

Heathrow Airport Limited 2019 actual income variance analysis for Specified Facilities

Year ended 31 December
2019

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1. Introduction

This report provides users with explanations of variances between 2019 actual results for 'Specified facilities – transparency and trading statements' document to those in the preceding regulatory year in 2018, per condition C2.6 of Heathrow's economic Licence.

In previous regulatory years (2014-2018) actual results have been compared to those included within the CAA forecast for specified facilities outlined in table G.4, page 278, 'Economic regulation at Heathrow from April 2014: Notice granting the licence'.

However, given that there is no 2019 CAA forecast for specified facilities, actual results for 2019 have been compared to the actual results in 2018.

The designation of specified facilities for Q6 is derived from Annex G in the Q6 decision as follows:

- Check-in desks
- Baggage systems
- Services for passengers with reduced mobility (PRM)
- Staff car parking
- Staff ID cards
- Fixed electrical ground power (FEGP)
- Pre-conditioned air (PCA)
- Airside licences
- Waste, recycling and refuse collection
- Taxi feeder park
- Heating & Gas
- Electricity
- Water and sewerage
- Bus and coach facilities
- Common I.T. infrastructure
- HAL's contribution to the funding of the Heathrow Airline Operators Committee (AOC)

The variance analysis has been made against customer share elements of the actuals for the year ended 31 December 2019.

2. Summary

| | 9 months Apr to Dec 2014 £'000s | 12 months Jan to Dec 2015 £'000s | 12 months Jan to Dec 2016 £'000s | 12 months Jan to Dec 2017 £'000s | 12 months Jan to Dec 2018 £'000s | 12 months Jan to Dec 2019 £'000s |
|---|--|---|---|---|---|---|
| CAA Forecast (11/12 Prices) | | | | | | |
| Direct Costs | 133,641 | 163,941 | 158,011 | 158,364 | 159,097 | |
| Annuity | 27,876 | 35,022 | 33,133 | 31,713 | 30,337 | |
| Allocated Costs | 12,691 | 15,463 | 14,825 | 14,875 | 14,887 | |
| Total Income to be recovered | 174,209 | 214,427 | 205,969 | 204,953 | 204,321 | |
| CAA Forecast (nominal prices) | | | | | | |
| Direct Costs | 144,573 | 178,745 | 175,319 | 181,989 | 188,934 | |
| Annuity | 30,157 | 38,152 | 36,730 | 36,413 | 35,996 | |
| Allocated Costs | 13,729 | 16,851 | 16,440 | 17,085 | 17,670 | |
| Total Income to be recovered | 188,459 | 233,748 | 228,489 | 235,488 | 242,600 | |
| Prior Year Actuals (2018) | | | | | | |
| Direct Costs | | | | | | 194,089 |
| Annuity | | | | | | 35,996 |
| Allocated Costs | | | | | | 17,669 |
| Total Income to be recovered | | | | | | 247,754¹ |
| Actual (Trading Statements) | | | | | | |
| Total Income recovered | 177,484 | 242,344 | 233,511 | 241,539 | 244,032² | 240,628 |
| Variance | (10,974) | 8,596 | 5,022 | 6,051 | 1,432 | (7,126) |
| Adjustments in Scope | (1,050) | (4,950) | (17,428) | (14,021) | (6,785) | 0 |
| Over/(under) recovery b/f from prior year | 6,594 | 3,564 | 5,499 | (1,730) | (1,082) | (5,330) |
| (Over)/under recovery to cfwd | (3,564) | (5,499) | 1,730 | 1,082 | 5,330 | 24,022 |
| Variance to explain | (8,994) | 1,710 | (5,177) | (8,617) | (1,105) | 11,566 |

2014 Commentary:

Driven pre-dominantly by Baggage and partly Electricity.

2015 Commentary:

Driven pre-dominantly by Baggage and partly Electricity.

2016 Commentary:

Driven pre-dominantly by Baggage.

2017 Commentary:

Driven pre-dominantly by Baggage.

2018 Commentary:

Driven pre-dominantly by PRM.

2019 Commentary:

Driven pre-dominantly by PRM, Baggage & PCA

¹ The actual costs and therefore the revenue that should have been received in 2018.

² The actual revenue received in 2018.

3. Check-in Desks

| | 9 months Apr to Dec 2014 £'000s | 12 months Jan to Dec 2015 £'000s | 12 months Jan to Dec 2016 £'000s | 12 months Jan to Dec 2017 £'000s | 12 months Jan to Dec 2018 £'000s | 12 months Jan to Dec 2019 £'000s |
|---|--|---|---|---|---|---|
| CAA Forecast (11/12 Prices) | | | | | | |
| Direct Costs | 2,943 | 4,008 | 3,997 | 3,739 | 3,751 | |
| Annuity | 463 | 548 | 518 | 504 | 358 | |
| Allocated Costs | 409 | 547 | 542 | 509 | 493 | |
| Total Income to be recovered | 3,815 | 5,103 | 5,056 | 4,752 | 4,602 | |
| CAA Forecast (nominal prices) | | | | | | |
| Direct Costs | 3,184 | 4,367 | 4,431 | 4,293 | 4,451 | |
| Annuity | 500 | 597 | 574 | 578 | 424 | |
| Allocated Costs | 442 | 596 | 601 | 585 | 585 | |
| Total Income to be recovered | 4,127 | 5,559 | 5,605 | 5,456 | 5,460 | |
| Prior Year Actuals (2018) | | | | | | |
| Direct Costs | | | | | | 4,921 |
| Annuity | | | | | | 424 |
| Allocated Costs | | | | | | 585 |
| Total Income to be recovered | | | | | | 6,432 |
| Actual (Trading Statements) | | | | | | |
| Total Income recovered | 4,237 | 5,603 | 5,435 | 5,557 | 6,432 | 7,047 |
| Variiances (Actuals less CAA Forecast) | 110 | 44 | (170) | 101 | 972 | 615 |
| Adjustments in Scope | | | | | | |
| Over/(under) recovery b/f from prior year | 254 | 89 | 44 | 193 | 80 | 582 |
| (Over)/under recovery to cfwd | (89) | (44) | (193) | (80) | (582) | (375) |
| Variance to explain | 275 | 89 | (320) | 214 | 469 | 822 |

2014 Commentary:

Driven by higher number of CUSS kiosks deployed in T2, and associated costs.

2015 Commentary:

Driven by higher number of CUSS kiosks deployed in T2, and associated costs, offset partially by early T1 closure.

2016 Commentary:

Driven by lower CUSS management charges and closure of T1.

2017 Commentary

Driven by higher number of CUSS kiosks

2018 Commentary

Driven by higher number of CUSS kiosks

2019 Commentary

Driven by higher number of CUSS kiosks & increased services

4. Baggage Systems

| | 9 months Apr to Dec 2014 £'000s | 12 months Jan to Dec 2015 £'000s | 12 months Jan to Dec 2016 £'000s | 12 months Jan to Dec 2017 £'000s | 12 months Jan to Dec 2018 £'000s | 12 months Jan to Dec 2019 £'000s |
|--|--|---|---|---|---|---|
| CAA Forecast (11/12 Prices) | | | | | | |
| Direct Costs | 85,587 | 100,549 | 95,311 | 97,730 | 98,845 | |
| Annuity | 0 | 0 | 0 | 0 | 0 | |
| Allocated Costs | 8,388 | 9,854 | 9,341 | 9,578 | 9,687 | |
| Total Income to be recovered | 93,974 | 110,403 | 104,652 | 107,308 | 108,532 | |
| CAA Forecast (nominal prices) | | | | | | |
| Direct Costs | 92,588 | 109,531 | 105,655 | 112,207 | 117,277 | |
| Annuity | 0 | 0 | 0 | | | |
| Allocated Costs | 9,074 | 10,734 | 10,354 | 10,996 | 11,493 | |
| Total Income to be recovered | 101,661 | 120,265 | 116,010 | 123,203 | 128,770 | |
| Prior Year Actuals (2018) | | | | | | |
| Direct Costs | | | | | | 119,158 |
| Annuity | | | | | | 0 |
| Allocated Costs | | | | | | 11,493 |
| Total Income to be recovered | | | | | | 132,441 |
| Actual (Trading Statements) | | | | | | |
| Total Income recovered | 91,547 | 126,670 | 124,883 | 136,318 | 132,441 | 129,748 |
| Variances (Actuals less CAA Forecast) | (10,114) | 6,405 | 8,873 | 13,115 | 3,671 | (2,693) |
| Adjustments in Scope | (1,050) | (4,950) | (16,100) | (12,257) | (3,327) | |
| Over/(under) recovery b/f from prior year | 5,436 | 1,550 | (1,161) | (4,638) | 3,532 | 5,323 |
| (Over)/under recovery to cfwd | (1,550) | 1,161 | 4,638 | (3,532) | (5,323) | 669 |
| Variance to explain | (7,278) | 4,166 | (3,749) | (7,312) | (1,446) | 3,300 |

2014 Commentary:

Driven primarily by O&M Tender savings, and in addition negotiations on cleaning contract, rates and T3IB costs delay.

2015 Commentary:

Tender savings have continued and are included in both Actuals and CAA Forecast. Variance driven primarily by agreed recovery of baggage resilience costs, out of guage scope and gainshare on O&M Tender savings.

2016 Commentary:

Variance driven primarily by agreed recovery of baggage resilience costs, out of guage scope and gainshare on O&M Tender savings.

2017 Commentary:

Variance driven primarily by agreed recovery of baggage resilience costs & O&M Tender savings.

2018 Commentary:

Variance driven primarily by agreed recovery of incremental IT costs.

2019 Commentary:

Minimal variance to 2018, scope change from prior years.

5. Services for passengers with reduced mobility (PRM)

| | 9 months Apr to Dec 2014 £'000s | 12 months Jan to Dec 2015 £'000s | 12 months Jan to Dec 2016 £'000s | 12 months Jan to Dec 2017 £'000s | 12 months Jan to Dec 2018 £'000s | 12 months Jan to Dec 2019 £'000s |
|--|--|---|---|--|--|--|
| CAA Forecast (11/12 Prices) | | | | | | |
| Direct Costs | 12,648 | 16,587 | 15,924 | 14,275 | 14,138 | |
| Annuity | 0 | 0 | 0 | 0 | 0 | |
| Allocated Costs | 506 | 663 | 637 | 571 | 566 | |
| Total Income to be recovered | 13,154 | 17,250 | 16,561 | 14,846 | 14,704 | |
| CAA Forecast (nominal prices) | | | | | | |
| Direct Costs | 13,682 | 18,068 | 17,653 | 16,390 | 16,775 | |
| Annuity | 0 | 0 | 0 | 0 | 0 | |
| Allocated Costs | 547 | 723 | 706 | 656 | 671 | |
| Total Income to be recovered | 14,230 | 18,791 | 18,359 | 17,046 | 17,446 | |
| Prior Year Actuals (2018) | | | | | | |
| Direct Costs | | | | | | 23,498 |
| Annuity | | | | | | 0 |
| Allocated Costs | | | | | | 671 |
| Total Income to be recovered | | | | | | 22,020 |
| Actual (Trading Statements) | | | | | | |
| Total Income recovered | 16,233 | 20,673 | 19,782 | 21,589 | 22,020 | 23,792 |
| Variances (Actuals less CAA Forecast) | 2,003 | 1,882 | 1,423 | 4,543 | 4,574 | 1,772 |
| Adjustments in Scope | | | (1,328) | (1,764) | (3,458) | |
| Over/(under) recovery b/f from prior year | (2,310) | (608) | (41) | (278) | (242) | (2,391) |
| (Over)/under recovery to cfwd | 608 | 41 | 278 | 242 | 2,391 | 3,670 |
| Variance to explain | 301 | 1,315 | 332 | 2,743 | 3,265 | 3,051 |

2014 Commentary:

Higher costs driven by additional T2 transitioning costs and higher PRM volumes.

2015 Commentary:

Higher costs driven by higher PRM volumes.

2016 Commentary:

Higher costs driven by higher PRM volumes and associated costs. Also due to airline moves.

2017 Commentary:

Higher costs driven by higher PRM volumes.

2018 Commentary:

Higher costs driven by significantly higher PRM volumes.

2019 Commentary:

Higher costs driven by higher PRM volumes

6. Staff car parking

| | 9 months Apr to Dec 2014 £'000s | 12 months Jan to Dec 2015 £'000s | 12 months Jan to Dec 2016 £'000s | 12 months Jan to Dec 2017 £'000s | 12 months Jan to Dec 2018 £'000s | 12 months Jan to Dec 2019 £'000s |
|--|--|---|---|---|---|---|
| CAA Forecast (11/12 Prices) | | | | | | |
| Direct Costs | 6,780 | 9,191 | 9,105 | 9,071 | 9,023 | |
| Annuity | 2,970 | 3,737 | 3,610 | 3,369 | 3,258 | |
| Allocated Costs | 1,053 | 1,396 | 1,373 | 1,343 | 1,326 | |
| Total Income to be recovered | 10,802 | 14,325 | 14,088 | 13,783 | 13,607 | |
| CAA Forecast (nominal prices) | | | | | | |
| Direct Costs | 7,334 | 10,012 | 10,093 | 10,415 | 10,705 | |
| Annuity | 3,212 | 4,071 | 4,001 | 3,868 | 3,865 | |
| Allocated Costs | 1,139 | 1,521 | 1,522 | 1,542 | 1,574 | |
| Total Income to be recovered | 11,686 | 15,604 | 15,617 | 15,824 | 16,144 | |
| Prior Year Actuals (2018) | | | | | | |
| Direct Costs | | | | | | 11,533 |
| Annuity | | | | | | 3,865 |
| Allocated Costs | | | | | | 1,574 |
| Total Income to be recovered | | | | | | 16,315 |
| Actual (Trading Statements) | | | | | | |
| Total Income recovered | 13,072 | 17,748 | 16,326 | 14,588 | 16,315 | 15,685 |
| Variances (Actuals less CAA Forecast) | 1,387 | 2,144 | 709 | (1,236) | 171 | (630) |
| Adjustments in Scope | | | | | | |
| Over/(under) recovery b/f from prior year | 325 | 755 | 1,943 | 674 | (801) | (1,458) |
| (Over)/under recovery to cfwd | (755) | (1,943) | (674) | 801 | 1,458 | 3,691 |
| Variance to explain | 956 | 956 | 1,978 | 239 | 828 | 1,603 |

2014 Commentary:

Driven by phasing of the savings which will be realised later in the Q, resulting from negotiation of the Bussing and Management contracts.

2015 Commentary:

CAA stretch for Travel Services (including non-ORC) applied fully to Staff car parking. Variance offset in Commercial Income.

2016 Commentary:

CAA stretch for Travel Services (including non-ORC) applied fully to Staff car parking. Variance offset in Commercial Income.

2017 Commentary:

CAA stretch for Travel Services (including non-ORC) applied fully to Staff car parking. Variance offset in Commercial Income.

2018 Commentary:

CAA stretch for Travel Services (including non-ORC) applied fully to Staff car parking. Variance offset in Commercial Income.

2019 Commentary:

Driven by year on year costs of running the service

7. Staff ID cards

| | 9 months Apr to Dec 2014 £'000s | 12 months Jan to Dec 2015 £'000s | 12 months Jan to Dec 2016 £'000s | 12 months Jan to Dec 2017 £'000s | 12 months Jan to Dec 2018 £'000s | 12 months Jan to Dec 2019 £'000s |
|--|--|---|---|---|---|---|
| CAA Forecast (11/12 Prices) | | | | | | |
| Direct Costs | 710 | 923 | 912 | 905 | 898 | |
| Annuity | 66 | 83 | 81 | 78 | 76 | |
| Allocated Costs | 93 | 121 | 119 | 118 | 117 | |
| Total Income to be recovered | 869 | 1,128 | 1,112 | 1,102 | 1,091 | |
| CAA Forecast (nominal prices) | | | | | | |
| Direct Costs | 769 | 1,006 | 1,011 | 1,039 | 1,065 | |
| Annuity | 71 | 91 | 89 | 90 | 91 | |
| Allocated Costs | 101 | 132 | 132 | 136 | 139 | |
| Total Income to be recovered | 940 | 1,228 | 1,233 | 1,265 | 1,295 | |
| Prior Year Actuals (2018) | | | | | | |
| Direct Costs | | | | | | 1,684 |
| Annuity | | | | | | 91 |
| Allocated Costs | | | | | | 139 |
| Total Income to be recovered | | | | | | 1,581 |
| Actual (Trading Statements) | | | | | | |
| Total Income recovered | 1,784 | 1,134 | 1,264 | 1,711 | 1,581 | 1,595 |
| Variances (Actuals less CAA Forecast) | 844 | (94) | 31 | 446 | 286 | 14 |
| Adjustments in Scope | | | | | | |
| Over/(under) recovery b/f from prior year | 92 | 869 | 496 | 364 | 416 | 83 |
| (Over)/under recovery to cfwd | (869) | (496) | (364) | (416) | (83) | 289 |
| Variance to explain | 67 | 278 | 163 | 394 | 619 | 386 |

2014 Commentary:

Driven by costs associated with higher number of ID passes issued for T2.

2015 Commentary:

Driven by higher number of ID passes and associated costs, as well as additional compliance training and staff training.

2016 Commentary:

Driven by higher number of full ID and temporary passes, as well as reduction in costs due to consolidation of ID centre.

2017 Commentary:

Driven by higher number of full ID and temporary passes

2018 Commentary:

Driven by increase in resource costs to support pass issuing

2019 Commentary:

Driven by change in pass application rules

8. Fixed electrical ground power (FEGP)

| | 9 months Apr to Dec 2014 £'000s | 12 months Jan to Dec 2015 £'000s | 12 months Jan to Dec 2016 £'000s | 12 months Jan to Dec 2017 £'000s | 12 months Jan to Dec 2018 £'000s | 12 months Jan to Dec 2019 £'000s |
|--|---|--|--|--|--|--|
| CAA Forecast (11/12 Prices) | | | | | | |
| Direct Costs | 4,678 | 5,940 | 5,678 | 5,587 | 5,560 | |
| Annuity | 2,854 | 3,631 | 3,380 | 3,106 | 3,000 | |
| Allocated Costs | 301 | 383 | 362 | 348 | 342 | |
| Total Income to be recovered | 7,832 | 9,955 | 9,420 | 9,041 | 8,903 | |
| CAA Forecast (nominal prices) | | | | | | |
| Direct Costs | 5,060 | 6,471 | 6,294 | 6,415 | 6,597 | |
| Annuity | 3,087 | 3,956 | 3,747 | 3,566 | 3,560 | |
| Allocated Costs | 326 | 417 | 402 | 399 | 406 | |
| Total Income to be recovered | 8,473 | 10,844 | 10,442 | 10,380 | 10,563 | |
| Prior Year Actuals (2018) | | | | | | |
| Direct Costs | | | | | | 6,609 |
| Annuity | | | | | | 3,560 |
| Allocated Costs | | | | | | 406 |
| Total Income to be recovered | | | | | | 10,392 |
| Actual (Trading Statements) | | | | | | |
| Total Income recovered | 7,988 | 10,554 | 9,890 | 8,818 | 10,392 | 10,782 |
| Variances (Actuals less CAA Forecast) | (485) | (290) | (552) | (1,562) | (171) | 390 |
| Adjustments in Scope | | | | | | |
| Over/(under) recovery b/f from prior year | (68) | 377 | 768 | 1,088 | (14) | (197) |
| (Over)/under recovery to cfwd | (377) | (768) | (1,088) | 14 | 197 | (5) |
| Variance to explain | (930) | (680) | (872) | (460) | 12 | 188 |

2014 Commentary:

Driven by lower consumption and lower maintenance and parts costs.

2015 Commentary:

Driven by lower consumption and lower maintenance and parts costs.

2016 Commentary:

Driven by lower consumption and lower maintenance and parts costs.

2017 Commentary:

Driven by lower consumption and lower maintenance and parts costs.

2018 Commentary:

Driven by lower consumption and lower maintenance and parts costs.

2019 Commentary:

Driven by electricity price rise year on year

9. Pre-conditioned air (PCA)

| | 9 months Apr to Dec 2014 £'000s | 12 months Jan to Dec 2015 £'000s | 12 months Jan to Dec 2016 £'000s | 12 months Jan to Dec 2017 £'000s | 12 months Jan to Dec 2018 £'000s | 12 months Jan to Dec 2019 £'000s |
|--|--|---|---|---|---|---|
| CAA Forecast (11/12 Prices) | | | | | | |
| Direct Costs | 1,340 | 1,649 | 1,449 | 1,355 | 1,260 | |
| Annuity | 2,767 | 3,605 | 3,588 | 3,595 | 3,500 | |
| Allocated Costs | 164 | 210 | 201 | 198 | 190 | |
| Total Income to be recovered | 4,271 | 5,464 | 5,239 | 5,148 | 4,950 | |
| CAA Forecast (nominal prices) | | | | | | |
| Direct Costs | 1,450 | 1,797 | 1,606 | 1,556 | 1,495 | |
| Annuity | 2,993 | 3,927 | 3,978 | 4,128 | 4,153 | |
| Allocated Costs | 178 | 229 | 223 | 227 | 226 | |
| Total Income to be recovered | 4,621 | 5,952 | 5,807 | 5,911 | 5,873 | |
| Prior Year Actuals (2018) | | | | | | |
| Direct Costs | | | | | | 1,004 |
| Annuity | | | | | | 4,153 |
| Allocated Costs | | | | | | 226 |
| Total Income to be recovered | | | | | | 2,281 |
| Actual (Trading Statements) | | | | | | |
| Total Income recovered | 3,595 | 5,368 | 5,314 | 4,485 | 2,281 | 369 |
| Variances (Actuals less CAA Forecast) | (1,026) | (584) | (493) | (1,426) | (3,592) | (1,912) |
| Adjustments in Scope | | | | | | |
| Over/(under) recovery b/f from prior year | 0 | (394) | (318) | (434) | (1,720) | (4,822) |
| (Over)/under recovery to cfwd | 394 | 318 | 434 | 1,720 | 4,822 | 9,321 |
| Variance to explain | (632) | (660) | (377) | (140) | (490) | 2,587 |

2014 Commentary:

Driven by lower consumption and lower maintenance and parts costs.

2015 Commentary:

Driven by lower consumption and lower maintenance and parts costs.

2016 Commentary:

Driven by lower consumption and lower maintenance and parts costs.

2017 Commentary:

Driven by lower consumption

2018 Commentary:

Driven by lower consumption

2019 Commentary:

Driven by notably lower consumption of the service

10. Airside Licences

| | 9 months Apr to Dec 2014 £'000s | 12 months Jan to Dec 2015 £'000s | 12 months Jan to Dec 2016 £'000s | 12 months Jan to Dec 2017 £'000s | 12 months Jan to Dec 2018 £'000s | 12 months Jan to Dec 2019 £'000s |
|---|--|---|---|---|---|---|
| CAA Forecast (11/12 Prices) | | | | | | |
| Direct Costs | 611 | 796 | 793 | 794 | 795 | |
| Annuity | 25 | 27 | 27 | 26 | 25 | |
| Allocated Costs | 76 | 99 | 98 | 98 | 98 | |
| Total Income to be recovered | 712 | 923 | 918 | 919 | 919 | |
| CAA Forecast (nominal prices) | | | | | | |
| Direct Costs | 661 | 867 | 879 | 912 | 944 | |
| Annuity | 27 | 30 | 29 | 30 | 30 | |
| Allocated Costs | 83 | 108 | 109 | 113 | 117 | |
| Total Income to be recovered | 771 | 1,005 | 1,017 | 1,055 | 1,090 | |
| Prior Year Actuals (2018) | | | | | | |
| Direct Costs | | | | | | 828 |
| Annuity | | | | | | 30 |
| Allocated Costs | | | | | | 117 |
| Total Income to be recovered | | | | | | 750 |
| Actual (Trading Statements) | | | | | | |
| Total Income recovered | 922 | 917 | 1,082 | 804 | 750 | 924 |
| Variiances (Actuals less CAA Forecast) | 152 | (88) | 65 | (251) | (340) | 174 |
| Adjustments in Scope | | | | | | |
| Over/(under) recovery b/f from prior year | (27) | 157 | 195 | 548 | 204 | (106) |
| (Over)/under recovery to cfwd | (157) | (195) | (548) | (204) | 106 | 666 |
| Variance to explain | (33) | (126) | (288) | 93 | (30) | 734 |

2014 Commentary:

Driven by lower staff costs following a re-structure.

2015 Commentary:

Driven by lower staff costs following a re-structure.

2016 Commentary:

Driven by lower staff costs following a re-structure.

2017 Commentary:

Driven by increased volume of licences

2018 Commentary:

Driven by headcount changes

2019 Commentary:

Driven by headcount changes

11. Waste, recycling and refuse collection

| | 9 months Apr to Dec 2014 £'000s | 12 months Jan to Dec 2015 £'000s | 12 months Jan to Dec 2016 £'000s | 12 months Jan to Dec 2017 £'000s | 12 months Jan to Dec 2018 £'000s | 12 months Jan to Dec 2019 £'000s |
|--|--|---|---|---|---|---|
| CAA Forecast (11/12 Prices) | | | | | | |
| Direct Costs | 1,775 | 2,513 | 2,580 | 2,598 | 2,624 | |
| Annuity | 288 | 357 | 126 | 122 | 118 | |
| Allocated Costs | 83 | 115 | 108 | 109 | 110 | |
| Total Income to be recovered | 2,146 | 2,984 | 2,814 | 2,828 | 2,852 | |
| CAA Forecast (nominal prices) | | | | | | |
| Direct Costs | 1,921 | 2,737 | 2,860 | 2,983 | 3,114 | |
| Annuity | 312 | 389 | 140 | 140 | 140 | |
| Allocated Costs | 89 | 125 | 120 | 125 | 130 | |
| Total Income to be recovered | 2,322 | 3,251 | 3,120 | 3,248 | 3,384 | |
| Prior Year Actuals (2018) | | | | | | |
| Direct Costs | | | | | | 2,689 |
| Annuity | | | | | | 140 |
| Allocated Costs | | | | | | 130 |
| Total Income to be recovered | | | | | | 2,979 |
| Actual (Trading Statements) | | | | | | |
| Total Income recovered | 2,026 | 2,689 | 2,196 | 2,584 | 2,979 | 2,400 |
| Variances (Actuals less CAA Forecast) | (296) | (562) | (924) | (664) | (405) | (579) |
| Adjustments in Scope | | | | | | |
| Over/(under) recovery b/f from prior year | - | (12) | 159 | 7 | 35 | 55 |
| (Over)/under recovery to cfwd | 12 | (159) | (7) | (35) | (55) | 456 |
| Variance to explain | (284) | (733) | (772) | (692) | (425) | (68) |

2014 Commentary:

Direct costs lower due to contract negotiation.

2015 Commentary:

Direct costs lower due to contract negotiation.

2016 Commentary:

Direct costs lower due to contract negotiation.

2017 Commentary:

Direct costs lower due to contract negotiation.

2018 Commentary:

Direct costs lower due to contract negotiation.

2019 Commentary:

Direct costs lower due to contract negotiation.

12. Taxi feeder park

| | 9 months Apr to Dec 2014 £'000s | 12 months Jan to Dec 2015 £'000s | 12 months Jan to Dec 2016 £'000s | 12 months Jan to Dec 2017 £'000s | 12 months Jan to Dec 2018 £'000s | 12 months Jan to Dec 2019 £'000s |
|--|--|---|---|---|---|---|
| CAA Forecast (11/12 Prices) | | | | | | |
| Direct Costs | 1,007 | 1,291 | 1,286 | 1,253 | 1,252 | |
| Annuity | 315 | 413 | 412 | 413 | 413 | |
| Allocated Costs | 159 | 204 | 204 | 200 | 200 | |
| Total Income to be recovered | 1,481 | 1,909 | 1,902 | 1,865 | 1,865 | |
| CAA Forecast (nominal prices) | | | | | | |
| Direct Costs | 1,090 | 1,407 | 1,426 | 1,439 | 1,486 | |
| Annuity | 341 | 450 | 457 | 474 | 490 | |
| Allocated Costs | 172 | 223 | 226 | 229 | 237 | |
| Total Income to be recovered | 1,602 | 2,079 | 2,108 | 2,142 | 2,213 | |
| Prior Year Actuals (2018) | | | | | | |
| Direct Costs | | | | | | 1,366 |
| Annuity | | | | | | 490 |
| Allocated Costs | | | | | | 236 |
| Total Income to be recovered | | | | | | 2,320 |
| Actual (Trading Statements) | | | | | | |
| Total Income recovered | 2,228 | 1,886 | 1,896 | 2,205 | 2,320 | 2,405 |
| Variances (Actuals less CAA Forecast) | 626 | (193) | (212) | 63 | 107 | 85 |
| Adjustments in Scope | | | | | | |
| Over/(under) recovery b/f from prior year | (484) | (6) | (161) | (323) | (311) | (83) |
| (Over)/under recovery to cfwd | 6 | 161 | 323 | 311 | 83 | (90) |
| Variance to explain | 148 | (38) | (50) | 51 | (121) | (88) |

2014 Commentary:

Driven by re-surfacing repairs not forecasted.

2015 Commentary:

Broadly in line with CAA forecast.

2016 Commentary:

Driven by lower number of movements.

2017 Commentary:

Driven by higher number of movements.

2018 Commentary:

Driven by lower number of movements.

2019 Commentary:

Driven by number of movements.

13. Heating and Gas

| | 9 months Apr to Dec 2014 £'000s | 12 months Jan to Dec 2015 £'000s | 12 months Jan to Dec 2016 £'000s | 12 months Jan to Dec 2017 £'000s | 12 months Jan to Dec 2018 £'000s | 12 months Jan to Dec 2019 £'000s |
|---|--|---|---|---|---|---|
| CAA Forecast (11/12 Prices) | | | | | | |
| Direct Costs | 855 | 970 | 966 | 968 | 969 | |
| Annuity | 1 | 0 | 0 | 0 | 0 | |
| Allocated Costs | 4 | 0 | 0 | 0 | 0 | |
| Total Income to be recovered | 860 | 970 | 966 | 968 | 969 | |
| CAA Forecast (nominal prices) | | | | | | |
| Direct Costs | 925 | 1,217 | 1,230 | 1,277 | 1,319 | |
| Annuity | 1 | 2 | 2 | 2 | 2 | |
| Allocated Costs | 5 | 6 | 6 | 7 | 7 | |
| Total Income to be recovered | 931 | 1,225 | 1,238 | 1,286 | 1,328 | |
| Prior Year Actuals (2018) | | | | | | |
| Direct Costs | | | | | | 1,365 |
| Annuity | | | | | | 2 |
| Allocated Costs | | | | | | 7 |
| Total Income to be recovered | | | | | | 1,359 |
| Actual (Trading Statements) | | | | | | |
| Total Income recovered | 961 | 1,182 | 1,185 | 1,278 | 1,359 | 1,363 |
| Variiances (Actuals less CAA Forecast) | 30 | (43) | (53) | (8) | 31 | 4 |
| Adjustments in Scope | | | | | | |
| Over/(under) recovery b/f from prior year | 110 | 104 | 50 | 26 | 18 | 3 |
| (Over)/under recovery to cfwd | (104) | (50) | (26) | (18) | (3) | 59 |
| Variance to explain | 36 | 11 | (29) | (0) | 46 | 66 |

2014 Commentary:

Driven by higher consumption of gas and heating.

2015 Commentary:

Driven by higher consumption of gas and heating.

2016 Commentary:

Driven by lower customer share.

2017 Commentary:

N/A

2018 Commentary:

Driven by higher consumption of gas and heating.

2019 Commentary:

Driven by higher consumption of gas and heating.

14. Electricity

| | 9 months | 12 months | 12 months | 12 months | 12 months | 12 months |
|--|----------------|----------------|----------------|----------------|----------------|---------------|
| | Apr to Dec | Jan to Dec | Jan to Dec | Jan to Dec | Jan to Dec | Jan to Dec |
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s |
| CAA Forecast (11/12 Prices) | | | | | | |
| Direct Costs | 12,551 | 16,915 | 17,418 | 17,492 | 17,400 | |
| Annuity | 14,608 | 18,145 | 17,095 | 16,374 | 15,645 | |
| Allocated Costs | 1,086 | 1,402 | 1,381 | 1,355 | 1,322 | |
| Total Income to be recovered | 28,245 | 36,463 | 35,894 | 35,220 | 34,366 | |
| CAA Forecast (nominal prices) | | | | | | |
| Direct Costs | 13,577 | 18,426 | 19,309 | 20,083 | 20,644 | |
| Annuity | 15,803 | 19,766 | 18,951 | 18,799 | 18,562 | |
| Allocated Costs | 1,175 | 1,528 | 1,530 | 1,555 | 1,568 | |
| Total Income to be recovered | 30,555 | 39,720 | 39,790 | 40,437 | 40,775 | |
| Prior Year Actuals (2018) | | | | | | |
| Direct Costs | | | | | | 14,969 |
| Annuity | | | | | | 18,562 |
| Allocated Costs | | | | | | 1,568 |
| Total Income to be recovered | | | | | | 35,665 |
| Actual (Trading Statements) | | | | | | |
| Total Income recovered | 25,269 | 37,458 | 34,508 | 34,230 | 35,665 | 35,265 |
| Variances (Actuals less CAA Forecast) | (5,287) | (2,262) | (5,282) | (6,207) | (5,110) | (400) |
| Adjustments in Scope | | | | | | |
| Over/(under) recovery b/f from prior year | 3,182 | 232 | 2,200 | (691) | (2,062) | (1,914) |
| (Over)/under recovery to cfwd | (232) | (2,200) | 691 | 2,062 | 1,914 | 4,781 |
| Variance to explain | (2,336) | (4,230) | (2,390) | (4,836) | (5,258) | 2,467 |

2014 Commentary:

Lower direct costs driven by lower electricity prices and lower consumption offset by (£595k) backbilling cost adjustment

2015 Commentary:

Lower direct costs driven by lower electricity prices and lower consumption offset by (£920k) backbilling cost adjustment.

2016 Commentary:

Lower direct costs driven by lower electricity prices and lower consumption offset by (£461k) backbilling cost adjustment.

2017 Commentary:

Lower direct costs driven by lower electricity prices and lower consumption offset by (£654k) backbilling cost adjustment.

2018 Commentary:

Lower consumption driven by removal of NATS & APCOA from the 3rd party share

2019 Commentary:

Driven by higher year on year electricity prices offset by consumption reductions

15. Water and sewerage

| | 9 months Apr to Dec 2014 £'000s | 12 months Jan to Dec 2015 £'000s | 12 months Jan to Dec 2016 £'000s | 12 months Jan to Dec 2017 £'000s | 12 months Jan to Dec 2018 £'000s | 12 months Jan to Dec 2019 £'000s |
|--|--|---|---|---|---|---|
| CAA Forecast (11/12 Prices) | | | | | | |
| Direct Costs | 758 | 766 | 758 | 770 | 751 | |
| Annuity | 2,877 | 3,658 | 3,517 | 3,390 | 3,280 | |
| Allocated Costs | 145 | 177 | 171 | 166 | 161 | |
| Total Income to be recovered | 3,781 | 4,602 | 4,447 | 4,327 | 4,192 | |
| CAA Forecast (nominal prices) | | | | | | |
| Direct Costs | 820 | 835 | 840 | 884 | 892 | |
| Annuity | 3,112 | 3,985 | 3,899 | 3,893 | 3,891 | |
| Allocated Costs | 157 | 193 | 190 | 191 | 191 | |
| Total Income to be recovered | 4,090 | 5,013 | 4,929 | 4,968 | 4,974 | |
| Prior Year Actuals (2018) | | | | | | |
| Direct Costs | | | | | | 1,203 |
| Annuity | | | | | | 3,891 |
| Allocated Costs | | | | | | 191 |
| Total Income to be recovered | | | | | | 5,131 |
| Actual (Trading Statements) | | | | | | |
| Total Income recovered | 4,416 | 6,511 | 5,570 | 3,054 | 5,131 | 5,668 |
| Variances (Actuals less CAA Forecast) | 326 | 1,498 | 641 | (1,914) | 157 | 537 |
| Adjustments in Scope | | | | | | |
| Over/(under) recovery b/f from prior year | 85 | 503 | 1,832 | 2,074 | (59) | (213) |
| (Over)/under recovery to cfwd | (503) | (1,832) | (2,074) | 59 | 213 | 300 |
| Variance to explain | (92) | 170 | 399 | 219 | 311 | 624 |

2014 Commentary:

Lower direct costs driven by lower prices and lower consumption.

2015 Commentary:

Higher direct costs driven by higher customer share.

2016 Commentary:

Higher direct costs driven by higher customer share.

2017 Commentary:

Higher direct costs driven by higher customer share.

2018 Commentary:

Higher direct costs driven by higher customer share.

2019 Commentary:

Higher direct costs driven by higher customer share.

16. Bus and Coach

| | 9 months Apr to Dec 2014 £'000s | 12 months Jan to Dec 2015 £'000s | 12 months Jan to Dec 2016 £'000s | 12 months Jan to Dec 2017 £'000s | 12 months Jan to Dec 2018 £'000s | 12 months Jan to Dec 2019 £'000s |
|--|--|---|---|---|---|---|
| CAA Forecast (11/12 Prices) | | | | | | |
| Direct Costs | 1,100 | 1,454 | 1,450 | 1,443 | 1,445 | |
| Annuity | 396 | 503 | 478 | 445 | 385 | |
| Allocated Costs | 180 | 235 | 231 | 227 | 219 | |
| Total Income to be recovered | 1,676 | 2,192 | 2,159 | 2,115 | 2,049 | |
| CAA Forecast (nominal prices) | | | | | | |
| Direct Costs | 1,190 | 1,584 | 1,607 | 1,657 | 1,714 | |
| Annuity | 429 | 548 | 530 | 511 | 456 | |
| Allocated Costs | 194 | 256 | 256 | 260 | 260 | |
| Total Income to be recovered | 1,813 | 2,387 | 2,393 | 2,428 | 2,431 | |
| Prior Year Actuals (2018) | | | | | | |
| Direct Costs | | | | | | 2,487 |
| Annuity | | | | | | 456 |
| Allocated Costs | | | | | | 260 |
| Total Income to be recovered | | | | | | 3,241 |
| Actual (Trading Statements) | | | | | | |
| Total Income recovered | 2,586 | 3,185 | 3,273 | 3,351 | 3,241 | 2,776 |
| Variances (Actuals less CAA Forecast) | 773 | 798 | 880 | 923 | 810 | (465) |
| Adjustments in Scope | | | | | | |
| Over/(under) recovery b/f from prior year | - | 4 | (355) | (318) | (39) | (26) |
| (Over)/under recovery to cfwd | (4) | 355 | 318 | 39 | 26 | 179 |
| Variance to explain | 769 | 1,157 | 843 | 644 | 797 | (311) |

2014 Commentary:

The Trading Statement includes notional public buses income giving 100% customer share. The CAA settlement applies 60% customer share and excludes the public buses.

2015 Commentary:

The Trading Statement includes notional public buses income giving 100% customer share. The CAA settlement applies 60% customer share and excludes the public buses.

2016 Commentary:

The Trading Statement includes notional public buses income giving 100% customer share. The CAA settlement applies 60% customer share and excludes the public buses.

2017 Commentary:

The Trading Statement includes notional public buses income giving 100% customer share. The CAA settlement applies 60% customer share and excludes the public buses.

2018 Commentary:

The Trading Statement includes notional public buses income giving 100% customer share. The CAA settlement applies 60% customer share and excludes the public buses.

2019 Commentary:

The Trading Statement includes notional public buses income giving 100% customer share. The CAA settlement applies 60% customer share and excludes the public buses.

17. Common IT infrastructure

| | 9 months Apr to Dec 2014 £'000s | 12 months Jan to Dec 2015 £'000s | 12 months Jan to Dec 2016 £'000s | 12 months Jan to Dec 2017 £'000s | 12 months Jan to Dec 2018 £'000s | 12 months Jan to Dec 2019 £'000s |
|--|--|---|---|---|---|---|
| CAA Forecast (11/12 Prices) | | | | | | |
| Direct Costs | 20 | 26 | 26 | 26 | 26 | |
| Annuity | 248 | 313 | 301 | 292 | 280 | |
| Allocated Costs | 11 | 14 | 13 | 13 | 12 | |
| Total Income to be recovered | 279 | 353 | 340 | 331 | 319 | |
| CAA Forecast (nominal prices) | | | | | | |
| Direct Costs | 22 | 29 | 29 | 30 | 31 | |
| Annuity | 268 | 341 | 334 | 336 | 332 | |
| Allocated Costs | 12 | 15 | 15 | 15 | 15 | |
| Total Income to be recovered | 302 | 385 | 377 | 381 | 378 | |
| Prior Year Actuals (2018) | | | | | | |
| Direct Costs | | | | | | 1 |
| Annuity | | | | | | 332 |
| Allocated Costs | | | | | | 15 |
| Total Income to be recovered | | | | | | 110 |
| Actual (Trading Statements) | | | | | | |
| Total Income recovered | 230 | 284 | 388 | 454 | 110 | 75 |
| Variances (Actuals less CAA Forecast) | (72) | (101) | 11 | 73 | (268) | (35) |
| Adjustments in Scope | | | | | | |
| Over/(under) recovery b/f from prior year | 0 | (51) | (124) | (28) | 16 | (222) |
| (Over)/under recovery to cfwd | 51 | 124 | 28 | (16) | 222 | 504 |
| Variance to explain | (21) | (27) | (85) | 29 | (30) | 247 |

2014 Commentary:

Managed Service costs not recovered through Passive LAN.

2015 Commentary:

Managed Service costs not recovered through Passive LAN.

2016 Commentary:

Managed Service costs not recovered through Passive LAN.

2017 Commentary:

More ports installed

2018 Commentary:

Variance in recovery between Active & Passive Lan

2019 Commentary:

Variance in recovery between Active & Passive Lan

18. Airline Operators Committee (AOC)

| | 9 months Apr to Dec 2014 £'000s | 12 months Jan to Dec 2015 £'000s | 12 months Jan to Dec 2016 £'000s | 12 months Jan to Dec 2017 £'000s | 12 months Jan to Dec 2018 £'000s | 12 months Jan to Dec 2019 £'000s |
|--|--|---|---|---|---|---|
| CAA Forecast (11/12 Prices) | | | | | | |
| Direct Costs | 277 | 361 | 358 | 358 | 358 | |
| Annuity | 0 | 0 | 0 | 0 | 0 | |
| Allocated Costs | 33 | 43 | 43 | 43 | 43 | |
| Total Income to be recovered | 310 | 404 | 401 | 401 | 401 | |
| CAA Forecast (nominal prices) | | | | | | |
| Direct Costs | 300 | 393 | 397 | 411 | 425 | |
| Annuity | 0 | 0 | 0 | 0 | 0 | |
| Allocated Costs | 36 | 47 | 48 | 49 | 51 | |
| Total Income to be recovered | 336 | 440 | 444 | 460 | 476 | |
| Prior Year Actuals (2018) | | | | | | |
| Direct Costs | | | | | | 774 |
| Annuity | | | | | | 0 |
| Allocated Costs | | | | | | 51 |
| Total Income to be recovered | | | | | | 1,015 |
| Actual (Trading Statements) | | | | | | |
| Total Income recovered | 389 | 482 | 519 | 513 | 1,015 | 734 |
| Variances (Actuals less CAA Forecast) | 53 | 42 | 75 | 53 | 539 | (281) |
| Adjustments in Scope | | | | | | |
| Over/(under) recovery b/f from prior year | - | (6) | (27) | 7 | (135) | 55 |
| (Over)/under recovery to cfwd | 6 | 27 | (7) | 135 | (55) | (92) |
| Variance to explain | 59 | 63 | 41 | 195 | 349 | (318) |

2014 Commentary:

Driven by higher rent costs.

2015 Commentary:

Driven by higher rent costs.

2016 Commentary:

Driven by higher rent costs.

2017 Commentary:

Driven by increased scope and resource

2018 Commentary:

Driven by increased scope and resource

2019 Commentary:

Driven by increased scope and resource