

# Heathrow Airport Limited

## 2016 actual income to table G.4 – variance analysis

Year ended 31 December 2016

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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 2016.

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
- Electricity
- Gas
- 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 2016.

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 2016 from The Office for National Statistics (ONS). The cumulative RPI adjustment of 10.83% 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 2016	263.1
Increase from average 2011/12 to average 2016	10.83%

(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
<b>CAA Forecast (11/12 Prices)</b>					
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
<b>Total Income to be recovered</b>	<b>174,209</b>	<b>214,427</b>	<b>205,969</b>	<b>204,953</b>	<b>204,321</b>
<b>CAA Forecast (nominal prices)</b>					
Direct Costs	144,573	178,745	175,319		
Annuity	30,157	38,152	36,730		
Allocated Costs	13,729	16,851	16,440		
<b>Total Income to be recovered</b>	<b>188,459</b>	<b>233,748</b>	<b>228,489</b>	<b>0</b>	<b>0</b>
<b>Actual (Trading Statements)</b>					
<b>Total Income recovered</b>	<b>177,484</b>	<b>242,344</b>	<b>233,511</b>	<b>0</b>	<b>0</b>
<b>Variance</b>	<b>(10,974)</b>	<b>8,596</b>	<b>5,022</b>	<b>0</b>	<b>0</b>
Over/(under) recovery b/f from prior year	6,594	3,564	5,499		
(Over)/under recovery to cfwd	(3,564)	(5,499)	1,730		
<b>Variance to explain</b>	<b>(7,944)</b>	<b>6,660</b>	<b>12,251</b>		

**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.

### 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
<b>CAA Forecast (11/12 Prices)</b>					
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
<b>Total Income to be recovered</b>	<b>3,815</b>	<b>5,103</b>	<b>5,056</b>	<b>4,752</b>	<b>4,602</b>
<b>CAA Forecast (nominal prices)</b>					
Direct Costs	3,184	4,367	4,431		
Annuity	500	597	574		
Allocated Costs	442	596	601		
<b>Total Income to be recovered</b>	<b>4,127</b>	<b>5,559</b>	<b>5,605</b>	<b>0</b>	<b>0</b>
<b>Actual (Trading Statements)</b>					
<b>Total Income recovered</b>	<b>4,237</b>	<b>5,603</b>	<b>5,435</b>	<b>0</b>	<b>0</b>
<b>Variances (Actuals less CAA Forecast)</b>	<b>110</b>	<b>44</b>	<b>(170)</b>		
Over/(under) recovery b/f from prior year	254	89	44		
(Over)/under recovery to cfwd	(89)	(44)	(193)		
<b>Variance to explain</b>	<b>275</b>	<b>89</b>	<b>(320)</b>		

**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.

## 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
<b>CAA Forecast (11/12 Prices)</b>					
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
<b>Total Income to be recovered</b>	<b>93,974</b>	<b>110,403</b>	<b>104,652</b>	<b>107,308</b>	<b>108,532</b>
<b>CAA Forecast (nominal prices)</b>					
Direct Costs	92,588	109,531	105,655		
Annuity	0	0	0		
Allocated Costs	9,074	10,734	10,354		
<b>Total Income to be recovered</b>	<b>101,661</b>	<b>120,265</b>	<b>116,010</b>	<b>0</b>	<b>0</b>
<b>Actual (Trading Statements)</b>					
<b>Total Income recovered</b>	<b>91,547</b>	<b>126,670</b>	<b>124,883</b>	<b>0</b>	<b>0</b>
<b>Variiances (Actuals less CAA Forecast)</b>	<b>(10,114)</b>	<b>6,405</b>	<b>8,873</b>	<b>0</b>	<b>0</b>
Over/(under) recovery b/f from prior year	5,436	1,550	(1,161)		
(Over)/under recovery to cfwd	(1,550)	1,161	4,638		
<b>Variance to explain</b>	<b>(6,228)</b>	<b>9,116</b>	<b>12,351</b>		

**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.

## 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
<b>CAA Forecast (11/12 Prices)</b>					
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
<b>Total Income to be recovered</b>	<b>13,154</b>	<b>17,250</b>	<b>16,561</b>	<b>14,846</b>	<b>14,704</b>
<b>CAA Forecast (nominal prices)</b>					
Direct Costs	13,682	18,068	17,653		
Annuity	0	0	0		
Allocated Costs	547	723	706		
<b>Total Income to be recovered</b>	<b>14,230</b>	<b>18,791</b>	<b>18,359</b>	<b>0</b>	<b>0</b>
<b>Actual (Trading Statements)</b>					
<b>Total Income recovered</b>	<b>16,233</b>	<b>20,673</b>	<b>19,782</b>	<b>0</b>	<b>0</b>
<b>Variances (Actuals less CAA Forecast)</b>	<b>2,003</b>	<b>1,882</b>	<b>1,423</b>	<b>0</b>	<b>0</b>
Over/(under) recovery b/f from prior year	(2,310)	(608)	(41)		
(Over)/under recovery to cfwd	608	41	278		
<b>Variance to explain</b>	<b>301</b>	<b>1,315</b>	<b>1,660</b>		

### **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.

## 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
<b>CAA Forecast (11/12 Prices)</b>					
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
<b>Total Income to be recovered</b>	<b>10,802</b>	<b>14,325</b>	<b>14,088</b>	<b>13,783</b>	<b>13,607</b>
<b>CAA Forecast (nominal prices)</b>					
Direct Costs	7,334	10,012	10,093		
Annuity	3,212	4,071	4,001		
Allocated Costs	1,139	1,521	1,522		
<b>Total Income to be recovered</b>	<b>11,686</b>	<b>15,604</b>	<b>15,617</b>	<b>0</b>	<b>0</b>
<b>Actual (Trading Statements)</b>					
<b>Total Income recovered</b>	<b>13,072</b>	<b>17,748</b>	<b>16,326</b>	<b>0</b>	<b>0</b>
<b>Variances (Actuals less CAA Forecast)</b>	<b>1,387</b>	<b>2,144</b>	<b>709</b>	<b>0</b>	<b>0</b>
Over/(under) recovery b/f from prior year	325	755	1,943		
(Over)/under recovery to cfwd	(755)	(1,943)	(674)		
<b>Variance to explain</b>	<b>956</b>	<b>956</b>	<b>1,978</b>		

**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.



## 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
<b>CAA Forecast (11/12 Prices)</b>					
Direct Costs	710	923	912	905	898
Annuity	66	83	81	78	76
Allocated Costs	93	121	119	118	117
<b>Total Income to be recovered</b>	<b>869</b>	<b>1,128</b>	<b>1,112</b>	<b>1,102</b>	<b>1,091</b>
<b>CAA Forecast (nominal prices)</b>					
Direct Costs	769	1,006	1,011		
Annuity	71	91	89		
Allocated Costs	101	132	132		
<b>Total Income to be recovered</b>	<b>940</b>	<b>1,228</b>	<b>1,233</b>	<b>0</b>	<b>0</b>
<b>Actual (Trading Statements)</b>					
<b>Total Income recovered</b>	<b>1,784</b>	<b>1,134</b>	<b>1,264</b>	<b>0</b>	<b>0</b>
<b>Variances (Actuals less CAA Forecast)</b>	<b>844</b>	<b>(94)</b>	<b>31</b>	<b>0</b>	<b>0</b>
Over/(under) recovery b/f from prior year	92	869	496		
(Over)/under recovery to cfwd	(869)	(496)	(364)		
<b>Variance to explain</b>	<b>67</b>	<b>278</b>	<b>163</b>		

**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.

## 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
<b>CAA Forecast (11/12 Prices)</b>					
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
<b>Total Income to be recovered</b>	<b>7,832</b>	<b>9,955</b>	<b>9,420</b>	<b>9,041</b>	<b>8,903</b>
<b>CAA Forecast (nominal prices)</b>					
Direct Costs	5,060	6,471	6,294		
Annuity	3,087	3,956	3,747		
Allocated Costs	326	417	402		
<b>Total Income to be recovered</b>	<b>8,473</b>	<b>10,844</b>	<b>10,442</b>	<b>0</b>	<b>0</b>
<b>Actual (Trading Statements)</b>					
<b>Total Income recovered</b>	<b>7,988</b>	<b>10,554</b>	<b>9,890</b>	<b>0</b>	<b>0</b>
<b>Variances (Actuals less CAA Forecast)</b>	<b>(485)</b>	<b>(290)</b>	<b>(552)</b>	<b>0</b>	<b>0</b>
Over/(under) recovery b/f from prior year	(68)	377	768		
(Over)/under recovery to cfwd	(377)	(768)	(1,088)		
<b>Variance to explain</b>	<b>(930)</b>	<b>(680)</b>	<b>(872)</b>		

**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.

## 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
<b>CAA Forecast (11/12 Prices)</b>					
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
<b>Total Income to be recovered</b>	<b>4,271</b>	<b>5,464</b>	<b>5,239</b>	<b>5,148</b>	<b>4,950</b>
<b>CAA Forecast (nominal prices)</b>					
Direct Costs	1,450	1,797	1,606		
Annuity	2,993	3,927	3,978		
Allocated Costs	178	229	223		
<b>Total Income to be recovered</b>	<b>4,621</b>	<b>5,952</b>	<b>5,807</b>	<b>0</b>	<b>0</b>
<b>Actual (Trading Statements)</b>					
<b>Total Income recovered</b>	<b>3,595</b>	<b>5,368</b>	<b>5,314</b>	<b>0</b>	<b>0</b>
<b>Variances (Actuals less CAA Forecast)</b>	<b>(1,026)</b>	<b>(584)</b>	<b>(493)</b>	<b>0</b>	<b>0</b>
Over/(under) recovery b/f from prior year	0	(394)	(318)		
(Over)/under recovery to cfwd	394	318	434		
<b>Variance to explain</b>	<b>(632)</b>	<b>(660)</b>	<b>(377)</b>		

### **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.

## 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
<b>CAA Forecast (11/12 Prices)</b>					
Direct Costs	611	796	793	794	795
Annuity	25	27	27	26	25
Allocated Costs	76	99	98	98	98
<b>Total Income to be recovered</b>	<b>712</b>	<b>923</b>	<b>918</b>	<b>919</b>	<b>919</b>
<b>CAA Forecast (nominal prices)</b>					
Direct Costs	661	867	879		
Annuity	27	30	29		
Allocated Costs	83	108	109		
<b>Total Income to be recovered</b>	<b>771</b>	<b>1,005</b>	<b>1,017</b>	<b>0</b>	<b>0</b>
<b>Actual (Trading Statements)</b>					
<b>Total Income recovered</b>	<b>922</b>	<b>917</b>	<b>1,082</b>	<b>0</b>	<b>0</b>
<b>Variances (Actuals less CAA Forecast)</b>	<b>152</b>	<b>(88)</b>	<b>65</b>	<b>0</b>	<b>0</b>
Over/(under) recovery b/f from prior year	(27)	157	195		
(Over)/under recovery to cfwd	(157)	(195)	(548)		
<b>Variance to explain</b>	<b>(33)</b>	<b>(126)</b>	<b>(288)</b>		

**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.

## 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
<b>CAA Forecast (11/12 Prices)</b>					
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
<b>Total Income to be recovered</b>	<b>2,146</b>	<b>2,984</b>	<b>2,814</b>	<b>2,828</b>	<b>2,852</b>
<b>CAA Forecast (nominal prices)</b>					
Direct Costs	1,921	2,737	2,860		
Annuity	312	389	140		
Allocated Costs	89	125	120		
<b>Total Income to be recovered</b>	<b>2,322</b>	<b>3,251</b>	<b>3,120</b>	<b>0</b>	<b>0</b>
<b>Actual (Trading Statements)</b>					
<b>Total Income recovered</b>	<b>2,026</b>	<b>2,689</b>	<b>2,196</b>	<b>0</b>	<b>0</b>
<b>Variances (Actuals less CAA Forecast)</b>	<b>(296)</b>	<b>(562)</b>	<b>(924)</b>	<b>0</b>	<b>0</b>
Over/(under) recovery b/f from prior year	-	(12)	159		
(Over)/under recovery to cfwd	12	(159)	(7)		
<b>Variance to explain</b>	<b>(284)</b>	<b>(733)</b>	<b>(772)</b>		

**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.

## 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
<b>CAA Forecast (11/12 Prices)</b>					
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
<b>Total Income to be recovered</b>	<b>1,481</b>	<b>1,909</b>	<b>1,902</b>	<b>1,865</b>	<b>1,865</b>
<b>CAA Forecast (nominal prices)</b>					
Direct Costs	1,090	1,407	1,426		
Annuity	341	450	457		
Allocated Costs	172	223	226		
<b>Total Income to be recovered</b>	<b>1,602</b>	<b>2,079</b>	<b>2,108</b>	<b>0</b>	<b>0</b>
<b>Actual (Trading Statements)</b>					
<b>Total Income recovered</b>	<b>2,228</b>	<b>1,886</b>	<b>1,896</b>	<b>0</b>	<b>0</b>
<b>Variances (Actuals less CAA Forecast)</b>	<b>626</b>	<b>(193)</b>	<b>(212)</b>	<b>0</b>	<b>0</b>
Over/(under) recovery b/f from prior year	(484)	(6)	(161)		
(Over)/under recovery to cfwd	6	161	323		
<b>Variance to explain</b>	<b>148</b>	<b>(38)</b>	<b>(50)</b>		

**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.

## 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
<b>CAA Forecast (11/12 Prices)</b>					
Direct Costs	855	970	966	968	969
Annuity	1	0	0	0	0
Allocated Costs	4	0	0	0	0
<b>Total Income to be recovered</b>	<b>860</b>	<b>970</b>	<b>966</b>	<b>968</b>	<b>969</b>
<b>CAA Forecast (nominal prices)</b>					
Direct Costs	925	1,217	1,230		
Annuity	1	2	2		
Allocated Costs	5	6	6		
<b>Total Income to be recovered</b>	<b>931</b>	<b>1,225</b>	<b>1,238</b>	<b>0</b>	<b>0</b>
<b>Actual (Trading Statements)</b>					
<b>Total Income recovered</b>	<b>961</b>	<b>1,182</b>	<b>1,185</b>	<b>0</b>	<b>0</b>
<b>Variances (Actuals less CAA Forecast)</b>	<b>30</b>	<b>(43)</b>	<b>(53)</b>	<b>0</b>	<b>0</b>
Over/(under) recovery b/f from prior year	110	104	50		
(Over)/under recovery to cfwd	(104)	(50)	(26)		
<b>Variance to explain</b>	<b>36</b>	<b>11</b>	<b>(29)</b>		

**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.

## 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
<b>CAA Forecast (11/12 Prices)</b>					
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
<b>Total Income to be recovered</b>	<b>28,245</b>	<b>36,463</b>	<b>35,894</b>	<b>35,220</b>	<b>34,366</b>
<b>CAA Forecast (nominal prices)</b>					
Direct Costs	13,577	18,426	19,309		
Annuity	15,803	19,766	18,951		
Allocated Costs	1,175	1,528	1,530		
<b>Total Income to be recovered</b>	<b>30,555</b>	<b>39,720</b>	<b>39,790</b>	<b>0</b>	<b>0</b>
<b>Actual (Trading Statements)</b>					
<b>Total Income recovered</b>	<b>25,269</b>	<b>37,458</b>	<b>34,508</b>	<b>0</b>	<b>0</b>
<b>Variances (Actuals less CAA Forecast)</b>	<b>(5,287)</b>	<b>(2,262)</b>	<b>(5,282)</b>	<b>0</b>	<b>0</b>
Over/(under) recovery b/f from prior year	3,182	232	2,200		
(Over)/under recovery to cfwd	(232)	(2,200)	691		
<b>Variance to explain</b>	<b>(2,336)</b>	<b>(4,230)</b>	<b>(2,390)</b>		

**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.

## 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
<b>CAA Forecast (11/12 Prices)</b>					
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
<b>Total Income to be recovered</b>	<b>3,781</b>	<b>4,602</b>	<b>4,447</b>	<b>4,327</b>	<b>4,192</b>
<b>CAA Forecast (nominal prices)</b>					
Direct Costs	820	835	840		
Annuity	3,112	3,985	3,899		
Allocated Costs	157	193	190		
<b>Total Income to be recovered</b>	<b>4,090</b>	<b>5,013</b>	<b>4,929</b>	<b>0</b>	<b>0</b>
<b>Actual (Trading Statements)</b>					
<b>Total Income recovered</b>	<b>4,416</b>	<b>6,511</b>	<b>5,570</b>	<b>0</b>	<b>0</b>
<b>Variances (Actuals less CAA Forecast)</b>	<b>326</b>	<b>1,498</b>	<b>641</b>	<b>0</b>	<b>0</b>
Over/(under) recovery b/f from prior year	85	503	1,832		
(Over)/under recovery to cfwd	(503)	(1,832)	(2,074)		
<b>Variance to explain</b>	<b>(92)</b>	<b>170</b>	<b>399</b>		

**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.

## 16. Bus and coach facilities

	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
<b>CAA Forecast (11/12 Prices)</b>					
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
<b>Total Income to be recovered</b>	<b>1,676</b>	<b>2,192</b>	<b>2,159</b>	<b>2,115</b>	<b>2,049</b>
<b>CAA Forecast (nominal prices)</b>					
Direct Costs	1,190	1,584	1,607		
Annuity	429	548	530		
Allocated Costs	194	256	256		
<b>Total Income to be recovered</b>	<b>1,813</b>	<b>2,387</b>	<b>2,393</b>	<b>0</b>	<b>0</b>
<b>Actual (Trading Statements)</b>					
<b>Total Income recovered</b>	<b>2,586</b>	<b>3,185</b>	<b>3,273</b>	<b>0</b>	<b>0</b>
<b>Variances (Actuals less CAA Forecast)</b>	<b>773</b>	<b>798</b>	<b>880</b>	<b>0</b>	<b>0</b>
Over/(under) recovery b/f from prior year	-	4	(355)		
(Over)/under recovery to cfwd	(4)	355	318		
<b>Variance to explain</b>	<b>769</b>	<b>1,157</b>	<b>843</b>		

### **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.

## 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
<b>CAA Forecast (11/12 Prices)</b>					
Direct Costs	20	26	26	26	26
Annuity	248	313	301	292	280
Allocated Costs	11	14	13	13	12
<b>Total Income to be recovered</b>	<b>279</b>	<b>353</b>	<b>340</b>	<b>331</b>	<b>319</b>
<b>CAA Forecast (nominal prices)</b>					
Direct Costs	22	29	29		
Annuity	268	341	334		
Allocated Costs	12	15	15		
<b>Total Income to be recovered</b>	<b>302</b>	<b>385</b>	<b>377</b>	<b>0</b>	<b>0</b>
<b>Actual (Trading Statements)</b>					
<b>Total Income recovered</b>	<b>230</b>	<b>284</b>	<b>388</b>	<b>0</b>	<b>0</b>
<b>Variiances (Actuals less CAA Forecast)</b>	<b>(72)</b>	<b>(101)</b>	<b>11</b>	<b>0</b>	<b>0</b>
Over/(under) recovery b/f from prior year	0	(51)	(124)		
(Over)/under recovery to cfwd	51	124	28		
<b>Variance to explain</b>	<b>(21)</b>	<b>(27)</b>	<b>(85)</b>		

**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.

## 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
<b>CAA Forecast (11/12 Prices)</b>					
Direct Costs	277	361	358	358	358
Annuity	0	0	0	0	0
Allocated Costs	33	43	43	43	43
<b>Total Income to be recovered</b>	<b>310</b>	<b>404</b>	<b>401</b>	<b>401</b>	<b>401</b>
<b>CAA Forecast (nominal prices)</b>					
Direct Costs	300	393	397		
Annuity	0	0	0		
Allocated Costs	36	47	48		
<b>Total Income to be recovered</b>	<b>336</b>	<b>440</b>	<b>444</b>	<b>0</b>	<b>0</b>
<b>Actual (Trading Statements)</b>					
<b>Total Income recovered</b>	<b>389</b>	<b>482</b>	<b>519</b>	<b>0</b>	<b>0</b>
<b>Variances (Actuals less CAA Forecast)</b>	<b>53</b>	<b>42</b>	<b>75</b>	<b>0</b>	<b>0</b>
Over/(under) recovery b/f from prior year	-	(6)	(27)		
(Over)/under recovery to cfwd	6	27	(7)		
<b>Variance to explain</b>	<b>59</b>	<b>63</b>	<b>41</b>		

**2014 Commentary:**

Driven by higher rent costs.

**2015 Commentary:**

Driven by higher rent costs.

**2016 Commentary:**

Driven by higher rent costs.

