

From: [REDACTED]

Sent: 29 October 2020 14:10

To: economicregulation <economicregulation@caa.co.uk>

Subject: CAP 1966: Economic regulation of Heathrow Airport Limited: response to its request for a covid-19 related RAB adjustment

Dear Sirs,

My name is Neil Spurrier and I live in Teddington. I am a member of the residents' association called the Teddington Action Group. I also write as a traveller from time to time and therefore a customer of Heathrow who indirectly pays towards their charges levied.

I am profoundly against Heathrow's request to add to its Regulatory Asset Base and consequently increase its charges. Heathrow is already the most expensive airport in the World by a large margin. It is outrageously over-gearred. Currently the accounts of the parent company FGP Topco show that by December 2019 the proportion of liabilities to assets was a staggering 95.35%. The payment of dividends to shareholders in the past has been disproportionate to such a small equity and shows a disregard for prudent housekeeping. Dividends paid by the parent company FGP Topco in recent years, shown from the filed company accounts, are:

2014	£1,075 million
2015	£ 300 million
2016	£ 325 million
2017	£ 325 million
2018	£ 535 million
2019	£ 500 million

The shareholders equity after retained earnings is valued in the accounts at £884 million for the year ending December 2019. In that year they received dividends worth 56% of the value of their equity – a mindboggling rate of return

In contrast, some of the expenditure has been highly risky. For example legal fees, the Government decided that it was prudent not to appeal to the Supreme Court but rather to accept the ruling of the Court of Appeal on the Airports National Policy Statement relating to the expansion of Heathrow. Heathrow, on the other hand, decided that it would on its own take the case to the Supreme Court. I would suggest that in the current circumstances with Covid-19, it would have been prudent to have followed the Government and not spend any more on legal fees on this matter.

Heathrow requests to add some £1.7 billion to its RAB and says that it stands to lose between £2.2 - £2.9 billion. Yet according to the accounts, the net value of the assets of the group of companies after deduction of liabilities is just £1.162 billion. The £1.7 billion requested represents just 3 years dividends paid out to the shareholders. I would suggest that allowing any collection from customers of the losses is condoning reckless pay-outs of Heathrow.

Considering that Heathrow is part of the national infrastructure, it would not be appropriate for there to be any further increase in its charges, and in so far as it needs extra money, the shareholders (already paid to an excessive degree) should repay some of the dividends that they have received.

Yours faithfully

Neil Spurrier

