



Department for Transport

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Section 16 Advice: engagement between Heathrow Airport Limited (HAL) and the airline community on its plans for capacity expansion at Heathrow

Dear Andrew,

Thank you for all the work that you and your team have done over the last 18 months to support HAL's engagement with airlines on proposals for additional capacity at Heathrow. The process to date has been very valuable.

We agree that there is more to be done and would now like to commission further advice under Section 16 of the 1982 Civil Aviation Act to advise the Secretary of State for Transport on how Heathrow is engaging with airlines and consumers.

We would like CAA to advise on progress of the engagement process including:

- the work between the industry and the airport towards the aim of delivering the ambition the Secretary of State set in 2016 for airport charges to remain close to current levels;
- the Secretary of State's expectation to promote value for money through the use of industry-leading experts to benchmark the costs against international standards;
- a stronger voice for the consumer throughout the proposals, in particular using groups such as the Heathrow 'Consumer Challenge Board'; and
- inclusion of all members of the airline community who wish to engage, including incumbents, potential new entrants and the broader airline community.

As you will understand, this does not prejudice any decision to designate an Airports National Policy Statement. The Government will publish its response to the two consultations and the Transport Committee recommendations in due course, and if our decision is to lay the NPS before Parliament, this would still be subject to parliamentary decision. If for any reason the NPS is not designated, this commission would no longer be necessary and would come to an end.

We expect this work to start immediately and continue until HAL submits its application for development consent. We may modify the length of the commission, or terminate it at any time, in discussion with you. I would expect my team to meet your team monthly to



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discuss progress and we will agree with you when formal reports to the Secretary of State will be appropriate.

In accordance with section 16(4) of the Act, the CAA will be entitled to recover from the Secretary of State expenses reasonably incurred in providing the advice specified in this letter and the accompanying Terms of Reference. We may also, with each other's agreement, share third party advice.

A more detailed description of the scope of work and outputs expected is set out in the Terms of Reference attached to this letter.

It has been a pleasure to work with you over the last 3 years and I wish you every success for the next challenge. We look forward to continuing to work with Richard in his new role.

Yours sincerely,

Caroline Low
Director, Airport Capacity Programme