

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

3rd November, 2026

Proposition No. P. 2026/82

Policy & Resources Committee

The States of Guernsey Annual Budget for 2027

AMENDMENT

Proposed by: Alderney Representative A Snowdon

Seconded by: Alderney Representative E Hill

1. To insert, in Proposition 16, immediately after the words “paragraph 6.27” the following words “, subject to an additional £364k for the purpose of funding Alderney’s air services”.
2. To insert, in Proposition 17(b), immediately after the words “paragraph 6.27” the following words “, subject to an additional £364k for the purpose of funding Alderney’s air services”.
3. To insert an additional Proposition as follows:

“To direct the Policy & Resources Committee to allocate a minimum of £1.864m, of its agreed Committee Net Expenditure, for the purpose of increasing the contractual target for Alderney Air Routes PSO”.

Rule 4(1) Information

- a) The proposition contributes to the States’ objectives and policy plans by appropriately funding the Public Service Obligation for the air service to Alderney.
- b) In preparing this proposition consultation no consultation has taken place.
- c) The proposition has been submitted to His Majesty’s Procureur for advice on any legal or constitutional implications.

- d) The financial implication of carrying out this amendment would be to increase expenditure by £364k for 2027 only.
- e) Drafting advice has been sought from the States' Greffier.

Explanatory Note

The effect of this amendment is to increase expenditure by £364k from £1.5m to £1.864m for the purpose of meeting the contractual target funding for the air service to Alderney.

Prior to the introduction of the current Public Service Obligation (PSO) arrangements, the cost of providing air services to Alderney was approximately £3 million per annum.

The PSO contract for the provision of air services to Alderney commenced on 1 January 2021, establishing an annual subsidy target of £2 million, with provision for the subsidy not to exceed £2.5 million. The contract was intended to support the continued provision of essential air links for Alderney.

In mid-November 2024, air fares were increased by £5 each way as part of measures to bring the subsidy back towards the levels set out in the original contract. This has had the effect of raising fares up to £95.95 Alderney to Guernsey (one way) and £191.90 return. For Alderney to Southampton fares are up to £192 one way and £384 return. On flights to Southampton via Guernsey costs can be up to £710 return. £355 each way.

Subsequently, the Policy & Resources Committee agreed to reduce the annual subsidy target from £2 million to £1.5 million, with the reduction taking effect from 1 January 2025. This represented a reduction of 25%. The extended PSO arrangements that followed introduced a firm funding limit of £1.5 million.

The States of Guernsey's published figures show that the actual cost of providing the Alderney air service under the original PSO contract in 2025 was £2.368 million. The States of Guernsey's 2027 Budget identifies an original budget of £2 million for 2026, against a forecast cost of £1.620 million.

These figures demonstrate the importance of establishing a realistic funding arrangement to ensure the continued provision of reliable and resilient air services for Alderney. The current PSO funding limit of £1.5 million does constrain the ability to provide the additional operational resources required to ensure that sufficient crew are available to

operate a reliable service, alongside the contingency arrangements needed to strengthen the resilience of the Alderney routes.

Reliable air services are essential for Alderney residents who need to attend medical appointments, access employment and education, maintain family connections and travel for other important reasons. Cancellations can result in missed appointments, additional accommodation costs, lost business and considerable uncertainty for passengers.

The Alderney Chamber of Commerce has also raised concerns and expressed frustration about the current service, highlighting the impact that ongoing transport disruption and uncertainty are having on existing businesses and the difficulties they create for attracting new businesses and investment to Alderney. Businesses need reliable air links to plan ahead, bring in staff and customers, support business travel and give potential investors confidence in the island. Continued uncertainty over air services risks damaging business confidence and holding back Alderney's economic development. Reliable air links are therefore essential to supporting local businesses, tourism, employment and future investment in Alderney. The Chamber have further reiterated that Alderney has a sound economic platform from which it can expand if reliable air connectivity can be guaranteed.

We firmly believe that increasing the PSO contractual target to £1.864 million, rather than maintaining it at £1.5 million, could also reduce costs elsewhere for the States of Guernsey. Reliable air services are essential for residents to access transferred services, including healthcare and education. Disruption caused by crew shortages and other avoidable operational issues can lead to missed appointments, rearranged services and additional hotel accommodation costs for passengers who are unable to travel as planned. By investing in sufficient crew resources and appropriate contingency arrangements, there is an opportunity to reduce these additional costs, improve access to essential public services and provide better value for money for the Bailiwick as a whole.

The amendment proposes an annual PSO contractual target of £1.864 million. The intention is to provide sufficient flexibility to strengthen operational resilience, support the recruitment and training of additional crew, and provide appropriate contingency capacity where required.

The importance of reliable air services has been reinforced by the disruption experienced during 2026. Reported issues have included crew availability, sickness, aircraft technical problems and adverse weather, resulting in cancellations and disruption to essential

travel. Alderney's Policy & Finance Committee has raised concerns about service reliability and passenger communication, while residents have publicly expressed frustration at the impact on everyday life. These issues highlight the need to strengthen operational resilience and reduce avoidable disruption wherever possible.

Reliable air links are fundamental to Alderney's economic sustainability. Local businesses depend on dependable connections to attract visitors, support business travel and give prospective investors confidence in the island. Unreliable or unaffordable air services can undermine tourism, affect business activity and discourage people from visiting, working or investing in Alderney.

The proposed annual PSO contractual target of £1.864 million represents an increase of £300,000 plus 2026 cost of living above the current £1.5 million limit. It remains £136,000 below the original annual subsidy target of £2 million established under the PSO contract that commenced in January 2021. The proposed figure therefore retains a 10% reduction against the original target, before taking account of inflation over the intervening years.

The additional £300,000 (plus RPIX) could fund two additional sets of crew and/or other capacity measures to strengthen operational resilience on the Alderney routes. Crew availability has been a significant factor in flight disruption during 2026, highlighting the importance of ensuring that sufficient crew resources are available to operate the scheduled service reliably.

The additional funding would also provide for ACMI (Aircraft, Crew, Maintenance and Insurance) cover, should this be required while additional crew are recruited and trained and the necessary resilience measures are put in place. This would provide an interim contingency to help maintain scheduled services and reduce the risk of avoidable cancellations during the recruitment and training period. The combination of additional crew resources and access to appropriate contingency capacity would help address both immediate operational pressures and the longer-term need for a more resilient service.

In addition, it is important that clear and measurable Key Performance Indicators (KPIs) are established for the Alderney air service, covering areas such as flight reliability, cancellations, crew availability and passenger communication. These should be regularly monitored and reported to provide transparency, demonstrate the effectiveness of the additional funding and ensure that improvements in service reliability and resilience can be measured.

While these measures cannot prevent disruption caused by adverse weather or every technical issue, they would provide practical means of reducing the risk of cancellations arising from crew shortages and limited operational capacity. This would improve the

ability to maintain scheduled flights and provide greater confidence for passengers, residents and businesses.

The proposed £1.864 million contractual target should be viewed as an investment in Alderney's connectivity, economic sustainability and the wellbeing of its community. Maintaining reliable air services is essential to ensuring that Alderney residents can access the services they need, businesses can operate with greater confidence, and the island remains an attractive place to live, work, visit and invest.

This is in the interests of the whole Bailiwick, as Guernsey and Alderney are in fiscal union. A stronger and more sustainable Alderney economy supports the wider Bailiwick's economic prosperity and contributes to the long-term financial wellbeing of Guernsey and Alderney. Alderney cannot be expected to thrive if its essential air links cannot be relied upon.