Press release from Heathrow Hub, Extended Runway scheme

CAA turns screw on Heathrow airport, but consumers and airlines still face higher charges

- Consumers and airlines face higher charges as the CAA grants Heathrow £300m.
- The CAA insists on greater efficiency from Heathrow as it seeks to promote competition and to protect consumers.
- It is now time for Heathrow's shareholders to inject new equity.

27th April 2021 - The Civil Aviation Authority has today formally declined Heathrow Airport Ltd's request for a £2.6bn addition to its funding model in order to bail it out for the costs of the pandemic. However, it has conceded £300m, which will be added to the airport's Regulatory Asset Base and be funded by higher charges on passengers and airlines. Separately, it has also approved adding another £500m to the RAB to pay for the 3rd Runway, a project most observers believe will never be built and which, at a cost of at least £40bn, would in any case be completely unaffordable.

Heathrow has more than £16bn of debt, while distributing over £4 billion of dividends to shareholders in recent years. In December it told its investors it assumed it would receive the full £2.6 billion for the cost of the pandemic. They will no doubt be disappointed by the CAA's decision, and also the regulator's suggestion that the airport's concerns about the level of its debts "could be addressed with additional equity contributions."

Furthermore, and in response to the consultation, the CAA has sought to underline the importance of changes to its assessment framework, which will form a key part of the next H7 price control. It is insisting that HAL becomes more efficient in its capital spending and service quality levels, as the CAA shifts its emphasis to competition and protecting the interests of consumers.

A spokesman for Heathrow Hub said: "While it is good to see that the focus of the CAA is very much shifting towards protecting consumers, it is still the case that the consumers and airlines face higher charges, both for the costs of the pandemic and for the 3rd Runway project which has achieved nothing. Heathrow's shareholders, who have received massive dividends in recent years, should now inject new equity capital. They should also admit the 3rd Runway is defunct, too expensive, too complicated, and incompatible with the UK's net zero climate change commitments."

Heathrow Hub is promoting an independent plan for the future of Heathrow which would see the existing northern runway extended at a modest cost. This would have no impact on passenger fees and the additional capacity would be used to reduce emissions, by reducing congestion at the airport and optimising flight schedules.

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Notes to editors

Heathrow Hub is an independent proposal for additional capacity at Heathrow, by extending the existing northern runway westwards away from London, negating the need to build a 3rd Runway. Planes would land at one end and take off at the other. The scheme is cheaper, greener, simpler, quicker, quieter and safe. It also destroys fewer houses and was deemed viable by the Airports Commission. For more information and images, please visit: www.heathrowhub.com

Heathrow Hub's proposal to extend the Northern Runway has been independently costed at £4.3 billion for its first phase.