

CAA Economic Regulation Team  
Sent via email to [economicregulation@caa.co.uk](mailto:economicregulation@caa.co.uk)

28<sup>th</sup> January 2025

Dear CAA Economic Regulation Team,

## **HSPG response to CAP 3071 Review of H7 Terminal Drop Off Charge revenue allowances**

### Background

This response is made by the Heathrow Strategic Planning Group (HSPG), a constituted grouping of 'willing' local authorities committed to delivering sustainable growth across the functional economic area surrounding Heathrow Airport.

The Group was formed in late 2015. It is independent of, but constructively engages with, Heathrow Airport Ltd (HAL). The Group collaborates on interventions that could improve the area around the airport and acts as a conduit between the members and Heathrow Airport Limited, regional and national Government, and other key stakeholders.

HSPG has responded to previous CAAM consultations and as before this response has been prepared by the partnership's secretariat, based on discussions in our Local Authority officer working groups.

### Key Points

HSPGs understanding is that since Heathrow Airport Limited (HAL) introduced a Terminal Drop Off Charge (TDOC) in 2021 revenue, whilst being substantial, has not fully met expectations. It is also observed that the airlines consider that the shift to public transport caused by the introduction of TDOC will likely have resulted in increased public transport and car park revenues to the benefit of HAL and have used this as an argument for not increasing the TDOC.

HSPG is pleased at this recognition that there is a direct link between the TDOC and public transport income as we have long argued that the funding from both parking and the TDOC should be hypothecated for the purposes of promoting sustainable transport.

HSPG continues to support the principle of the TDOC, and that it is an effective mechanism as part of the toolkit of measures used in achieving a modal shift away from private car user by airport users. Nevertheless, we still consider that the income from these charges is effectively an additional tax on those who lack high quality sustainable travel options to the airport subsumed within the single till. This remains the case for the significant number of residents living in our communities, particularly those living to the west of the airport who, despite many of the initiatives introduced recently by HAL, still have limited options in accessing the airport other than by car.

We know from research undertaken by Heathrow pre-pandemic that the acceptability of such charges is significantly increased if there is a link between this income and support for improved public transport and active travel (as is the case with the income local authorities generate from such charges). Indeed, such hypothecation occurred at the airport itself previously through a levy on all parking income.

It appears to us that there would be significant support among airport users for the renewal of such a scheme and we strongly urge the regulator to consider how such an approach could be operationalised in H8, ideally with a specific focus on transition to net-zero.

Now this income is established and the link to public transport provision agreed, it remains imperative that this is not hardwired into the single till and effectively used as a justification for lower airline fees.

This is incompatible with the new Government's focus of local and national policy to reduce carbon emissions.

HSPG suggests that an approach similar to that put forward as part of the Development Consent Order submitted for the expansion of London Luton Airport could be considered. As part of this application, it is proposed that a Sustainable Transport Fund (STF) is established, with funding generated from a levy on on-site passenger car parking (short, mid and long stay) and on-site passenger drop-off. In this instance there is a charge per transaction on passenger vehicles and is collected and administered by the airport operator. However, clearly if such a fund were to be introduced at Heathrow, it could be tailored to local circumstances. The monies generated can then be used to fund interventions aimed at improving sustainable travel options for accessing the airport. By establishing a STF, the Airport would clearly demonstrate its commitment to achieving the targets set out in the Surface Access Strategy.

As a representative body of local authorities with a huge stake in both the success of the airport, but also in mitigating the worst of its impacts on its neighbours, HSPG welcomes the opportunity to put forward our views into this consultation.

Yours faithfully,



Mark Frost, Associate Director Heathrow Strategic Planning Group  
On Behalf of HSPG members