resources to enable them to operate their schedule and deliver baggage to their customers in a reasonable time. Gatwick Airport Limited will design any measures to not disadvantage those airlines who already run a resilient operation at Gatwick Airport.

Annex I: Core Service Standards (Rebates)

	(1) Standard	(2) Metric	(3) Target Level	(4) Maximum potential rebate (both terminals, unless noted)
(i)	Passenger satisfaction measures			
	Departure Lounge Seat Availability	Moving Quarterly Average QSM score	4.0	0.20%
	Cleanliness		4.0	0.20%
	Way-Finding		4.1	0.20%
	Flight Information		4.2	0.10%
	Passenger Wi-Fi		4.0	N/A
	Assisted Travel (Special Assistance)	Moving Quarterly Average Assisted Travel survey	4.0	N/A
(ii)	Security			
	Central Passenger Search	Times <5 Minutes & Times <15 Minutes	95% 98%	1.0%
	Central Passenger Search ¹	Day when single time slice > 30 Minutes	Single event per day	0.05% per day (0.7% max per month)
	Staff Search (Atlantic and Jubilee)	Times <5 Minutes	97%	0.175%
	Staff Search (Terminals)	Times <5 Minutes	97%	0.175%
	External Control Posts Search	Times <10 Minutes	95%	0.35%
(iii)	Passenger operational measures			
	Passenger Sensitive Equipment (General)	% Time Available	99%	0.05%
	Passenger Sensitive Equipment (Priority)	% Time Available	99%	0.30%
	Inter Terminal Shuttle System	% Time 1 Car Available & % Time 2 Cars Available	99% 97%	0.50% (NT)
(iv)	Airline operational measures			
	Stands	% of required occasions (arriving aircraft)	99.5%	0.15%
	Jetties	% of required occasions (arriving aircraft)	99.0%	0.30%
	Pier Service	Moving annual average % passengers pier served	95.0%	0.50%

	(1) Standard	(2) Metric	(3) Target Level	(4) Maximum potential rebate (both terminals, unless noted)
	Fixed Electrical Ground Power	% of required occasions (arriving aircraft)	99.5%	0.15%
	Runway Availability and Capacity	Dual metric which considers: a) the physical condition of the runway and b) local ATM flow restrictions resulting from lack of resources (e.g. air traffic controllers) or failure of equipment (e.g. navigation aids) directly within the control of Gatwick Airport Limited		Depends on duration: 15 mins to 45 mins (£100,000) > 45 mins (£200,000) Maximum annual penalty 0.5%.
	Self-Serve Bag Drop Availability		TBD ²	0.10%
(v)	Baggage Measures			
	Arrivals Reclaim (Baggage Carousels)	% Time Available	98.5%	0.40%
	Outbound Baggage	OBP Daily	98%	0.175% daily (0.7% max per month across both Outbound Baggage metrics)
	Outbound Baggage	OBP Monthly	99%	
(vi)	IT Measures			
	Flight Information Display Screen system	% Time Available	99.9%	0.10%
	Community App Availability	% Time Available	99.5%	0.10% (Airport level)
(vii)	Assisted travel (Special Assistance)			
	Assisted Travel (Special Assistance)	ECAC arrivals target achievement (monthly)	98% pax in: 20 mins (notified) 45 mins (un-notified) ³	0.30% (Airport level)
	Total			7.25% (NT) 6.75% (ST)

¹ In a day when the single time slice is greater than 30 minutes the maximum daily penalty is 0.05% with a maximum monthly penalty of 0.70%.

² Software updates are due from the equipment supplier at the end of March 2025 to enhance availability reporting capabilities and ensure accuracy ahead of GAL's proposals for the new metric.

³ ECAC arrivals targets are set out in CAA CAP1228.

Calculation and measurement of the Core Service Standards will be undertaken in accordance to the 'Gatwick Airport Core Service Standards Handbook' annexed to the Conditions of Use, as published by Gatwick, which may be amended from time to time by agreement between Gatwick Airport Limited, the Gatwick Airline Operators Committee and the Gatwick Airport Consultative Committee.

Annex II: Airline Service Standards

(1) Standard 'k'	(2) Metric	(3) Target Level	(4) Reduction Percentage
Check-in performance – queue time	Times <30 Minutes	95%	1.0%
Arrivals bag performance – last bag on carousel	Times <55 Minutes (large aircraft) Times <40 Minutes (small/medium aircraft)	95%	0.50%

Calculation and measurement of the Airline Service Standards will be undertaken in accordance the 'Gatwick Airport Airline Service Standards Calculation Guide' annexed to the Conditions of Use, as published by Gatwick, which may be amended from time to time by agreement between Gatwick Airport Limited, the Gatwick Airline Operators Committee and the Gatwick Airport Consultative Committee.

APPENDIX C

Glossary

The terms used in this consultation have the meanings set out below.

Acronym/term	Description
ACC	The Airport Consultative Committee, representing airline users of Gatwick
CAA, “we”, “us”, “our”	The Civil Aviation Authority
CAA12	The Civil Aviation Act 2012
Consumers	We use this term to cover “users” are defined in section 69 CAA12 as passengers and those with “a right in property” (cargo) carried by air transport services and includes future users.
CPI	Consumer Prices Index, a measure of price inflation calculated by the Office for National Statistics
CSS	Core Service Standards
DCO	Development consent order granted under the Planning Act 2008
ECAC	European Civil Aviation Conference

Acronym/term	Description
GAL	Gatwick Airport Limited, the operator of Gatwick airport
HAL	Heathrow Airport Limited, the operator of Heathrow airport
IAG	International Airlines Group
NERL	NATS (En Route) plc
NSL	NATS Services Limited
Opex	Operating expenditure
OTP	On-time performance
RAB	Regulatory Asset Base
RPI	Retail Prices Index, a measure of price inflation calculated by the Office for National Statistics