

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

**POLICY & RESOURCES COMMITTEE AND
THE STATES' TRADING SUPERVISORY BOARD**

ALDERNEY AIRPORT RUNWAY REHABILITATION

The States are asked to decide: -

Whether, after consideration of the Policy Letter entitled 'Alderney Airport Runway Rehabilitation' of the Policy & Resources Committee and the States' Trading Supervisory Board, they are of the opinion:-

1. To agree Option C+ optimises public value in Alderney Airport by way of restoration of the existing pavement surfaces of the runway, including its re-widening and extension, and the redevelopment of the terminal building and other building alterations to secure improvements to enhance service provision; and therefore to replace the previously agreed proposal with this Option C+ scheme in the Government Work Plan.
2. To direct the Policy & Resources Committee on behalf of the States of Guernsey to negotiate with the Policy & Finance Committee of the States of Alderney in order to update the operational relationship and secure capital funding for the Option C+ scheme to redevelop Alderney Airport and runway; and if a reasonable and robust agreement cannot be reached, to direct that the Policy & Resources Committee reverts to the States of Guernsey for further consideration of options to secure funding for Option C+.

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ALDERNEY AIRPORT RUNWAY REHABILITATION

The Presiding Officer
States of Guernsey
Royal Court House
St Peter Port

3rd October, 2022

Dear Sir

1 Executive Summary

- 1.1 The rehabilitation of Alderney Airport's runway is a critically important investment in Guernsey and Alderney's future. The runway provides an essential social and economic lifeline for the community of Alderney. This has been recognised through a number of previous Resolutions of the States of Deliberation, including in 2019 a commitment to invest in a major rehabilitation of the existing pavements¹. That investment was further endorsed through the Government Work Plan in July 2021 when it was categorised as a 'Must Do' project. In addition, the Guernsey to Alderney route has been designated as a lifeline, essential for social and economic well-being in Alderney.
- 1.2 This vital connectivity is a Bailiwick issue. The States of Guernsey are required to provide critical infrastructure as a "Transferred Service" in accordance with the Alderney (Application of Legislation) Law, 1948. Alderney Airport is operated by Guernsey Airport and provides year-round lifeline services.
- 1.3 This Policy Letter provides an update on the project and recommends a change to the preferred option for the runway rehabilitation. This change has proven necessary given additional information and changes in circumstances since the debate (detailed in paragraph 2.2) and has been evidenced through revisiting the original long list and short-listed options. The recommendation has been subject to substantial additional consultation and appraisal.

¹ Billet d'État I of 2019, Article II – Alderney Airport Runway Rehabilitation

- 1.4 The condition of the runway at Alderney Airport continues to deteriorate because the existing pavement has exceeded its operational life. Regular engineering inspections evidence a continued decline and substantive patch repairs continue to be undertaken. These treatments only serve to mitigate the immediate problems and to slow down further significant deterioration. Whilst they provide short term solutions, the reconstruction project is vital to avoid ongoing and escalating maintenance costs and operational risks.
- 1.5 This Policy Letter sets out the rationale for the revised recommended solution (Option C+), to both restore and extend the existing pavements, and to provide additional facilities and improvements to some of the existing buildings on site. It also describes why this is considered to be the best option, calculated through whole life cost and demonstrating the best value for money. In addition, it highlights the key findings from a revised Outline Business Case (OBC), which was substantially updated in early 2022.
- 1.6 The proposed redevelopment will address the condition of the current infrastructure ensuring it meets the international aviation regulatory requirements and is fit for purpose for the next 15-20 years. It will also provide greater resilience and more versatile infrastructure through a short extension and strengthening of the existing runway to accommodate larger aircraft, with the provision of a new terminal building and refurbishment of the existing airport fire station. Such provisions are anticipated to result in cost savings in the current Public Service Obligation (PSO) contract that the States of Guernsey have put in place, subject to the issues set out in section 7, leading to an anticipated overall reduction in the revenue cost of providing Alderney's lifeline air services.
- 1.7 This investment represents a significant capital outlay, which reflects extensive reliance on night working (to maintain runway access during the day) and the logistical challenges associated with working at an operational airfield in an island. The estimated cost for this preferred option at this stage of the project has been identified within the OBC at circa £24.1m. Whilst this cost estimate includes appropriate contingencies and is based on a reasonable set of assumptions, it remains an estimate until the essential stages of final design and procurement are completed.
- 1.8 Detailed financial analysis has involved input from the current PSO air route provider, Aurigny Air Services Ltd (Aurigny), regarding its current and predicted operating costs, as well as input from specialist aviation pavement design engineers. The information provided by Aurigny indicates the additional costs associated with a runway extension as proposed within Option C+, compared to refurbishment of the current length, can be partly offset by a reduction in the PSO subsidy that Aurigny receives. This would be as a result of a consolidation of its fleet on a common, larger aircraft type. Such are the potential advantages of a runway extension, the option has now been revisited and is considered by the

States' Trading Supervisory Board and Policy & Resources Committee as the option that should be tendered subject to an agreed funding package with the States of Alderney.

- 1.9 Project and financial assurance have been carried out at the Strategic Outline Case (SOC) and OBC stages. A number of financial risks to the project remain and more detailed work is required to firm up on some of the associated costs. The Policy & Resources Committee will monitor the development of costs and benefits closely to ensure that Option C+ continues to deliver the best overall value and will not use its delegated authority to approve any expenditure should it suspect this no longer to be the case.

2 Introduction

- 2.1 In January 2019, the States resolved²:
- i. To approve Option 3 as the 'preferred option', to restore the existing pavement surfaces to provide a more lasting life for the runway, including re-widening and other improvements, as the option which optimises public value, following a detailed appraisal, as set out in the Policy Letter.
 - ii. To approve an increase of a maximum of £460,000 in the existing capital vote for the Alderney Airport Project funded from the Capital Reserve, to fund all necessary steps for the development of the design stage and proposals for the procurement of Option 3.
 - iii. Subject to the Policy & Resources Committee's approval of the Final Business Case, to direct that Committee to increase the existing capital vote for the Alderney Airport Project, funded from the Capital Reserve, to a maximum of £12.2 million to fund the construction of the runway pavement rehabilitation scheme, in accordance with Option 3, including the design stage, professional fees and contingencies.
 - iv. To rescind Resolutions of the States at Article 6, Billet XXVI of 10th December, 2014, 4(b) and 4(e) in relation to the potential proposals to hard surface the grass runways at 14/32 and 03/21.

² Billet d'État I of 2019, Article II – Alderney Airport Runway Rehabilitation

2.2 A number of significant events and changes have necessitated a thorough project review and substantial revisions of the original OBC for this project as follows:

- A global pandemic which has completely rewritten all previous economic and financial analysis and modelling and changed passenger behaviour;
- Further detail on the operating costs of the Dornier aircraft which are currently operating to and from Alderney that identifies cost saving opportunities for delivering air connectivity to Alderney by switching to payload restricted ATR 72-600 aircraft (introduced since the original OBC);
- The impacts of the global pandemic on aircraft manufacturers have led to some medium-term uncertainty over the ongoing production and support of the Dornier 228 NG aircraft type. Therefore, there are potential risks in relation to the longer-term viability of that fleet in terms of supply and maintenance, specifically replacement parts;
- Confirmation of a five-year PSO agreement with Aurigny as the supplier of air services to and from Alderney, which offers greater certainty over the ongoing level of subsidy required to provide that service and capacity commitment on the route. It is also worth noting that a wider market test for alternative providers of such services, as part of two separate open PSO tender processes, failed to secure any alternative viable operators from the current airport;
- Further challenges over time in the provision of medevac cover including through the PSO contract, which supports the case for a longer runway from which specialist medevac operators can operate and which currently are unable to use the existing runway length;
- The introduction of a new International Civil Aviation Organisation (ICAO) Global Reporting Format for runway surface conditions (GRF), effective from 4th November 2021, with the primary objective to mitigate the risk of runway excursions by enabling a harmonised assessment and reporting of runway surface conditions and an improved flight crew assessment of take-off and landing performance. This has led to an increase in the number of days per annum when the runway is declared 'wet' due to the removal of the 'damp' classification. The end result of this change is more aircraft restrictions in poor weather; and
- A review of previous technical advice in 2018 which concluded that a less expensive runway extension to the west was not viable. Extensive engagement with Guernsey Ports' current specialist advisors, Aurigny and the regulators have demonstrated that this is both viable and less costly than had been previously estimated.

- 2.3 As a result of the above information, further work has been undertaken to reassess all options previously considered by the States of Deliberation, and as a result, a revised preferred option is now proposed.

3 Current Situation

- 3.1 Alderney Airport has three runways: one paved runway and two grass runways. Following improvements to the grass runways, it is the paved areas that are now the focus for this project.
- 3.2 The asphalt runway was last resurfaced in 1999 with a surfacing which has a design life of between 12 and 15 years. A major patch and repair were undertaken on the eastern end of the runway in Autumn 2016, to provide a short-term improvement. As bitumen ages, the surfacing becomes brittle and is then prone to loss of stone particles. If left untreated, potholes occur because of weather and traffic. Deterioration to that extent would be in contravention of regulatory requirements and would lead to unpredictable losses of service to the community and the airlines. This reduction in services would be required to decrease the risks of aviation incidents or accidents.
- 3.3 Following several harsh winters, the pavements experienced an increased rate of deterioration, with more loss of aggregate from the surface of the runway. Following detailed inspection and specialist advice, an asphalt stabiliser was applied in September 2018. This provided improved binding and waterproofing properties to the existing surface. While this treatment arrested immediate deterioration of the pavement, it did not improve the underlying strength and over time that surface treatment has worn off, and more intrusive patch repairs are now required to maintain a safe operating pavement.
- 3.4 The condition of the existing paved runway (which is designated 08/26), taxiway and apron are now deteriorating to the extent where ongoing patch repairing will neither provide an acceptable surface for safe operation of aircraft, nor be economical over the medium term. Significant runway and taxiway patch repairs have been undertaken at Alderney Airport in summer 2021 and again in summer 2022.
- 3.5 Alderney Airport currently benefits from a variation in respect of its full application of Aviation Security requirements, as determined by the UK Department for Transport. This body is responsible for setting Aviation Security requirements across airports in the United Kingdom and the Crown Dependencies. The existing variation applies to generally smaller airfields in the UK used by commercial air transport that meet seat capacity and aircraft length criteria. The current variation could be amended or withdrawn at short notice because of events or incidents at other airports that currently benefit from this same arrangement. At that point, an immediate and significant change to aviation security arrangements would be triggered at Alderney Airport, involving significant investment in equipment and

personnel.

- 3.6 Despite being well maintained and upgraded where possible over time, the current terminal and fire station at Alderney Airport need significant improvement or replacement. Irrespective of which runway rehabilitation option is selected, for reasons stated in paragraphs 3.7 to 3.11, a substantial investment in those buildings will be required within a five-year timeframe.
- 3.7 The current airport terminal was constructed in 1968. It is a wooden structure and has no insulation. Whilst it has coped well with many changes over the last 50+ years in the way air passengers are needed to be security screened, it has become increasingly unsuitable. A lack of insulation results in high summer temperatures within the building. In winter, the lack of insulation leads to excessive heating costs. When poor weather causes flight delays there is little or no waiting room. Additionally, the arrivals hall is cramped and provides poor facilities for baggage claim, customs checks and interviews. The security area is small. Departing passengers are required to queue between café tables before entering the search area. Once security cleared, the passengers must wait to be called for boarding from a constricted and open-air waiting area, with no refreshment or toilet facilities. The only shelter from inclement weather is a small portacabin which houses the pre-flight safety video.
- 3.8 In addition, the existing terminal and its services have been heavily criticised by various organisations for not meeting expected levels of service for passengers with reduced levels of mobility or other disabilities. There are no disabled toilet facilities, and doorways are narrow so restricting wheelchair use. The access to and from the main aircraft apron involves a flight of steps both for arriving and departing passengers.
- 3.9 The existing terminal building was designed to support the operations of one airline. In recent years several other airlines have operated, or expressed a desire to operate, alongside the incumbent carrier. The limited floorspace available has meant the current building has been unable to accommodate many of the facilities that a second operator would reasonably demand. This restriction is hampering business development, both for the current operator and any additional providers.
- 3.10 The current airport fire station was constructed in 1968. It is a single block construction with asbestos roof cladding. Despite being subject to annual safety inspections by a competent agent, there remains a risk that the roofing product has been made brittle by age and is more likely to be prone to damage. The unsuitability of this type of roofing is heightened as the roof supports, made of the same asbestos cement product, make attempts to install extractor units to deal with exhaust fumes from the fire vehicles quite challenging. The appliance bay provides workshop facilities which enable the firefighters to undertake maintenance and repairs on site. The building and its crew accommodation are

very small, with the most recent appliances having to be adapted to fit within the station. The existing station has no insulation and does not provide a sufficient standard of accommodation for staff in winter or summer. It comprises three small rooms totalling 23m², which created specific challenges in implementing social distancing recommendations during the pandemic.

- 3.11 Given the current condition of the buildings, the whole-life costs of such requirements have been reflected in all options but would only be advanced specifically within a short timeframe under Option C+, for reasons outlined under paragraph 5.19.

4 Context

- 4.1 The States of Guernsey have an obligation under the Alderney (Application of Legislation) Law, 1948, to provide, amongst other services, an airfield for Alderney. These services are known as the “Transferred Services”. In exchange for these services, Alderney residents pay Bailiwick tax.
- 4.2 The States’ Trading Supervisory Board (STSB) is responsible politically for discharging the obligation to provide and maintain an airfield for Alderney and is funded accordingly. The day-to-day operational management for Alderney Airport is provided by Guernsey Airport, which levies a cross-charge for these services, funded through General Revenue as part of the annual operating losses.
- 4.3 The Alderney Airport Pavements Project was identified within the Government Work Plan – Stage 1 (approved March 21) as a priority project. Stage 2 of the Government Work Plan (approved July 2021) confirmed this specific project under the ‘Must Do’ category to maintain essential infrastructure and systems and it remains a priority in the latest Government Work Plan (July 2022).
- 4.4 Aerodrome pavement design is highly prescriptive and based upon international civil aviation regulatory requirements. The proposed pavement designs are required to conform to these standards and are endorsed by the Office of the Director of Civil Aviation (Channel Islands) which is involved in the formal design review process.

5 Review of Proposed Options for Alderney Airport Runway Rehabilitation

- 5.1 All the identified project options have been assessed against the Investment Objectives in Table 1. These were developed from the investment objectives set out in the original SOC, and follow consultation with key stakeholders during 2021, to revalidate and update it where necessary.

Table 1: Investment Objectives

| | |
|--------------------------------|---|
| Investment objective 1: | To fully refurbish, strengthen, lengthen and widen the 08/26 asphalt runway, realign and resurface the bravo taxiway and resurface and reconfigure the apron to provide a long-term sustainable, reliable and safe paved surfaced for the operation of Code C ³ aircraft. |
| Investment objective 2: | To ensure that any works achieve an appropriate level of compliance with current aerodrome regulatory standards. This will be achieved by following the UK Civil Aviation Authority's (CAA) regulatory approval process ⁴ where the preferred design and project delivery phases will be assessed in consultation with Guernsey Ports and the Office of the Director of Civil Aviation (Channel Islands) (ODCA). |
| Investment objective 3: | To ensure that works consider the likely passenger and aircraft demands for the next 15 years in accordance with the structural requirements ⁵ based on status quo accepting there is already capacity for significant additional aircraft movements (commercial, business and private). |

³The ICAO Aerodrome Reference Code is a two-part categorization which simplifies the process of establishing whether a particular aircraft can use a particular aerodrome. The first part of the code is a numeric, based on the aerodrome's runway length, the second part of the code is a letter based on a combination of aircraft wingspan and main gear wheel span. By way of example, Alderney's existing runway length is only able to accept Code B aircraft (or smaller), and with a runway extension it would then be able to attract Code C aircraft, or smaller. The ATR72 is a Code C aircraft.

⁴ Civil Aviation Publication (CAP) 791

⁵ ICAO Design and Maintenance Guide 27 section 4.7.2

| | |
|--------------------------------|--|
| Investment objective 4: | To ensure that the works consider the design requirements and costs for the potential provision of full aviation security screening of passengers and baggage in Alderney. The use of an ATR 72-600 would negate an existing dispensation which applies to the current Dornier 228 aircraft and, therefore, would trigger the need for additional capital and operating costs. It is also worth noting that the current aviation security dispensation cannot be guaranteed to continue indefinitely regardless of the aircraft type operating in Alderney and some upgrade may be required at any time. Any design should take into account this need for future enhanced security provision. |
| Investment objective 5: | To provide opportunity to future-proof further phased development at a later stage including the construction of a new terminal and refurbishment of the fire station. It should be noted that both the current buildings are at, if not beyond, their end of useful life and, therefore, the redevelopment of both would be required regardless of any decision on runway length. |
| Investment objective 6: | To enable a reduction in the cost of the Alderney PSO agreement, in the hands of the States of Guernsey, by removing the need for specialist aircraft currently required to operate to/from Alderney due to the current short, runway length. |
| Investment objective 7: | To provide benefit to the Alderney community in the form of a less bespoke air transportation solution that accommodates a wider array of aircraft types, along with increased seat capacity and a better ability to cater for seasonal peak demand periods. |
| Investment objective 8: | To allow fleet simplification within Aurigny through the removal of the Dornier 228 NG fleet, which, in addition to the financial benefits accruing to the States of Guernsey consequent to a reduction to PSO cost, presents a further operational and financial benefit to Aurigny outside of the Alderney operations, ultimately to the benefit of Aurigny's shareholder. |

Review and Appraisal of the Long List of Options

- 5.2 At the SOC stage, a long list of potential refurbishment options (see Table 2) were identified and, following evaluation, a short list of options was carried forward. Ultimately the preferred option was identified as Option 3 which was subsequently approved by the States in 2019.

Table 2: Long List Options as debated in 2019 (¹ [Billet d'État I of 2019, Article II – Alderney Airport Runway Rehabilitation](#))

| Options for Scoping | | Finding | Shortlisted - ✓ Rejected - X |
|---------------------|--|---|---------------------------------|
| 0 | Do nothing | Incompatible with the requirement to retain the airport as an essential lifeline link for Alderney. | X |
| 1 | Do Minimal: widen runway to 23m | In the medium term (five years) this is incompatible with requirement to retain essential lifeline link for Alderney. No support at workshops. | ✓ |
| 2 | Basic resurfacing: no improvement to airfield ground lighting (AGL) | Meets full requirements for pavement rehabilitation but AGL is also aged and in need of replacement. Little support at workshops. | X |
| 3 | Basic resurfacing plus enhancements, including lighting. | Meets full requirements for pavement and AGL rehabilitation. Runway centreline included to reduce the number of go arounds due to missed approaches. Incorporates positive drainage to protect two grass runways. Good support from all parties. | ✓ |
| 4 | Option 3 + Pave the grass Crosswind Runway 03/21 | As Option 3, plus a short, paved runway for wind conditions that prevent use of Runway 08-26. Other than a few General Aviation (private) pilots, there was limited support, probably because there are very few occasions when it would be used by commercial aircraft. | X |
| 5 | Extend the existing Runway to 1100m (Single phase extension) | Meets full requirements for pavement and AGL rehabilitation, increases runway length to 1100m, width to 30m, and strength to allow 42-50 seat aircraft to operate. Runway centreline lighting included to reduce the number of missed approaches. Positive drainage incorporated to protect the two grass runways. Improvements to terminal needed for this option. | ✓ |
| 6 | Option 3 with more significant improvement to enable extension to 1100m at a later stage (Two-phase extension) | A phased approach that provides the full benefits of option 3 in phase 1 and option 5 in phase 2. Phase 2 is generated by the demand from commercial airlines to use 42-50 seater aircraft on a regular timetable, should these demand conditions be in place. Improvements to terminal needed for this option. A high level of support other than from States of Alderney. | ✓ |

Evaluating the Short List of Options

- 5.3 The long list, as detailed in Table 2, has been revisited as part of the most recent review of the OBC. This considered the revised set of Investment Objectives (see Table 1), additional technical and financial information and the wider project influences as described in paragraph 2.2. Option A in Table 3 below is the baseline equivalent to the currently approved Option 3.

Table 3: Current Shortlisted Options

| Options for Scoping | Description | Notes |
|--|--|---|
| Option 0: Do nothing | Continued degradation of current paved surfaces resulting in an increase in operational disruption, risk to aircraft safety and levels of reactive maintenance. | Incompatible with the requirement to retain the airport as an essential lifeline link and long-term sustainable infrastructure for Alderney. This option was not taken forward to costing. |
| Option A: Basic refurbishment including airfield ground lighting | Minimum works required to support ongoing Code B aircraft operations including Dornier 228 and Britten Norman Islander with some safeguarding for a future extension where there is little or no impact on cost. | Option 3 as described in the long-list and the preferred option approved in 2019. |
| Option B: Basic refurbishment plus safeguarding for larger aircraft | Additional work from the baseline of Option A to include thicker pavement construction and minor amendments to taxiway alignments and apron extents to safeguard for future Code C aircraft (e.g. ATR 72). | Potential low-cost safeguarding option that extends pavement life and reduces |

| | | |
|--|---|--|
| | | future costs associated with improvements for Code C aircraft. |
| Option C: Runway extension to facilitate larger aircraft operations (Intermediate Scope Project) | Extended runway to the west, realignment of bravo taxiway, reconfiguration of apron and all associated pavement works required to support Code C aircraft (e.g. ATR 72) operations. Security arrangements to be enhanced to meet minimum aviation security regulatory requirements through the provision of a modular building. | Aurigny could remove Dornier 228 aircraft and project substantial, subsequent savings that can be offset against the additional costs associated with this option by the reduction in the annual PSO subsidy. Specialist and dedicated medevac aircraft will be able to operate at the airport |
| Option C +: As per Option C but includes the construction of a new airport terminal building and refurbishment of the fire station building | No requirements for a dedicated modular building for aviation security. Aviation security processing will be encompassed within the new terminal building. | Ensures end of life terminal and fire station buildings are fit for purpose and future proofed, and have the added benefit of managing Code C aircraft. |

Advantages and disadvantages of each option

5.4 The main advantages and disadvantages of all options are captured in Table 4 which provides a summary of each scheme considered in the overall assessment.

Table 4: Advantages and disadvantages of each option

| Option | Advantages | Disadvantages |
|--------|---|---|
| 0 | <ul style="list-style-type: none"> • None | <ul style="list-style-type: none"> • Incompatible with the requirement to retain the airport as an essential lifeline link for Alderney |
| A | <ul style="list-style-type: none"> • Lowest capital cost of Options A to C+ • Reduced maintenance costs compared with existing situation • Does not extend beyond the current airport boundary • Lower risk planning approvals as traffic does not change significantly from existing and most 'development works' are associated with temporary construction-related activity. | <ul style="list-style-type: none"> • Limited capacity for larger and/or heavier aircraft (e.g. Code C aircraft such as the ATR 72) • Very limited range of potential operators • Non-compliant and poor customer service for passengers with restricted mobility (PRM) in current fleet • Least safeguarding for future changes in aircraft type or use • Greatest numbers of displaced passengers due to weight restrictions • Continued non-compliance with minimum aviation security regulatory requirements (which could change at short notice) • Dedicated, specialist medevac aircraft continue to be unable to use the airport • Continued concern regarding the financial and operational status of smaller aircraft |

| | | |
|---|--|---|
| | | manufacturers post pandemic |
| B | <ul style="list-style-type: none"> • Marginal increase in capital cost when compared with Option A • Reduced maintenance costs compared with existing situation • Improved safeguarding for future changes in aircraft type or use when compared with Option A • Does not extend beyond the current airport boundary • Lower risk planning approvals as traffic does not change significantly from existing and most 'development works' are associated with temporary construction-related activity. | <ul style="list-style-type: none"> • Marginally increased capacity for larger and/or heavier aircraft than Option A • Limited range of potential operators • Poor service for Passengers with Restricted Mobility (PRM) in current fleet • Greatest numbers of displaced passengers due to weight restrictions • Dedicated, specialist medevac aircraft continue to be unable to use the airport • Continued concern regarding the financial and operational status of smaller aircraft manufacturers post pandemic |
| C | <ul style="list-style-type: none"> • Increased capacity for larger and/or heavier aircraft than either Options A or B • Improved range of potential operators • Improved service for Passengers with Restricted Mobility (PRM) in Aurigny's proposed fleet | <ul style="list-style-type: none"> • Increase in capital cost compared with Options A & B • Increased area of pavement to maintain compared with Options A & B • Extends the airport boundary • Increased planning and programme risk as |

| | | |
|----|--|--|
| | <ul style="list-style-type: none"> • Reduced numbers of displaced passengers due to weight restrictions • Meets minimum aviation regulatory security requirements (which could change at any time with short notice) • Dedicated, specialist medevac aircraft can operate at the airport | <p>changes are potentially more significant</p> <ul style="list-style-type: none"> • Consequential impacts on fire fighting and terminal capacity as a result of larger aircraft |
| C+ | <ul style="list-style-type: none"> • As per Option C but with additional capacity to handle passengers that larger aircraft might generate • New airport terminal and refurbished fire station buildings replacing current structures at end of life • Removes a requirement for a separate, modular structure dedicated to aviation security | <ul style="list-style-type: none"> • As per Option C but with consequent additional costs • Potential challenges associated with two major construction activities being scheduled within one project (ie civil works on pavements alongside construction activity on buildings) |

Results of the shortlisting appraisal

5.5 Each of the above short-listed options, with the exception of Option 0 (do nothing) has been assessed against the investment objectives as outlined in Table 1 and subjected to a qualitative benefits assessment (see Table 5).

Cost Benefit Analysis

- 5.6 The benefits associated with each option were identified as the Investment Objectives for the project (Table 1).
- 5.7 Rough Order of Magnitude (ROM) costs have been calculated for each shortlisted option by estimating the capital cost of the design and construction. Costs were assessed for direct comparison of all options. Previous estimates for the on-island costs have used UK construction rates increased by some form of 'island factor'. In the OBC this method has been replaced with individual island specific costs associated with each option. These estimates have been predominantly derived through:
- Visits to Alderney to review the existing infrastructure and its suitability for a major construction project.
 - Communication with on-island personnel working in planning, docking, construction and airport sectors.
 - Reference to similar projects particularly located in remote, more difficult to access locations.
- 5.8 Construction costs have been derived using industry standard pricing documents, manufacturers quotations and reference to other airport projects which have taken place in the last 5-10 years. Similar projects were used in part to price activities with reference to a suitable inflation figure.
- 5.9 Optimism biases have been removed through an evaluation of the on-island specific costs. Project preliminaries, professional fees and surveys have been priced individually for each option and are included below. A risk and contingency allowance has been made for each option which covers the remainder of the retained risks.
- 5.10 It should be noted that the estimates below relate to capex costs for works to the runway and associated pavements and consequential capital and operating cost variations as a result of larger Code C aircraft commencing operations upon completion of a runway extension to the west.
- 5.11 Option C and C+ have considered the introduction of minimum aviation security requirements and associated infrastructure. Both these requirements would be triggered through the use of larger aircraft, which would be feasible with the provision of a longer runway. The triggers for these requirements are outlined in more detail in Section 6.
- 5.12 In addition, Option C + has considered the provision of a new terminal building and the refurbishment of the current fire station building.

Table 6: Estimated 15-Year whole life costs for each of the shortlisted options

| Element | Option A | Option B | Option C | Option C+ |
|--|--------------------|--------------------|----------------------|----------------------|
| 1) Capital Expenditure (Total project costs including; Construction Works, Preliminaries, Design, project management, professional fees and estimates for inflation; and where applicable costs for Land, new security buildings, and security equipment.) ⁷ | | | | |
| Sub-Total | £13,825,408 | £15,124,860 | £20,055,738 | £24,016,034 |
| 2) Operating Expenditure over 15 years (Total operating expenditure relating to planned pavement maintenance and where applicable the costs associated with required additional security provision) ¹⁰ | | | | |
| Sub-Total | £675,924 | £675,924 | £2,575,446 | £2,575,446 |
| 3) PSO Considerations | | | | |
| 15 Year PSO Reductions (SoG Benefit Cash Release) | 0 | 0 | (£11,460,000) | (£11,460,000) |
| Sub-Total | 0 | 0 | (£11,460,000) | (£11,460,000) |
| Total Costs over 15 years | £14,501,332 | £15,800,784 | £11,171,184 | £15,131,480 |
| Ranking | 2 | 4 | 1 | 3 |

Summary of Option Appraisal and Overall Conclusion

5.13 Table 6 shows the overall investment over 15 years, being the typical minimum life expectancy of the runway and paved surfaces. It is however worth noting, that if Options A, B or C are commissioned, there will be a basic requirement within this timeframe to replace both the terminal and fire station. Option C+ as captured in the table, provides that investment from the outset of this project.

5.14 To provide a fair comparison across all options, a provisional sum of £4.5m to be funded from other sources, has been included to illustrate the potential value or otherwise of Option C+. This is presented in Table 7.

⁹ ROM costs are based on Jan 2022 pricing

¹⁰ Additional Security Costs offset by increase in security levy to passengers

Table 7: Unavoidable associated future capital cost

| Unavoidable Associated Future Capital Cost (then added to total costs over 15 years from Table 6) | | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| | Option A | Option B | Option C | Option C+ |
| Provisional sum for existing Building Refurb or Replacement within 5 year timeframe due to dilapidation (triggered for Options A, B or C) | £4,500,000 | £4,500,000 | £4,500,000 | 0.00 |
| Potential Total Costs over 15 years | £19,001,332 | £20,300,784 | £15,671,184 | £15,131,480 |
| revised ranking | 3 | 4 | 2 | 1 |

5.15 Inclusion of this provisional sum changes the potential overall ranking, and evidences that Option C+ would provide the overall longer term cost benefit, taking into account the need for existing building refurbishment or replacement within the lifetime of the overall pavements project anticipated life with Options A, B and C.

5.16 The preferred option is **Option C+**. This will future-proof the paved asphalt runway, taxiway and apron at Alderney Airport, with a minimum runway length of 1,050m, strengthened to a Pavement Classification Number of 15 and widened from its current 18m to 23m. Operational enhancements including the installation of AGL centreline lighting, replacing the existing approach lights, upgrading the AGL system to LED light fittings and installation of a dedicated runway drainage system and outfall are also included in this option, along with the provision of a new terminal building and refurbishment of the existing airport fire station.

5.17 The tender process will seek an option to widen the runway from its current width of 18m to 30m, specifically for Option C or C+ (n.b. ROM costs in Table 6 for all options are based on 23m wide design). It is recognised that with a 23m width, the

runway will still be subject to crosswind limitations when the ATR 72 is scheduled to operate in winds in excess of 25 knots (dry runway) and 20 knots (wet runway). The ATR 72 will have the same crosswind limits as the Dornier 228 on a 23m wide runway which would apply for Option A or B. Met data would suggest this crosswind limitation could impact operations on an average of 24 days per annum (average data 2018 – 2021), for several hours of each day. The costs of reducing this potential crosswind impact will be tested at tender, but is not included in ROM costs, as this option is not expected to void all disruption typically experienced from crosswinds at Alderney Airport.

5.18 Aurigny has carried out substantial flight trials in Alderney with the ATR 72 600 and have received the full endorsement from the manufacturer ATR in relation to the operation of the aircraft in Alderney.

5.19 Option C+, in summary:

- Enables dedicated, specialist medevac aircraft operators to operate to Alderney (the current runway is too short);
- Assures sustainable commercial passenger and cargo operations for the longer term particularly noting continuing uncertainty with smaller aircraft manufacturers post pandemic;
- Future-proofs aviation security requirements by bringing Alderney in minimum compliance with EU and UK aviation security requirements (it is always foreseeable this could happen at short notice and potentially during the design life span of the new runway);
- Provides opportunity by using larger aircraft to increase route capacity over and above the PSO obligation levels (provisionally projected at approximately 20,000 passenger seats per annum), to support wider economic enablement and potential growth;
- Offers potentially substantial PSO savings per annum which could be offset against the capital costs of the project (see section 7);
- Allows for improvements in the reliability of the air-link because of reduced occasions when operations would be restricted by weather;
- Allows for the improvement to services from more comfortable, larger aircraft;
- Facilitates for improved customer experiences for passengers with reduced mobility and for medevac operations as it enables the use of industry standard equipment such as Aviramp (costs not included in the project scope);

- Aurigny ATR 72 600 aircraft are fitted with the latest EVS 2 technology which should result in less adverse weather disruption and delays resulting in an improved passenger experience and potential reduction in operating costs for the airline (this saving has not been quantified as a conservative approach has been adopted);
- Enables the airport, through increasing its passenger security levy, to recover the security expenditure associated with Option C+.
- Enables a much wider range of business and GA aircraft to use Alderney Airport potentially attracting new business and leisure users and visitors to the Island;
- Safety is improved through a series of operational advancements including additional AGL and runway markings and by addressing a number of known aerodrome deviations.
- Seeks from the outset the refurbishment of the fire station building and upgrade to the terminal facilities that will be required to service larger aircraft and greater passenger numbers on those aircraft. The estimate is based on the minimum facilities that would be required. Option C+ brings forward a much-needed investment in the existing buildings at Alderney Airport, which would be required within a five-year timeframe, and irrespective of which runway option was selected.

6 Full Security Provision

6.1 The most significant operational costs in advancing Option C or C+, relate to the introduction of full security provision because of the operation of larger aircraft. Paragraph 3.5 outlines that Alderney Airport is currently exempted from full security provision, based on the smaller size aircraft and seating capacity typically able to operate from the current shorter runway length. This exemption would no longer apply with the use of larger aircraft and would trigger the need for full security provision. This comprises two elements, capital equipment provision (such as x-ray equipment, scanners etc) and additional labour to operate it. The capitalised aspects (equipment provision) are shown as investment requirements 'Capital Expenditure' heading and are unique to Option C and C+.

6.2 The requirement for more infrastructure, equipment and resources will necessitate a need for layout changes to the airport terminal to house the additional and larger equipment and to generate space for additional security checks and searches. In Option C, this additional accommodation is proposed to be delivered through the provision of a single storey, modular building which would be positioned in front of the current terminal building at least until, and for other reasons, the terminal is reconstructed. In Option C+, the need for a temporary building would be avoided, through provision of a new terminal from

the outset into which the requirements demanded by full aviation security requirements would be scoped.

- 6.3 The total current operating costs of security are traditionally recovered by a passenger security levy, which is currently £2.30 per head. The additional costs associated with labour and maintenance of the equipment (accepting the provision of that equipment is capitalised) would necessitate an increase in the passenger security levy to circa £3.50 per head based on near pre-COVID travel levels. This additional income stream, based on 50,000 passengers per annum is included in Table 6 under the 'Operating Expenditure over 15 years' heading.

7 Strategic Considerations

Alderney Public Service Obligation (PSO)

- 7.1 The States of Guernsey have entered into a contract with Aurigny to provide airlinks to and from Alderney under a PSO. The contract, which commenced on 1st January 2021 and has a duration of five years, includes scheduled passenger services between Alderney and Guernsey, and Alderney and Southampton, plus the provision of ad hoc medivac services using the same fleet of aircraft.
- 7.2 The contract is constructed and managed to deliver a service which requires a subsidy of £2m per annum and a sum which shall never exceed £2.5m per annum. Under the terms of the agreement, Aurigny does not make a profit from the services, and in turn, the States of Guernsey hold the cost and revenue risk. The parties work together to adjust the services and the commercial model in order to deliver the required subsidy level of £2m.
- 7.3 A runway extension in Alderney would enable Aurigny to operate the ATR72-600 series of aircraft in place of the current Dornier 228NG aircraft operating the routes. Given the additional capacity that the ATR72 offers over the Dornier 228NG this would inevitably lead to a reduction in the frequency of services between Alderney and Guernsey and this would need to be reflected in a change to the terms of the PSO arrangement. Likewise, Aurigny's own financial analysis suggests such a change would deliver a financial benefit of around £800,000 per annum and this would need to be reflected in a revised PSO agreement.
- 7.4 The current PSO requires that the parties work together to agree changes to the services in order to deliver the subsidy target as set out in the agreement. This can result in either increases or reductions to the frequency of services, or changes to the pricing model and prices, to either reduce costs or to maximise revenue and improve margins. One of the challenges to consider with a runway extension is the impact that this may have on the competitive environment. Currently, the short runway in Alderney acts as a natural barrier to competition as very few operators are able to fly into and out of Alderney given their fleet types. A longer runway, as envisaged, opens the market to much bigger aircraft and, in particular, to known

operators who also operate the ATR72. The consequence of a longer runway in Alderney could be that other operators wish to operate other routes and these then have the effect of reducing demand on the existing routes operated by Aurigny. Under the terms of the PSO, the parties' response to such reductions in demand would be to either reduce services further or to increase ticket prices to enable the target subsidy to be maintained. It is therefore considered that a supportive licensing regime in Alderney and Guernsey is necessary to ensure the PSO arrangement remains sustainable and is not undermined by the potential for other operators to serve routes which potentially compete for passengers currently using the Southampton or Guernsey routes to and from Alderney.

Relationship with the States of Alderney

- 7.5 Since 1948, with the agreement of the States of Alderney, the States of Guernsey have exercised financial and administrative responsibility for the policy and operations of certain public services in Alderney, and applied certain taxes, duties and impôts on Alderney residents and businesses. These fiscal measures accrue to the States of Guernsey's general revenues. The Transferred Services supplied by Guernsey include: the airfield, immigration, policing, social services, secondary healthcare and education, amongst other things. This arrangement for the supply of Transferred Services and their oversight is referred to as the "1948 Agreement" and effectively puts Guernsey and Alderney in a fiscal union. Alderney is directly represented in the States of Deliberation by two elected Alderney representations to ensure that this constitutional arrangement has democratic control and scrutiny.
- 7.6 The outcome of the 1948 Agreement is set out in legislation made by the States of Alderney and States of Deliberation. The 1948 Agreement works in practice by the consent of the States of Guernsey and States of Alderney. This allows an evolution of the Transferred Services over time. While the definition of "airfield" is not provided in the legislation, it is self-evident that the concepts covered by the arrangement such as "airfield", "policing" and "healthcare" will have evolved in complexity from 1948 to 2022 as regulations, practice and expectations have changed. In the absence of any service level agreements between the States of Alderney and the States of Deliberation for these services, the standards need to be set at a level which is politically acceptable to both parties. The absence of any political agreement will inherently lead to discourse between the two jurisdictions. The relationship operates on the basis of mutual respect and understanding between Guernsey and Alderney.
- 7.7 There have been in-depth political conversations between representatives of the Policy & Resources Committee, STSB and Alderney's Policy & Finance Committee on the options outlined in this Policy Letter to seek a solution that is in the interests of both islands and governments and is fair and equitable. Public engagement has also taken place on the options, mindful that any change in infrastructure is likely

to bring about a change in the availability of transport links and level of service which impacts on the quality of life for residents and the attractiveness of the Island.

- 7.8 Discussion has included consideration on the impact of Aurigny's operations. This was explored in detail in the York Aviation report appended to the Policy Letter entitled "Alderney Airport Runway Rehabilitation", considered by the States in January 2019 (p.2018/138)⁸.
- 7.9 The States of Guernsey's obligation under the 1948 Agreement to the current runway's rehabilitation is clear, but the wider improvements such as its lengthening and the allied redevelopment of the terminal and fire station which are connected to regulatory requirements that then are engaged may be considered to be more subjective.
- 7.10 The States' support of any of the revised proposals being considered to deliver on the 1948 Agreement obligation represents a substantial financial commitment by the States of Guernsey on behalf of both islands, but with the financial burden being greater for Guernsey rather than Alderney. This will have an inherent impact, causing a shift in the political relationship. The States of Deliberation will want to ensure that the maximum benefit is made in respect of this investment, both financially and in terms of the economic development and standards of life in the Bailiwick.
- 7.11 This shift in the political relationship will be managed by the Policy & Resources Committee as part of its responsibilities for Bailiwick relationships, through the Alderney Liaison Group and the Bailiwick Council. Separately to the specific matter of this Policy Letter, the Policy & Resources Committee has also been working with Alderney counterparts on opportunities to develop and strengthen the relationship in the mutual interest of both parties, through a project known as "Alderney-Guernsey Working Together". This project seeks to find efficiencies by providing a wider array of operational services from Guernsey, such as Human Resources, IT, management of pensions, amongst other things. Discussions have also included consideration as to whether other more formal changes to the relationship may be necessary where they are in Alderney and Guernsey's mutual interest and enhance the Bailiwick as a whole.

8 Funding

- 8.1 The Funding & Investment Plan, part of the Government Work Plan, which was approved by the States in June 2021 (Billet d'Etat XV 2021) included the proposed capital portfolio for this term of government. One of the projects classified as

⁸ [Alderney Airport Runway Rehabilitation - States of Guernsey \(gov.gg\)](https://www.gov.gg)

'must do' was the Alderney Airport Pavement Rehabilitation project. The cost of this original project was included in the overall portfolio which was estimated to have an overall value of £580m.

- 8.2 The States have also approved an additional allocation of £2m per annum as part as the Policy & Resources Committee's Core budget to cover the cost of the Alderney PSO.
- 8.3 The analysis undertaken which has been set out in this Policy Letter demonstrates that Option C+ offers the best overall value for the States despite the capital costs of the project being significantly higher (over £10m) than the original scheme. This is because of the likely savings to the States of Guernsey in funding the Alderney air routes through the PSO. This contract currently costs £2m per annum.
- 8.4 Proposition 1 to this Policy Letter proposes that the revised scheme – Option C+ - replaces the existing Alderney Airport Pavement Rehabilitation in the capital portfolio. This will enable further detailed planning to be undertaken on the scheme to be approved under the delegated authority granted to the Policy & Resources Committee by the States in respect of the capital portfolio.
- 8.5 As set out in the section above, Guernsey and Alderney are effectively in fiscal union for the Transferred Services and the cost of Alderney Airport is part of the budget of the STSB at a cost of £1.3m. Although the 1948 Agreement includes a requirement to provide an airfield there is no requirement to ensure air services are able to operate to it. At the current time, the combined cost of the airfield and the air services to the taxpayers of Guernsey and Alderney is £3.3m.
- 8.6 Given the significant benefit to the island of Alderney that would be achieved through this project and the scope that it offers for resilience and economic benefit, representatives of the States of Guernsey and Alderney have discussed the States of Alderney making a contribution to the project. The letter from the Chair of the Policy and Finance Committee of the States of Alderney dated 26th September 2022 (which is appended at Appendix 1) confirms the willingness of the States of Alderney to make a financial contribution towards the scheme. Further detailed work needs to be undertaken to determine the level of such support and how it might be structured given the limited funding available to the States of Alderney and the existing demands on it.
- 8.7 Therefore, Proposition 2 of this Policy Letter requires that a reasonable and robust funding agreement is reached between the Policy & Resources Committee and the Policy and Finance Committee as a precursor to the project progressing to the construction phase. The Policy & Resources Committee is optimistic that such an agreement is realistic, albeit that the funding may need to be spread over a number of years. Should it not prove possible to secure such an agreement, the Policy & Resources Committee will return to the States with further proposals and to seek States' direction.

8.8 At this stage a number of financial risks to the project remain and more detailed work is required to firm up on some of the associated costs. The Policy & Resources Committee will monitor the development of costs and benefits closely to ensure that Option C+ continues to deliver the best overall value and will not use its delegated authority to approve any expenditure should it suspect this no longer to be the case.

9 Timescale and Implementation Plan for the Preferred Way Forward

9.1 It is anticipated that subject to a satisfactory conclusion with respect to funding, the rehabilitation project planning will be completed by the end of 2023, following the necessary procurement processes, regulatory and political approval timescales, and construction concluded by the mid-2025 (Table 8 sets out key milestones for Options C+). In the short term (to 2023) it will be necessary to continue regular maintenance and to patch and repair the runway as required, to ensure it meets with regulatory standards.

Table 8: Key Milestones

| Option C+ – Preferred Option Outline Plan | | |
|--|------------------------|-------------|
| Key Milestone | Completion Date | |
| Finalise OBC | March | 2022 |
| States Decision on Policy Letter | November | |
| Finalise Detailed Designs for Option C+ | December | |
| CAA/ EASA Approval of design | Q1 | 2023 |
| Issue Construction Tender | Q1 | |
| Appoint Preferred Bidder | Q3 | |
| Value Engineering and EIA finishes | Q4 | |
| Planning Application for Site Construction Compounds | Q4 | |
| Pre-Construction Conditions Discharged | Q1 | 2024 |
| Contractor Mobilisation | Q2 | |
| Construction Completion | Q2 | 2025 |

9.2 Clearly the project management will need to mitigate and manage some significant risks centred on facilitating inter-island agreement, securing timely regulatory approvals, managing inflationary costs and avoiding construction

delays.

10 Engagement and Consultation

- 10.1 There have been presentations and briefings to key stakeholders and islanders at significant stages of the project. Central to this engagement have been inputs from the States of Alderney and the Alderney Chamber of Commerce. Both organisations have provided letters of support which are appended to this Policy Letter.
- 10.2 The States of Alderney are updated regularly on the project and through their officers have been able to contribute throughout the review.
- 10.3 An independent Project 'health check' was undertaken in April 2022 to review the revised OBC (including the development of the short list and preferred option) and to provide assurance following which a number of adjustments to the business case were made.
- 10.4 The OBC was considered and approved by the STSB on 24th March 2022 and the Policy & Resources Committee on 13th June 2022, subject to developing the funding model.

11 Conclusions

- 11.1 In view of the current condition of the pavements at Alderney Airport, in line with legislative and regulatory requirements, and because of additional pertinent technical and financial input, a revised preferred Option (Option C+) is being proposed to the States of Deliberation. Whilst some preliminary work on the design has been undertaken to inform the ROM costs set out in the Policy Letter, detailed design associated with Option C+ needs to commence immediately under the delegated authority of the Policy & Resources Committee while it explores the best funding option for the Bailiwick with Alderney's Policy & Finance Committee.
- 11.2 This option will rehabilitate the existing runway and associated pavements, re-widen and lengthen the runway, and improve the approach and centre line lighting as well as drainage enhancements. Design work to facilitate the provision of the enhanced terminal facility and refurbished fire station will also be undertaken.
- 11.3 This investment will be against a backdrop where the amount of revenue generated by the States of Guernsey through taxation in Alderney (Income Tax, Excise and Import Duties) was roughly half of the total cost of delivering the Transferred Services in 2021. In total, net revenue expenditure to deliver Transferred Services was £12.30m. The States of Guernsey received a total of £6.89m.
- 11.4 There is therefore already a substantial financial commitment by the States of

Guernsey on behalf of both islands through the 1948 Agreement on which this investment in infrastructure will have an inherent impact. The Policy & Resources Committee therefore is of the view that it must reach a reasonable and robust arrangement with Alderney's Policy and Finance Committee to fund and operate an enlarged airport facility, including any legislative changes necessary to protect a lifeline route. In the absence of such an arrangement, the matter will need to be returned to the States of Guernsey.

11.5 The Policy & Resources Committee is already working with its Alderney counterparts on opportunities to develop and strengthen the relationship in the mutual interest of both parties on which it believes it will be able to build successfully.

12 Compliance with Rule 4

12.1 Rule 4 of the Rules of Procedure of the States of Deliberation and their Committees sets out the information which must be included in, or appended to, motions laid before the States.

12.2 In accordance with Rule 4(1):

- (a) By addressing the current condition of the Alderney Airport Pavements, the Propositions will:
 - enable the States to discharge their obligations to provide this critical infrastructure, as a Transferred Service in accordance with the Alderney (Application of Legislation) Law, 1948, and future-proof the connectivity of Alderney in a new financial partnership with the States of Alderney.
 - contribute to the Government Work Plan recovery outcome "To maintain essential infrastructure and systems" whereby this specific project was approved under the 'Must Do' category in June 2021", and as a 'Priority 4' project in the Government Work Plan in June 2022.
- (b) The Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications.
- (c) The financial implications of the Propositions are considered in section 8 and addressed in the Propositions.

12.3 In accordance with Rule 4(2):

- (a) The Propositions relate to the mandate of the STSB in respect of its responsibility to ensure the efficient management, operation and maintenance of Alderney Airport, and the requirements as set out in the

Alderney (Application of Legislation) Law, 1948 which determines the classification of Alderney Airfield as a Transferred Service; and

- (b) The mandate of the Policy & Resources Committee in respect of its responsibility for Bailiwick relationships, management of the PSO contract and duties with respect to financial and other resources under the control of the States of Guernsey.
- (c) The Propositions have the unanimous support of the States' Trading Supervisory Board and the majority support of the Policy & Resources Committee, with Deputy Soulsby and Deputy Le Tocq dissenting.

Yours faithfully

P T R Ferbrache
President, Policy & Resources Committee

H J R Soulsby M.B.E.
Vice-President

M A J Helyar
J P Le Tocq
D J Mahoney

Policy & Resources Committee

P J Roffey
President, States' Trading Supervisory Board

C N K Parkinson, Vice President
N G Moakes Member

S J Falla C.B.E.
S J Thornton
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States' Trading Supervisory Board



ALDERNEY CHAMBER OF COMMERCE

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5th April 2022

Deputy Peter Roffey
President
States' Trading Supervisory Board
The States of Guernsey

By email

Dear Peter,

The Alderney Chamber looks upon our airport as the prime gateway in and out of the island for business, social, tourist and medical reasons. Our viewpoint is to look to the future as more immediate decisions and resolutions may be made that are not ideal for the long term.

Our Chamber has over 160 member businesses representing the vast majority of the island's working population. In the 1980s our population was over 2,400 and our tax receipts were in excess of the Transferred Services provided. A decline in population followed reaching a low of around 1,800 a few years ago. Since then, however, and especially in the past three years, we have increased our population to around the 2,100 mark. This has resulted in a pleasing amount of new businesses moving to and setting up in Alderney and several of the larger employers, particularly in the finance sector, have increased their workforce so providing more quality jobs.

This increase in the working population is putting pressure on our infrastructure – in particular air transport. It is becoming increasingly difficult booking seats on both our Guernsey and Southampton sectors. More capacity is required and it is difficult to see where this can come from while we have our existing runway and just two Dorniers.

The decision taken some time ago by the States of Guernsey to widen our runway was met with much approval and would have resulted in fewer cancelled flights due to crosswinds.

The Alderney Chamber is continuing to see further growth in both population and business – this 'problem' needs to be met with a more resilient air transport structure that will allow for expansion.

Therefore we consider that for Alderney to retain and maintain its current length runway would, in reality, be a retrograde step. We also see it as paramount for the width to be increased both to improve crosswind capability and to be compliant within appropriate ratio re length/width for payloads.

Chamber understands Aurigny's logic in wishing to reduce its fleet of differing aircraft for efficiency and cost purposes – and hence its wish for a lengthened runway. We suggest looking further than this in that as time progresses it will be harder to find smaller commercial aircraft if we maintain our runway in its current configuration. There is a similar scenario within the shipping industry – harder to acquire smaller cargo ships for smaller harbours.

A further essential reason for an extended runway is to allow a medivac service to be able to operate in and out of Alderney. Aurigny has always provided a service of sorts that extends to transferring a patient – more of an air taxi service. But with the present fleet of two planes covering Alderney, this has negative repercussions for Aurigny's schedules.

We believe in looking to the long term and, with this in mind, we feel it essential to choose Option C+ which would allow Aurigny's larger planes to service us.

To future proof us for many years to come we need the longer runway and the width to be extended to 30 metres which is the CAA and EASA minimum for the ATR-72 800s to use the runway.

Yours sincerely,

Andrew

Andrew Eggleston
President
On behalf of the Council of the Alderney Chamber of Commerce



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Deputy P T R Ferbrache
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26/9/22

Dear Deputy Ferbrache

Alderney Airport Rehabilitation Project

I refer to your letter dated 08 September 2022, which was considered by the Policy & Finance Committee at its meeting on 26 September.

As explained in my earlier letter of 08 June 2022:-

“The Policy & Finance Committee believes that the Airport Rehabilitation Project is the most important Alderney infrastructure project to be considered since the Breakwater in the 19th Century, and the eventual outcome will have a material effect on how Alderney develops in the decades ahead in terms of its level and rate of economic recovery.”

Given the above, the Committee is pleased to agree in principle to explore options which can be expressed formally and appended to the policy letter whereby the States of Alderney could make a financial contribution towards Option C+, i.e the refurbishment and extension of the runway with upgrades to the terminal building, and other necessary associated infrastructure improvements.

I have instructed my officers to begin looking at this matter, ahead of our proposed meeting.

Yours sincerely

Ian Carter

Chair of the Policy and Finance Committee
States of Alderney