

Performance monitoring report for 2014/15

Date of issue: August 2015

Gatwick Airport Limited

Summary

Gatwick Airport is performing well for passengers and airlines, and in many aspects is ahead of the performance anticipated by the CAA when it set the airport's licence in early 2014. Through its Commitments to all airport users and the contracts it has now put place with eight airlines, together handling over 83% of passenger traffic, Gatwick has delivered average net prices in the year ending 31 March 2015 which fell by 7.3% in real terms on the previous year. This is some way below the reduction of 1.6% in real terms which was judged by the CAA, in early 2014, to represent a 'fair price' path.

Gatwick Airport has delivered consistently good service performance in nearly all areas, achieving 98% of its monthly Core Service Standards. In the small minority of areas where service standards have not been met in certain months, Gatwick has implemented plans to restore performance to the service standards specified in the airport's Commitments to users. Beyond its own service metrics, Gatwick has also worked collaboratively with its airlines and ground handlers to diagnose any shortcomings in their on-time flight departure and baggage delivery performance, and to put in place measures to improve outcomes for passengers.

1. Introduction

Gatwick Airport is publishing this report to provide to stakeholders a summary of its performance for the financial year 2014/15. In addition to the detailed performance data which form the core of the report, Gatwick has taken the opportunity to provide some explanation of developments over 2014/15, to assist stakeholders in interpreting the data.

All of the data in this report have been made available to airline users during 2014 and the first quarter of 2015. In publishing this report, Gatwick Airport welcomes feedback from airlines users, passenger representatives and the CAA.

2. Traffic

Gatwick Airport served 38.7 million passengers in 2014/15, an increase of 7.8% over the same period in the previous financial year. The rate of growth increased over the year, up from 4.8% for the year to end 2013/14. In August 2014 the airport served 4.37 million passengers (an all-time monthly record for Gatwick). The growth in passenger numbers was due to a combination of a higher number of Air Traffic Movements (ATMs), larger average aircraft size and higher load factors.

Gatwick has been able to achieve this increase in traffic through more intensive use of its single runway in two dimensions:

- increased number of flights: the number of air traffic movements in 2014/15 increased by 3.2% on 2013/14, as a result of a small increase in the number of peak slots made available from the summer 2013 season, to a total of 55, and greater use of off-peak slots in the winter season, which Gatwick has incentivised through reducing tariff charges for aircraft movements in this period to zero; and
- increased load per flight: airlines have increased the average number of seats per flight by 3.6% from 173.9 to 180.1, and load factors increased by 0.7 percentage points from 83.2% to 83.9%.

Table 1: Traffic data

	Year ended 31 March 2015	Year ended 31 March 2014
Seats per ATM	180.1	173.9
Passengers per ATM	151.1	144.7
Load factor (%)	83.9%	83.2%

Additional information on our traffic trends is also available in our annual report and financial statements for the year ended 31 March 2015¹.

¹ Gatwick's latest financial results can be found here: <http://www.gatwickairport.com/business-community/airlines-business/investor-relations/financial-results/>

3. Price

This section provides information on the pricing parameters underpinning our Contracts and Commitments regime. Our published price commitment allows the following average annual price increases:

- Core Yield (before discounts & marketing support): RPI+1%.
- Blended Yield (after discounts & marketing support): RPI+0%.

The opening yield to which the above increases may be applied is defined in the Conditions of Use as £8.894.

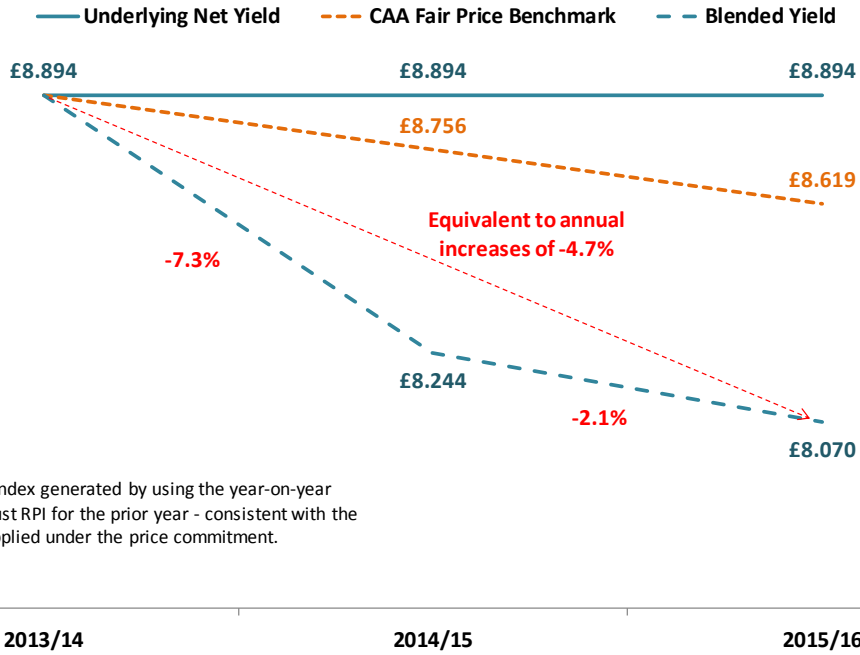
In the Licence decision the CAA outlined that it would use a fair price benchmark of RPI-1.6% over the period of the Commitments. This metric is comparable with our Blended Yield.

The chart below provides a comparison of the Underlying Net Yield (i.e. the yield achieved by applying a price increase of RPI+0%), the CAA fair price benchmark and our Blended Yield over the period 2013/14 to 2015/16.

- In real terms, the Blended Yield reduced by 7.3% in 2014/15 and is expected to reduce by a further 2.1% in 2015/16.
- The equivalent average annual reduction is 4.7% per annum over the first two years of the Commitments period; this value is comparable with the CAA's benchmark of -1.6% per annum.

Figure 1: Net Yield Evolution – real prices

Net Yield Evolution - Real Prices
Underlying Net Yield & Blended Yield versus CAA Fair Price Benchmark
 Source: Gatwick Airport Limited



N.B. Real price index generated by using the year-on-year increase in August RPI for the prior year - consistent with the methodology applied under the price commitment.

4. Service Quality

This section provides an overview of service quality at Gatwick. It provides an overview of our performance against the Core Service Standards we have committed to build and operate the airport to. It also provides an overview of other metrics important to our passengers, including baggage delivery and on time performance. Please refer to our monthly reports for brief description of the service quality metrics².

Core Service Standards

Under the Commitments framework, Gatwick has agreed targets across a range of service targets with our airline community. These Core Service Standards specify the services we are committed to delivering through the operations and facilities we provide to users. Where we fail to achieve the target in a given month, we issue a rebate on the airport charge to the airlines operating in the affected terminal.

There are 21 Core Service Standards, 18 of which have individual measures for each terminal (the exceptions to this are the measures relating to the inter-terminal shuttle system, external control post security queuing and the airfield congestion term). In total, Gatwick's performance is measured against 40 separate service targets for each month, giving 480 service scores for 2014/15 as a whole.

The sections below describe the performance across these measures. Out of 480 total scores, 472 were passed, giving a pass rate of 98%. (Of the remaining 8, one was excluded from the calculations following agreement with the airlines.) This performance remains the best in the London system.

QSM metrics

The QSM (Quality of Service Monitor) survey generates a set of passenger experience metrics. These are interview-based perception scores and capture how our passengers perceive Gatwick on a of 1 to 5 scale (where 5 is 'Excellent'; 4 is 'Good'; 3 is 'Average'; 2 'Poor' and 1 'Extremely Poor'), across four different categories: seating availability, cleanliness, wayfinding and flight information. The scores are calculated as moving annual totals (MATs).

² Gatwick's monthly service quality reports can be accessed here: <http://www.gatwickairport.com/business-community/about-gatwick/our-performance/>

Table 2: QSM scores

	Terminal	Target	Apr 14	May 14	Jun 14	Jul 14	Aug 14	Sep 14	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15
Seating availability	North	3.80	4.05	4.04	4.04	4.03	4.02	4.01	4.01	4.00	4.00	4.00	4.01	3.99
	South	3.80	3.91	3.92	3.95	3.95	3.97	3.99	4.01	4.02	4.03	4.04	4.04	4.04
Cleanliness	North	4.00	4.03	4.02	4.01	4.01	4.00	4.00	3.99	3.98	3.98	3.98	3.99	3.98
	South	4.00	4.16	4.17	4.17	4.16	4.15	4.16	4.15	4.15	4.16	4.17	4.16	4.15
Wayfinding	North	4.10	4.16	4.16	4.16	4.15	4.15	4.16	4.16	4.15	4.15	4.15	4.15	4.14
	South	4.10	4.20	4.20	4.20	4.20	4.19	4.20	4.20	4.20	4.20	4.21	4.21	4.21
Flight information	North	4.20	4.31	4.31	4.31	4.31	4.31	4.30	4.31	4.31	4.31	4.31	4.32	4.32
	South	4.20	4.36	4.37	4.38	4.40	4.40	4.41	4.40	4.40	4.40	4.41	4.40	4.39

The scores for cleanliness in North Terminal fell slightly below the target level from October 2014. This was initially due to the re-deployment of cleaning resources in order to support ground handling operations, which had been struggling during the summer of 2014, and thereby improve arrival baggage delivery times. In addition to this factor, the score has also been negatively impacted by the construction works we have been undertaking as part of the North Terminal improvement programme. An improvement plan was implemented in the second half of 2014 which succeeded in bringing the cleaning score within target for the month (but not for the moving average target) by December 2014. As the moving average remained below target for 6 successive months, then in line with the Commitments, we consulted on an improvement plan in May 2015. The cleanliness moving average target has been achieved since June 2015.

Security Search

The security metrics measure security queueing performance in 15 minutes segments across the day. The main targets are:

- Queues should be less than 5 minutes in more than 95% of 15 minute segments periods in a month in central search;
- Queues should be less than 15 minutes in more than 98% of 15 minute segments in a month in central search;
- There should not be any queues longer than 30 minutes in central search;
- There are also targets for transfer, staff search and external control posts.

Table 3: Security search scores

	Terminal	Target	Apr 14	May 14	Jun 14	Jul 14	Aug 14	Sep 14	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15
Central <5 min	North	95.0%	96.9%	96.7%	96.2%	96.3%	96.3%	95.3%	96.3%	97.6%	95.5%	97.5%	95.4%	95.2%
	South	95.0%	97.6%	97.5%	97.8%	96.4%	96.0%	95.6%	96.1%	96.4%	95.5%	95.3%	95.9%	95.1%
Central <15 min	North	98.0%	99.9%	100.0%	99.8%	99.9%	100.0%	99.8%	99.5%	100.0%	100.0%	100.0%	99.9%	99.8%
	South	98.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	99.8%	100.0%	99.8%
Central >30 min	North	0	-	-	-	-	-	-	-	-	-	-	-	-
	South	0	-	-	-	-	-	-	-	-	-	-	-	-
Transfer <10 min	North	95.0%	99.2%	98.7%	99.1%	99.7%	99.8%	99.9%	99.9%	99.9%	99.9%	99.8%	99.3%	99.9%
	South	95.0%	96.9%	99.1%	96.3%	98.8%	99.7%	99.0%	98.9%	99.5%	99.4%	98.6%	98.2%	97.9%
Staff <5 min	North	95.0%	99.9%	100.0%	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%	100.0%	100.0%	100.0%	99.8%
	South	95.0%	99.9%	100.0%	100.0%	99.7%	99.8%	99.9%	99.7%	100.0%	99.8%	99.9%	100.0%	99.9%
Control posts<15min		95.0%	99.6%	99.9%	99.9%	99.9%	99.9%	99.7%	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%

Overall security performance was excellent through 2014, and Gatwick is often seen as market-leading in driving efficiency and innovation in our security product. In 2015, we are implementing our Generation II security product with the aim to deliver further efficiency improvements.

Passenger operational metrics

The passenger operational metrics are a range of measures targeting the availability of specific facilities services at the airport. These measures range from Passenger Sensitive Equipment (PSE) such as escalators and lifts, to the availability of the inter-terminal shuttle and the baggage system.

Table 4: Passenger operational scores

	Terminal	Target	Apr 14	May 14	Jun 14	Jul 14	Aug 14	Sep 14	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15
PSE - Priority	North	99.0%	99.8%	99.7%	99.5%	99.6%	99.7%	99.6%	99.3%	99.3%	99.5%	99.7%	99.6%	99.6%
	South	99.0%	99.6%	99.7%	99.6%	99.6%	99.8%	99.7%	99.7%	99.3%	99.7%	99.8%	99.5%	99.6%
PSE - General	North	99.0%	99.7%	99.7%	99.5%	99.3%	99.5%	99.7%	99.4%	99.7%	99.4%	99.8%	99.6%	99.8%
	South	99.0%	99.7%	99.8%	99.7%	99.6%	99.8%	99.2%	99.6%	99.2%	99.4%	99.8%	99.6%	99.7%
Shuttle	One	99.0%	99.9%	100.0%	99.9%	99.8%	99.9%	99.9%	100.0%	100.0%	99.8%	99.9%	100.0%	99.7%
	Both	97.0%	99.8%	99.5%	99.5%	98.6%	99.8%	99.7%	99.3%	99.8%	98.6%	99.6%	99.5%	99.4%
Outbound baggage - Daily	North	97.0%	97.1%	97.8%	99.2%	98.9%	99.1%	94.3%	98.1%	98.3%	97.4%	98.7%	99.3%	99.4%
	South	97.0%	98.2%	99.5%	99.1%	98.7%	98.9%	99.5%	98.8%	99.6%	97.6%	99.2%	99.4%	98.4%
Outbound baggage - Monthly	North	99.0%	99.5%	99.7%	99.7%	99.7%	99.7%	99.6%	99.6%	99.7%	99.6%	99.8%	99.8%	99.9%
	South	99.0%	99.7%	99.9%	99.7%	99.6%	99.7%	99.9%	99.8%	99.9%	99.4%	99.9%	99.9%	99.6%
Arrivals baggage reclaim availability	North	99.0%	99.9%	100.0%	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%	100.0%	100.0%	100.0%	99.8%
	South	99.0%	99.9%	99.9%	99.9%	99.9%	99.9%	99.3%	100.0%	100.0%	99.9%	99.9%	99.9%	99.9%

Overall we achieved a very good performance across these measures, with only a single day's failure of what is arguably one of the more challenging targets – the daily outbound baggage system process, first implemented in April 2014 as part of the Commitments framework.

Airfield operational metrics

The airfield operational metrics, like the passenger operational metrics, measure the availability for use of specific assets. Over the year Gatwick has successfully met all these targets.

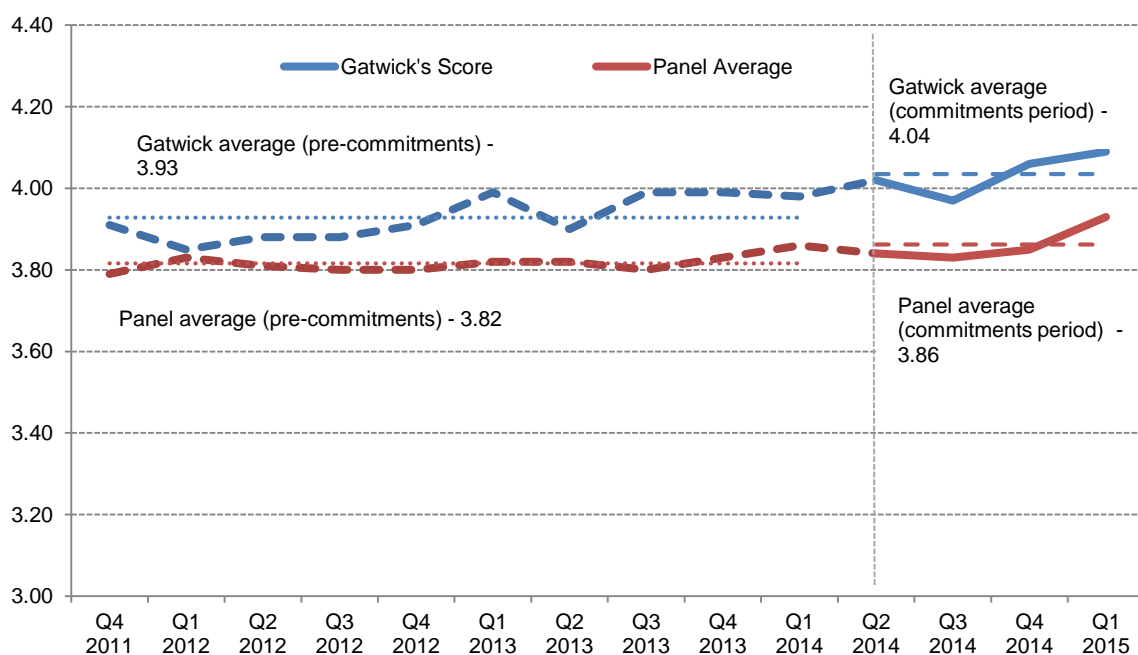
Table 5: Airfield operational scores

	Terminal	Target	Apr 14	May 14	Jun 14	Jul 14	Aug 14	Sep 14	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15
Pier service	North	95.0%	96.9%	98.3%	96.7%	96.6%	96.4%	96.3%	96.4%	96.5%	96.5%	96.6%	96.6%	96.6%
	South	95.0%	99.1%	99.8%	98.5%	98.2%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.1%	98.0%
Stands	North	99.0%	100.0%	99.9%	100.0%	100.0%	100.0%	99.5%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	South	99.0%	100.0%	99.9%	99.9%	100.0%	100.0%	99.9%	100.0%	100.0%	100.0%	100.0%	99.9%	100.0%
Jetties	North	99.0%	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%	99.8%	99.8%	99.9%	99.9%
	South	99.0%	99.8%	99.9%	99.8%	99.7%	99.8%	99.9%	99.7%	99.9%	99.8%	99.8%	99.8%	99.8%
FEGP	North	99.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	South	99.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Congestion term		0	-	-	-	-	-	-	-	-	-	-	-	-

Airports Council International - Airport Service Quality benchmark

In addition to the Core Service Standards, Gatwick benchmarks its performance against a panel of 22 European Airports using the independent ACI ASQ survey. During 2014/15, we not only improved our performance against this metric in absolute terms, from 4.0 to 4.1, but also continued to perform well ahead of the panel average, which rose to 3.9 over the period.

Figure 2: ASQ performance over time



The ACI ASQ benchmarking data also provides insights into how elements of our terminals perform against the competition. For example, benchmarking shows that our Flight Information Screens in South terminal achieve the second highest score in our sample of 23 comparator airports. As a result of this we will be upgrading the screens in North Terminal to the same high standard.

Airline Service Standards

Airline Service Standards are the performance metrics which we apply to our airline customers. These are targeted at areas we identified in our Commitments as being of key concern to our passengers, but which are not under our direct control.

The two metrics we identified in our Commitments are inbound baggage delivery and check-in queuing. These two functions are both controlled by the airlines, and are usually outsourced to ground handling companies. The metrics are designed to create an incentive for airlines to deliver a minimum level service to passengers in these areas. If an airline fails to achieve the target in a given month, then a deduction is made from any Core Service Standard rebate they would otherwise have been entitled to in that month. If no rebate is owing (because Gatwick met all relevant service standards in that month), then the airline concerned is not subject to any financial penalty. These performance data are published monthly alongside the airport's service standards.

Inbound baggage delivery

The first airline service standards measure is inbound baggage delivery. The standard is divided into separate metrics for small/medium sized aircraft (such as a Boeing 737 or airbus A319) and large aircraft (such as Boeing 777, Airbus A380 or Boeing Dreamliners). The target is for the last bag delivered off an aircraft to be delivered within 35 minutes for small and medium sized aircraft and within 50 minutes for large aircraft. Gatwick Airport incentivises its airline users to achieve these targets on at least 95% of respective flights each month.

Through the year performance against this measure has been mixed. In the first half of the financial year, several airlines struggled due to staffing levels of the handling agent Swissport, and to some extent Menzies. This resulted in long waiting times to retrieve their baggage for those passengers flying with these agents customer airlines.

The situation did however improve somewhat in the second half of the year. A possible explanation for this has been increased focus on ground handling performance by both the airport and airline communities. In preparation for the Summer 2015 season, Gatwick has worked closely with a number of airlines and their ground handlers to develop a better shared understanding of performance and has taken steps to help the ground handlers, for example by supporting their recruitment efforts.

The charts below highlight, for each aircraft size category, the monthly performance data for the airport as whole and for the highest and lowest performing of the leading airlines (the top 12-14

airlines by volume of flights in each category of aircraft). These data are published, by airline, each month on the Gatwick website³.

Figure 3: In bound baggage performance (small/medium sized aircraft): percentage of flights with last bag delivered within 35 minutes by main airlines

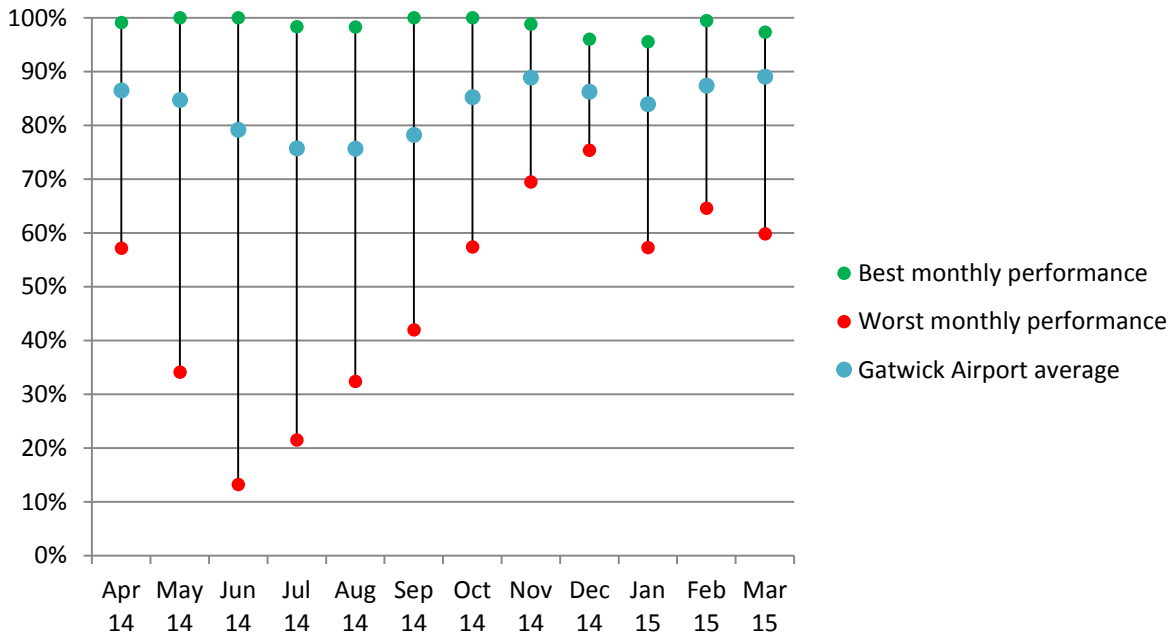
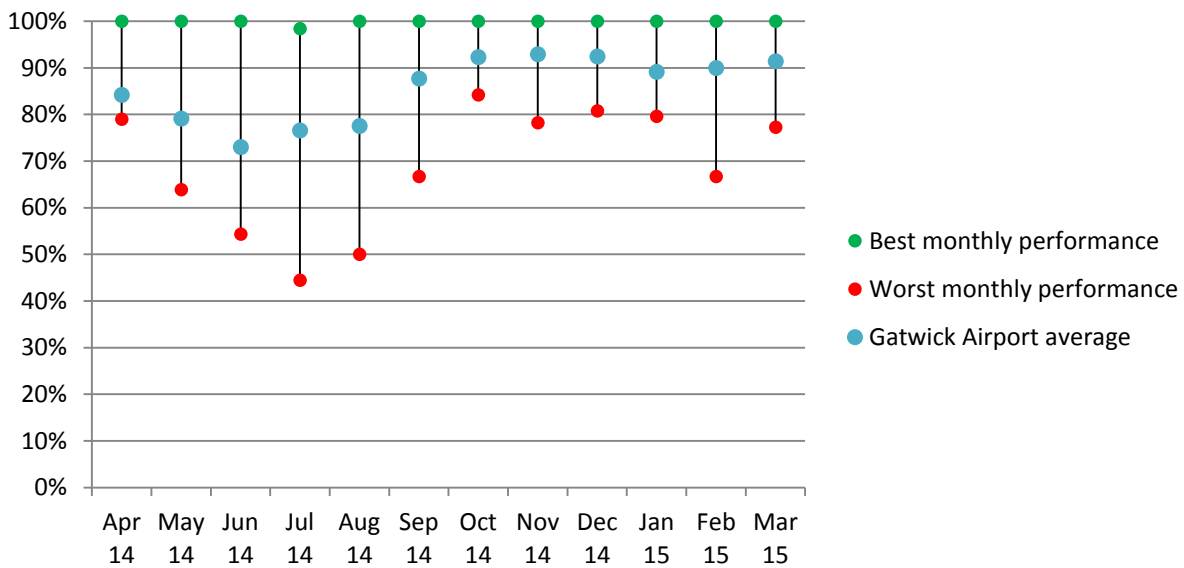


Figure 4: In bound baggage performance (large aircraft): percentage of flights with last bag delivered within 50 minutes by main airlines



³ Published at <http://www.gatwickairport.com/business-community/about-gatwick/our-performance/>

In addition, Gatwick Airport has adopted as part of its own suite of performance metrics, used for setting staff bonuses, a target that for at least 98% of flights the last in-bound bag should be delivered to passengers within 55 minutes of aircraft arrival. This target was achieved for 8 out of 12 months in 2014/15.

Check in Queuing

In our Commitments, we indicated that this metric would be introduced once a robust measurement system had been identified. This metric was therefore not yet operational during 2014/15. A suitable system has however been trialled and is now being deployed in the check-in zones across the airport.

In addition to supporting the Airline Service Standard, the identified system will also enable us to offer services with the potential to deliver additional benefits to airlines by, for example, delivering real time information on the queuing situation to the airlines and ground handlers. This would enable these to make improvements to their resource scheduling.

Other service indicators

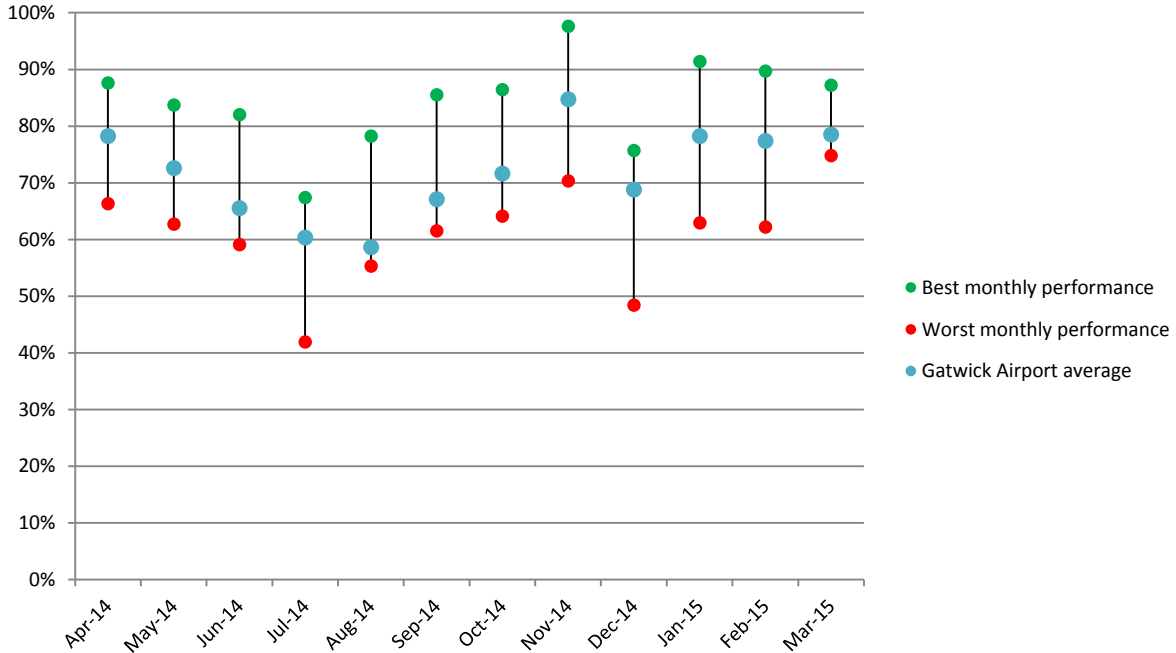
On Time Performance

On time performance is driven by a range of different factors affecting Gatwick and origin/destination airports, including:

- Weather (such as high wind, snow, thunderstorms)
- Exceptional events (such as air traffic control strikes)
- European air traffic control flow restrictions
- Airline schedules
- Ground handling company performance
- Airport ground performance

The chart below illustrates how performance varied across our top 10 airlines during 2014/15, showing average performance across Gatwick as a whole and the highest and lowest performance in each month among the leading airlines. It is important to note that at an airport of the size and complexity of Gatwick airline specific factors, such as ground handling performance, can have wider effects. For example, if a ground handler struggles to offload baggage from an aircraft on time, then this might have an impact not only on the affected aircraft, but also on the next aircraft due to use the affected stand, and these effects might impact subsequent performance of aircraft throughout the day.

Figure 5: On time performance: percentage of flights departing on time across leading 10 airlines



Gatwick is working with the airline community to help improve the on time performance of flights on our campus. This includes work to help the airlines be ready for the start of the day, increased use of collaborative working and innovative use of towing to support the operation.

Gatwick Airport has adopted as part of its own suite of performance metrics for staff bonuses a target that at least 77% of flights depart on time. This target was achieved for 5 out of 12 months in 2014/15.