

Heathrow Airport Limited 2023 actual income variance analysis for Specified Facilities

Year ended 31 December 2023

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1. Introduction

This report provides users with explanations of variances between 2023 actual results for 'Specified facilities – transparency and trading statements' document to those in the preceding regulatory year in 2022, per condition C2.8 of Heathrow's Economic Licence. Condition C2.8 of Heathrow's Economic Licence sets out:

Where, in respect of any Regulatory Year, the revenue that the Licensee generates from any of the Specified Facilities differs from the revenue that the Licensee generated from that Specified Facility in the preceding Regulatory Year, the Licensee shall provide to the CAA and to users of the Specified Facilities detailed reasons for those differences.

The variance analysis has been made against customer share elements of the actuals for the year ended 31 December 2023.

2. Summary of ORC Income Actuals vs Prior Year

	12 months Jan to Dec 2022 £'000s	12 months Jan to Dec 2023 £'000s	12 months Jan to Dec 2024 £'000s	12 months Jan to Dec 2025 £'000s	12 months Jan to Dec 2026 £'000s
Prior Year Actuals					
Prior year income	209,078	244,331			
(Under)/over recovery	(44,165)	(170)			
Prior year underlying income	253,243	244,501			
Current Year Actuals					
Current year income	244,331	238,387			
(Under)/over recovery	(170)	(33,450)			
Current year underlying income	244,501	271,837			
Variance to explain	(8,742)	27,336			
2022 Commentary:					
Variance primarily driven by demand related increases across the Specified Facilities.					

3. Baggage Systems

	12 months Jan to Dec 2022 £'000s	12 months Jan to Dec 2023 £'000s	12 months Jan to Dec 2024 £'000s	12 months Jan to Dec 2025 £'000s	12 months Jan to Dec 2026 £'000s
Prior Year Actuals					
Prior year income	96,151	128,488			
(Under)/over recovery	(11,389)	26,147			
Prior year underlying income	107,540	102,341			
Current Year Actuals					
Current year income	128,488	110,208			
(Under)/over recovery	26,147	18,019			
Current year underlying income	102,341	92,189			
Variance to explain	(5,199)	(10,152)			

2023 Commentary:

Underlying income £10m lower as over-recovery brought forward from 2022 has contributed towards costs recovery in-year.

4. Hold Baggage Screening (HBS)

	12 months Jan to Dec 2022 £'000s	12 months Jan to Dec 2023 £'000s	12 months Jan to Dec 2024 £'000s	12 months Jan to Dec 2025 £'000s	12 months Jan to Dec 2026 £'000s
Prior Year Actuals					
Prior year income	4,986	9,575			
(Under)/over recovery	(17)	1,925			
Prior year underlying income	5,002	7,650			
Current Year Actuals					
Current year income	9,575	8,163			
(Under)/over recovery	1,925	1,035			
Current year underlying income	7,650	7,128			
Variance to explain	2,647	(522)			
2023 Commentary:					
Variance driven by a reduction in prices vs prior year.					

5. Passengers with Reduced Mobility (PRM)

	12 months Jan to Dec 2022 £'000s	12 months Jan to Dec 2023 £'000s	12 months Jan to Dec 2024 £'000s	12 months Jan to Dec 2025 £'000s	12 months Jan to Dec 2026 £'000s
Prior Year Actuals					
Prior year income	31,004	40,007			
(Under)/over recovery	1,114	6,833			
Prior year underlying income	29,890	33,174			
Current Year Actuals					
Current year income	40,007	49,583			
(Under)/over recovery	6,833	(347)			
Current year underlying income	33,174	49,930			
Variance to explain	3,284	16,756			

2023 Commentary:

Variance primarily driven by passenger numbers driving increased PRMs from 1.5m in 2022 to 2.0m in 2023.

6. Staff Car Parking

	12 months Jan to Dec 2022 £'000s	12 months Jan to Dec 2023 £'000s	12 months Jan to Dec 2024 £'000s	12 months Jan to Dec 2025 £'000s	12 months Jan to Dec 2026 £'000s
Prior Year Actuals					
Prior year income	16,131	19,532			
(Under)/over recovery	(4,834)	32			
Prior year underlying income	20,965	19,500			
Current Year Actuals					
Current year income	19,532	8,142			
(Under)/over recovery	32	(9,884)			
Current year underlying income	19,500	18,026			
Variance to explain	(1,465)	(1,474)			

2023 Commentary:

Lower income driven by lower numbers of passes on issue during the year.

7. Staff ID Cards

	12 months Jan to Dec 2022 £'000s	12 months Jan to Dec 2023 £'000s	12 months Jan to Dec 2024 £'000s	12 months Jan to Dec 2025 £'000s	12 months Jan to Dec 2026 £'000s
Prior Year Actuals					
Prior year income	1,677	3,964			
(Under)/over recovery	(670)	987			
Prior year underlying income	2,347	2,977			
Current Year Actuals					
Current year income	3,964	2,512			
(Under)/over recovery	987	(181)			
Current year underlying income	2,977	2,693			
Variance to explain	630	(284)			

2023 Commentary:

Variance primarily driven by a reduction in price for full ID and temporary pass applications.

8. Fixed Electrical Ground Power (FEGP)

	12 months Jan to Dec 2022 £'000s	12 months Jan to Dec 2023 £'000s	12 months Jan to Dec 2024 £'000s	12 months Jan to Dec 2025 £'000s	12 months Jan to Dec 2026 £'000s
Prior Year Actuals					
Prior year income	12,874	3,828			
(Under)/over recovery	1,245	1,288			
Prior year underlying income	11,629	2,540			
Current Year Actuals					
Current year income	3,828	8,327			
(Under)/over recovery	1,288	935			
Current year underlying income	2,540	7,392			
Variance to explain	(9,089)	4,852			

2023 Commentary:

Variance primarily driven by an 8% uptick in demand plus increase in underlying Electricity prices.

9. Pre-Conditioned Air (PCA)

	12 months Jan to Dec 2022 £'000s	12 months Jan to Dec 2023 £'000s	12 months Jan to Dec 2024 £'000s	12 months Jan to Dec 2025 £'000s	12 months Jan to Dec 2026 £'000s
Prior Year Actuals					
Prior year income	221	417			
(Under)/over recovery	(18,650)	(18,592)			
Prior year underlying income	18,871	19,009			
Current Year Actuals					
Current year income	417	687			
(Under)/over recovery	(18,592)	(18,667)			
Current year underlying income	19,009	19,354			
Variance to explain	138	345			

2023 Commentary:

Variance driven by small uptick in demand - tariff remains set at £1 until further notice.

10. Airside Licences

	12 months Jan to Dec 2022 £'000s	12 months Jan to Dec 2023 £'000s	12 months Jan to Dec 2024 £'000s	12 months Jan to Dec 2025 £'000s	12 months Jan to Dec 2026 £'000s
Prior Year Actuals					
Prior year income	1,161	1,225			
(Under)/over recovery	(388)	(244)			
Prior year underlying income	1,549	1,469			
Current Year Actuals					
Current year income	1,225	995			
(Under)/over recovery	(244)	(373)			
Current year underlying income	1,469	1,368			
Variance to explain	(80)	(101)			

2023 Commentary:

Minimal variation driven by a reduction in prices vs prior year.

11. Waste, Recycling and Refuse Collection

	12 months Jan to Dec 2022 £'000s	12 months Jan to Dec 2023 £'000s	12 months Jan to Dec 2024 £'000s	12 months Jan to Dec 2025 £'000s	12 months Jan to Dec 2026 £'000s
Prior Year Actuals					
Prior year income	2,501	2,556			
(Under)/over recovery	(144)	138			
Prior year underlying income	2,645	2,418			
Current Year Actuals					
Current year income	2,556	2,256			
(Under)/over recovery	138	(453)			
Current year underlying income	2,418	2,709			
Variance to explain	(227)	291			

2023 Commentary:

Variance primarily driven by increased activity as well as billing of more units that had been missed previously.

12. Taxi Feeder Park

	12 months Jan to Dec 2022 £'000s	12 months Jan to Dec 2023 £'000s	12 months Jan to Dec 2024 £'000s	12 months Jan to Dec 2025 £'000s	12 months Jan to Dec 2026 £'000s
Prior Year Actuals					
Prior year income	849	5,287			
(Under)/over recovery	(1,420)	1,029			
Prior year underlying income	2,269	4,258			
Current Year Actuals					
Current year income	5,287	3,629			
(Under)/over recovery	1,029	2,523			
Current year underlying income	4,258	1,106			
Variance to explain	1,989	(3,152)			

2023 Commentary:

Variance primarily driven by the decrease of price per movement vs prior year.

13. Electricity

	12 months Jan to Dec 2022 £'000s	12 months Jan to Dec 2023 £'000s	12 months Jan to Dec 2024 £'000s	12 months Jan to Dec 2025 £'000s	12 months Jan to Dec 2026 £'000s
Prior Year Actuals					
Prior year income	36,219	25,572			
(Under)/over recovery	(6,539)	(16,323)			
Prior year underlying income	42,758	41,895			
Current Year Actuals					
Current year income	25,572	42,054			
(Under)/over recovery	(16,323)	(19,569)			
Current year underlying income	41,895	61,623			
Variance to explain	(863)	19,728			

2023 Commentary:

Driven primarily by an increase in consumption during the year.

14. Water and Sewerage

	12 months Jan to Dec 2022 £'000s	12 months Jan to Dec 2023 £'000s	12 months Jan to Dec 2024 £'000s	12 months Jan to Dec 2025 £'000s	12 months Jan to Dec 2026 £'000s
Prior Year Actuals					
Prior year income	4,647	3,266			
(Under)/over recovery	(2,509)	(3,611)			
Prior year underlying income	7,156	6,877			
Current Year Actuals					
Current year income	3,266	1,500			
(Under)/over recovery	(3,611)	(6,671)			
Current year underlying income	6,877	8,171			
Variance to explain	(279)	1,294			

2023 Commentary:

Variance driven primarily by an increase in prices offsetting the decrease in usage.

15. HAL's contribution to the funding of the Heathrow Airline Operators Committee (AOC)

	12 months Jan to Dec 2022 £'000s	12 months Jan to Dec 2023 £'000s	12 months Jan to Dec 2024 £'000s	12 months Jan to Dec 2025 £'000s	12 months Jan to Dec 2026 £'000s
Prior Year Actuals					
Prior year income	657	614			
(Under)/over recovery	35	220			
Prior year underlying income	622	394			
Current Year Actuals					
Current year income	614	331			
(Under)/over recovery	220	181			
Current year underlying income	394	150			
Variance to explain	(228)	(244)			

2023 Commentary:

In-year costs supported by over-recovery brought forward from 2022.