

Heathrow Airport Limited

2018 actual income to table G.4 – variance analysis

Year ended 31 December 2018

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1. Introduction

This report provides users with explanations of variances between actual results in the ‘Specified activities – transparency and trading statements’ document to those included within the CAA forecast for specified activities outlined in table G.4, page 278, ‘Economic regulation at Heathrow from April 2014: Notice granting the licence’, the “Q6 decision”, undertaken by Heathrow Airport Limited for the year ended 31 December 2018.

The CAA forecast for specified activities lists the revenue that is forecast to be generated by Heathrow Airport (ie. third party revenue) for the sixth quinquennium (Q6). This forecast is based on certain assumptions and any deviation from this forecast is required to be explained and justified to users and the CAA in accordance with the requirements of condition C2: Charges for other services, contained in the licence granted to Heathrow Airport Limited under the Civil Aviation Act 2012.

The designation of specified activities 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 31st December 2018.

This paper includes the table G.4 breakdown (as agreed with the CAA) and is uplifted to nominal prices using RPI for the period 01 Jan – 31 Dec 2018 from The Office for National Statistics (ONS). The cumulative RPI adjustment of 18.67% is applied as the table is in 2011/12 prices and provides a consistent comparison between CAA forecast and actuals in nominal prices (ie. current year prices).

Indexation	
Average RPI index for the year ended 31 March 2012	237.3
Average RPI index for the year ended 31 December 2018	281.6
RPI index at 31 December 2017	278.1
RPI index at 31 December 2018	285.6
Increase from average 2011/12 to average 2018	18.67%
Increase from 31 December 2017 to 31 December 2018	2.70%

(sourced from the Office of National Statistics)

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
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
Actual (Trading Statements)					
Total Income recovered	177,484	242,344	233,511	241,539	244,032
Variance	(10,974)	8,596	5,022	6,051	1,432
Adjustments in Scope	(1,050)	(4,950)	(17,428)	(14,021)	(6,785)
Over/(under) recovery b/f from prior year	6,594	3,564	5,499	(1,730)	(1,082)
(Over)/under recovery to cfwd	(3,564)	(5,499)	1,730	1,082	5,330
Variance to explain	(8,994)	1,710	(5,177)	(8,617)	(1,105)

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.

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
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
Actual (Trading Statements)					
Total Income recovered	4,237	5,603	5,435	5,557	6,432
Variances (Actuals less CAA Forecast)	110	44	(170)	101	972
Adjustments in Scope					
Over/(under) recovery b/f from prior year	254	89	44	193	80
(Over)/under recovery to cfwd	(89)	(44)	(193)	(80)	(582)
Variance to explain	275	89	(320)	214	469

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

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
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
Actual (Trading Statements)					
Total Income recovered	91,547	126,670	124,883	136,318	132,441
Variances (Actuals less CAA Forecast)	(10,114)	6,405	8,873	13,115	3,671
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
(Over)/under recovery to cfwd	(1,550)	1,161	4,638	(3,532)	(5,323)
Variance to explain	(7,278)	4,166	(3,749)	(7,312)	(1,446)

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 gauge scope and gainshare on O&M Tender savings.

2016 Commentary:

Variance driven primarily by agreed recovery of baggage resilience costs, out of gauge 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

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
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
Actual (Trading Statements)					
Total Income recovered	16,233	20,673	19,782	21,589	22,020
Variances (Actuals less CAA Forecast)	2,003	1,882	1,423	4,543	4,574
Adjustments in Scope			(1,328)	(1,764)	(3,458)
Over/(under) recovery b/f from prior year	(2,310)	(608)	(41)	(278)	(242)
(Over)/under recovery to cfwd	608	41	278	242	2,391
Variance to explain	301	1,315	332	2,743	3,265

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.

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
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
Actual (Trading Statements)					
Total Income recovered	13,072	17,748	16,326	14,588	16,315
Variances (Actuals less CAA Forecast)	1,387	2,144	709	(1,236)	171
Adjustments in Scope					
Over/(under) recovery b/f from prior year	325	755	1,943	674	(801)
(Over)/under recovery to cfwd	(755)	(1,943)	(674)	801	1,458
Variance to explain	956	956	1,978	239	828

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.

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
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
Actual (Trading Statements)					
Total Income recovered	1,784	1,134	1,264	1,711	1,581
Variances (Actuals less CAA Forecast)	844	(94)	31	446	286
Adjustments in Scope					
Over/(under) recovery b/f from prior year	92	869	496	364	416
(Over)/under recovery to cfwd	(869)	(496)	(364)	(416)	(83)
Variance to explain	67	278	163	394	619

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

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
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
Actual (Trading Statements)					
Total Income recovered	7,988	10,554	9,890	8,818	10,392
Variances (Actuals less CAA Forecast)	(485)	(290)	(552)	(1,562)	(171)
Adjustments in Scope					
Over/(under) recovery b/f from prior year	(68)	377	768	1,088	(14)
(Over)/under recovery to cfwd	(377)	(768)	(1,088)	14	197
Variance to explain	(930)	(680)	(872)	(460)	12

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.

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
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
Actual (Trading Statements)					
Total Income recovered	3,595	5,368	5,314	4,485	2,281
Variances (Actuals less CAA Forecast)	(1,026)	(584)	(493)	(1,426)	(3,592)
Adjustments in Scope					
Over/(under) recovery b/f from prior year	0	(394)	(318)	(434)	(1,720)
(Over)/under recovery to cfwd	394	318	434	1,720	4,822
Variance to explain	(632)	(660)	(377)	(140)	(490)

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

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
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
Actual (Trading Statements)					
Total Income recovered	922	917	1,082	804	750
Variances (Actuals less CAA Forecast)	152	(88)	65	(251)	(340)
Adjustments in Scope					
Over/(under) recovery b/f from prior year	(27)	157	195	548	204
(Over)/under recovery to cfwd	(157)	(195)	(548)	(204)	106
Variance to explain	(33)	(126)	(288)	93	(30)

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

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
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
Actual (Trading Statements)					
Total Income recovered	2,026	2,689	2,196	2,584	2,979
Variances (Actuals less CAA Forecast)	(296)	(562)	(924)	(664)	(405)
Adjustments in Scope					
Over/(under) recovery b/f from prior year	-	(12)	159	7	35
(Over)/under recovery to cfwd	12	(159)	(7)	(35)	(55)
Variance to explain	(284)	(733)	(772)	(692)	(425)

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.

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
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
Actual (Trading Statements)					
Total Income recovered	2,228	1,886	1,896	2,205	2,320
Variances (Actuals less CAA Forecast)	626	(193)	(212)	63	107
Adjustments in Scope					
Over/(under) recovery b/f from prior year	(484)	(6)	(161)	(323)	(311)
(Over)/under recovery to cfwd	6	161	323	311	83
Variance to explain	148	(38)	(50)	51	(121)

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.

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
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
Actual (Trading Statements)					
Total Income recovered	961	1,182	1,185	1,278	1,359
Variances (Actuals less CAA Forecast)	30	(43)	(53)	(8)	31
Adjustments in Scope					
Over/(under) recovery b/f from prior year	110	104	50	26	18
(Over)/under recovery to cfwd	(104)	(50)	(26)	(18)	(3)
Variance to explain	36	11	(29)	(0)	46

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.

14. Electricity

	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
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
Actual (Trading Statements)					
Total Income recovered	25,269	37,458	34,508	34,230	35,665
Variances (Actuals less CAA Forecast)	(5,287)	(2,262)	(5,282)	(6,207)	(5,110)
Adjustments in Scope					
Over/(under) recovery b/f from prior year	3,182	232	2,200	(691)	(2,062)
(Over)/under recovery to cfwd	(232)	(2,200)	691	2,062	1,914
Variance to explain	(2,336)	(4,230)	(2,390)	(4,836)	(5,258)

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

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
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
Actual (Trading Statements)					
Total Income recovered	4,416	6,511	5,570	3,054	5,131
Variances (Actuals less CAA Forecast)	326	1,498	641	(1,914)	157
Adjustments in Scope					
Over/(under) recovery b/f from prior year	85	503	1,832	2,074	(59)
(Over)/under recovery to cfwd	(503)	(1,832)	(2,074)	59	213
Variance to explain	(92)	170	399	219	311

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.

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
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
Actual (Trading Statements)					
Total Income recovered	2,586	3,185	3,273	3,351	3,241
Variations (Actuals less CAA Forecast)	773	798	880	923	810
Adjustments in Scope					
Over/(under) recovery b/f from prior year	-	4	(355)	(318)	(39)
(Over)/under recovery to cfwd	(4)	355	318	39	26
Variance to explain	769	1,157	843	644	797

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.

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
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
Actual (Trading Statements)					
Total Income recovered	230	284	388	454	110
Variances (Actuals less CAA Forecast)	(72)	(101)	11	73	(268)
Adjustments in Scope					
Over/(under) recovery b/f from prior year	0	(51)	(124)	(28)	16
(Over)/under recovery to cfwd	51	124	28	(16)	222
Variance to explain	(21)	(27)	(85)	29	(30)

2014 Commentary:

Managed Service costs not recovered through Passive LAN.

<p><u>2015 Commentary:</u> Managed Service costs not recovered through Passive LAN.</p> <p><u>2016 Commentary:</u> Managed Service costs not recovered through Passive LAN.</p> <p><u>2017 Commentary:</u> More ports installed</p> <p><u>2018 Commentary:</u> Variance in recovery between Active & Passive Lan</p>
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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
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
Actual (Trading Statements)					
Total Income recovered	389	482	519	513	1,015
Variances (Actuals less CAA Forecast)	53	42	75	53	539
Adjustments in Scope					
Over/(under) recovery b/f from prior year	-	(6)	(27)	7	(135)
(Over)/under recovery to cfwd	6	27	(7)	135	(55)
Variance to explain	59	63	41	195	349

<p><u>2014 Commentary:</u> Driven by higher rent costs.</p>
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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