

Heathrow Airport Limited 2024 actual income variance analysis for Specified Facilities

Year ended 31 December 2024

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1. Introduction

This report provides users with explanations of variances between 2024 actual results for ‘Specified facilities – transparency and trading statements’ document to those in the preceding regulatory year in 2023, 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 2024.

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	238,387		
(Under)/over recovery	(44,165)	(170)	(33,446)		
Prior year underlying income	253,243	244,501	271,833		
Current Year Actuals					
Current year income	244,331	238,387	285,270		
(Under)/over recovery	(170)	(33,446)	(30,283)		
Current year underlying income	244,501	271,833	315,553		
Variance to explain	(8,742)	27,332	43,720		
<u>2024 Commentary:</u>					
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	110,208		
(Under)/over recovery	(11,389)	26,147	18,019		
Prior year underlying income	107,540	102,341	92,189		
Current Year Actuals					
Current year income	128,488	110,208	117,982		
(Under)/over recovery	26,147	18,019	12,606		
Current year underlying income	102,341	92,189	105,376		
Variance to explain	(5,199)	(10,152)	13,187		

<u>2024 Commentary:</u>
Actual departing passengers were higher than pricing assumptions resulting in more bags flown. Also, marginal increase in the bags per pax ratio assumed in pricing.

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	8,163		
(Under)/over recovery	(17)	1,925	1,039		
Prior year underlying income	5,002	7,650	7,124		
Current Year Actuals					
Current year income	9,575	8,163	8,895		
(Under)/over recovery	1,925	1,039	(1,086)		
Current year underlying income	7,650	7,124	9,981		
Variance to explain	2,647	(526)	2,857		
<u>2024 Commentary:</u>					
Actual departing passengers were higher than pricing assumptions resulting in more bags flown. Also, marginal increase in the bags per pax ratio assumed in pricing.					

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	49,583		
(Under)/over recovery	1,114	6,833	(347)		
Prior year underlying income	29,890	33,174	49,930		
Current Year Actuals					
Current year income	40,007	49,583	63,884		
(Under)/over recovery	6,833	(347)	(2,213)		
Current year underlying income	33,174	49,930	66,097		
Variance to explain	3,284	16,756	16,167		

2024 Commentary:

Variance primarily driven by an increased volume of departing passengers compared to pricing along with a price increase from prior year due to fixed, variable and semi-variable costs increases.

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	8,142		
(Under)/over recovery	(4,834)	32	(9,884)		
Prior year underlying income	20,965	19,500	18,026		
Current Year Actuals					
Current year income	19,532	8,142	25,092		
(Under)/over recovery	32	(9,884)	(2,443)		
Current year underlying income	19,500	18,026	27,535		
Variance to explain	(1,465)	(1,474)	9,509		

<u>2024 Commentary:</u>
Income higher in year due to greater number of passes on issue in 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	2,512		
(Under)/over recovery	(670)	987	(181)		
Prior year underlying income	2,347	2,977	2,693		
Current Year Actuals					
Current year income	3,964	2,512	2,209		
(Under)/over recovery	987	(181)	(895)		
Current year underlying income	2,977	2,693	3,104		
Variance to explain	630	(284)	411		

<u>2024 Commentary:</u>
Income higher in year due to an increase in number of passes issued.

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	8,327		
(Under)/over recovery	1,245	1,288	935		
Prior year underlying income	11,629	2,540	7,392		
Current Year Actuals					
Current year income	3,828	8,327	8,789		
(Under)/over recovery	1,288	935	186		
Current year underlying income	2,540	7,392	8,603		
Variance to explain	(9,089)	4,852	1,211		

2023 Commentary:

Variance primarily driven by an uptick in demand plus a slight increase in underlying electricity prices.

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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	687		
(Under)/over recovery	(18,650)	(18,592)	(18,667)		
Prior year underlying income	18,871	19,009	19,354		
Current Year Actuals					
Current year income	417	687	931		
(Under)/over recovery	(18,592)	(18,667)	(18,714)		
Current year underlying income	19,009	19,354	19,645		
Variance to explain	138	345	291		

2024 Commentary:

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

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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	995		
(Under)/over recovery	(388)	(244)	(373)		
Prior year underlying income	1,549	1,469	1,368		
Current Year Actuals					
Current year income	1,225	995	1,395		
(Under)/over recovery	(244)	(373)	(449)		
Current year underlying income	1,469	1,368	1,844		
Variance to explain	(80)	(101)	476		

<u>2024 Commentary:</u>
Income higher in year due to increase in number of licences issued and increase of staff costs.
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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	2,256		
(Under)/over recovery	(144)	138	(453)		
Prior year underlying income	2,645	2,418	2,709		
Current Year Actuals					
Current year income	2,556	2,256	3,092		
(Under)/over recovery	138	(453)	(441)		
Current year underlying income	2,418	2,709	3,533		
Variance to explain	(227)	291	824		

2024 Commentary:

Income higher in year due to an increase in consumption.

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	3,629		
(Under)/over recovery	(1,420)	1,029	2,523		
Prior year underlying income	2,269	4,258	1,106		
Current Year Actuals					
Current year income	5,287	3,629	2,342		
(Under)/over recovery	1,029	2,523	2,718		
Current year underlying income	4,258	1,106	(376)		
Variance to explain	1,989	(3,152)	(1,483)		

<u>2024 Commentary:</u>
Variance primarily driven by a decrease in volume and a decrease in price

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	42,054		
(Under)/over recovery	(6,539)	(16,323)	(19,569)		
Prior year underlying income	42,758	41,895	61,623		
Current Year Actuals					
Current year income	25,572	42,054	44,795		
(Under)/over recovery	(16,323)	(19,569)	(17,005)		
Current year underlying income	41,895	61,623	61,800		
Variance to explain	(863)	19,728	177		

<u>2024 Commentary:</u>
Income higher in year due price increases as a result of higher energy costs offset by lower consumption

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	1,500		
(Under)/over recovery	(2,509)	(3,611)	(6,671)		
Prior year underlying income	7,156	6,877	8,171		
Current Year Actuals					
Current year income	3,266	1,500	5,462		
(Under)/over recovery	(3,611)	(6,671)	(2,522)		
Current year underlying income	6,877	8,171	7,984		
Variance to explain	(279)	1,294	(187)		

<u>2024 Commentary:</u>
Income lower in year due to lower consumption
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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	331		
(Under)/over recovery	35	220	181		
Prior year underlying income	622	394	150		
Current Year Actuals					
Current year income	614	331	402		
(Under)/over recovery	220	181	(27)		
Current year underlying income	394	150	429		
Variance to explain	(228)	(244)	280		

<u>2024 Commentary:</u>
In-year costs increase resulting in higher income.
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