

**Response to a Question Pursuant to Rule 14  
of the Rules of Procedures of the States of Deliberation and their Committees**

**Subject:** London Heathrow Route/Air Policy Framework

**States' Member:** Deputy Cameron

**Date Received:** 7<sup>th</sup> April 2026

**Date of reply:** 30th April 2026 (extended deadline)

**Questions**

**Question 1a**

The Committee has made a decision to provide a route development subsidy to British Airways to operate a daily, middle-of-the-day return flight to Guernsey.

What is the total value of that subsidy and any associated financial support or incentives for this year and for each subsequent year of the agreement, broken down by year; and if exact figures cannot be disclosed, what is the maximum potential financial exposure to the States over the life of the agreement?

**Answer to Question 1a**

Due to the confidentiality clauses in the agreement with British Airways, the Committee for Economic Development ('the Committee') is unable to reveal any details of commercial terms, including the amount of financial support being provided for the establishment of the route. Agreements of this type made between airports, or jurisdictions and carriers, are commonplace and typically have confidentiality clauses as a requirement of any agreement made. This has been the case with incentive agreements made in the past with other carriers serving Guernsey.

**Question 1b**

Given that this expenditure was not included in the original budget, which specific programmes, projects, or areas of work has the Committee chosen not to fund, to reduce, or to defer in order to accommodate this decision, and what were the original budget allocations for those items?

**Answer to Question 1b**

The Committee originally secured funding from the Budget Reserve for this agreement, a decision that was consequently reversed. Given that securing an international hub

such as Heathrow was a key policy objective approved by the States' Assembly in 2018, the Committee considered that despite the reversal in funding, this continued to be a key priority. Therefore, careful consideration was given by the Committee as to how it would be able to fund this agreement from within its budget in 2026. This decision was eased by the fact that the incentive agreement would be commencing in April rather than covering the full calendar year.

The Committee amended the timing of both project spend as well as the recruitment to staff vacancies in the Business, Innovation and Skills areas utilising any anticipated underspend. This is carefully managed to ensure all key workstreams and priorities continue to be delivered according to the Government Work Plan and its Committee Work Plan.

### **Question 1c**

How will the contract with British Airways be funded from 2027 onwards?

### **Answer to Question 1c**

As per the answer to '1b' above, if required, the Committee will ensure funding continues to be available for the contract by following a prioritised budgeting approach. However, the Committee is currently working on a new approach to air connectivity (to be presented to the States' Assembly in the second half of 2026). This includes a revised approach to the way in which route development and support is funded. The new policy proposals will include a clear mechanism and approach for providing funding of air route development, performance incentivisation and marketing across multiple strategic routes.

### **Question 1d**

What are the notice periods and key termination provisions in the contract for both parties, including any minimum term or break clauses?

### **Answer to Question 1d**

These terms are commercially confidential.

### **Question 2a**

In assessing the value for money of the taxpayer subsidy for the Heathrow service:

What data and approach will be used to assess value for money, and what baseline will be used to measure any additional benefit from the service?

### **Answer to Question 2a**

Each route development proposal is considered against a variety of factors and criteria as well as qualitative stakeholder and industry feedback. The Committee has used the

knowledge, economic analysis and data sources available from air route development specialists and from work previous undertaken in the development of the airport runway.

### **Question 2b**

How will the Committee break down passenger numbers using the Heathrow service into categories including:

- i) passengers moving from existing London and Southampton routes;
- ii) new inbound business passengers;
- iii) new inbound leisure passengers;
- iv) outbound leisure passengers from Guernsey?

### **Answer to Question 2b**

The Committee has access to existing data sources including Guernsey Ports' data and the Travel and Accommodation bulletin for analysis of passenger data. In addition, the Committee is investing in the ability to access further industry data on passenger numbers and other performance indicators across different routes serving Guernsey. This is part of ongoing work to understand the strategic impact and performance of Guernsey's air connectivity, which also forms part of the development of the new Air Policy Framework.

The Committee will also, of course, be working closely with British Airways to promote the route and it will also monitor any analysis developed by Aurigny. Of the categories set out in the question, measuring the number of passengers moving from existing London and Southampton routes will be the most challenging, given the limitations of existing data sources.

### **Question 2c**

If this level of detail will not be collected, how will the Committee calculate value for money?

### **Answer to Question 2c**

In addition to our answer to '2b', as part of its new approach to air connectivity (which is currently being developed), the Committee will be enhancing the way in which it monitors and reports on the performance of Guernsey's air routes. The Committee expects to be able to provide more details of this approach to the States' Assembly by the end of the year as part of the new air policy proposals.

### **Question 2d**

Will the Committee take into account any negative financial impact on Aurigny Air Services, including reduced passenger numbers, loss of revenue, and overall financial sustainability, and what assessment has been made of the scale of that impact?

### **Answer to Question 2d**

The Committee was grateful for the engagement it had with the States' Trading Supervisory Board ('STSB') to understand the range of possible impacts on Aurigny. In considering the impact, the Committee was very cognisant of the need to balance overall connectivity to all London airports (Gatwick, Heathrow and London City) and the requirements to meet the needs and expectations of users, particularly business users in the professional services industry in Guernsey.

The current quasi-open skies policy enables competition and supports route development, benefiting different carriers in line with policy objectives — including Aurigny on the Paris route.

The Committee is working closely with key stakeholders, including STSB and Aurigny, in developing the new air policy, aimed at securing stronger connectivity, greater resilience for lifeline services and clarity on Aurigny's role as a strategic infrastructure asset.

### **Question 2e**

What assessment has the Committee made of the extent to which the Heathrow service will draw passengers from existing routes, and what impact that will have on those services?

### **Answer to Question 2e**

In assessing the impact of a new Heathrow service, the Committee can draw upon the experience when Guernsey last had a Heathrow service in 2019. Total capacity across all London routes that year was 533,950 seats. Even with the addition of the Heathrow service in 2026, projected seat capacity on London routes is expected to still be below that of 2019, at 492,264 seats. The Committee projects incremental growth across all London routes arising from the greater consumer choice and competition across all London routes.

### **Question 3a**

The Committee has confirmed that it is in discussions with other airlines about additional routes.

Do any of the routes being considered compete directly with existing routes, including those from airports within a radius of 35 miles of each other?

### **Answer to Question 3a**

Discussions with other airlines remain confidential. The Committee will consider the impact of the introduction of any future services in line with policy, existing impact

valuation tools as well as any future policy and metrics developed as part of the new Air Policy Framework.

### **Question 3b**

Will these routes require taxpayer support, including route development funding, discounted airport charges, or other incentives, and what level of support is expected?

### **Answer to Question 3b**

Potentially yes - the exact level of support is not yet known. Route development support is a standard policy tool in other jurisdictions and airlines, including Jersey and Aurigny.

### **Question 3c**

What view has the Committee taken on the appropriate number of airlines or routes that should be supported through taxpayer subsidy, and how does it assess when further support risks diluting demand across existing services?

### **Answer to Question 3c**

The Committee's focus is to secure desired air connectivity objectives. In securing such outcomes, a range of policy tools can be used. During the second half of 2026, the Committee will be bringing to the States' Assembly a policy letter on future air connectivity policy which will address these questions. This will outline a strategic approach to Guernsey's connectivity needs, including mechanisms to ensure that any taxpayer funding is targeted at achieving agreed objectives, and that the achievement and impact of these objectives can be measured.

### **Question 4a**

The existing Air Policy Framework, laid before the States in 2021, expires at the end of this year. The Committee said earlier in this term that it would be updated, but no revised Framework has yet been brought to the Assembly.

When will the revised Air Policy Framework be brought to the States?

### **Answer to Question 4a**

As stated above, the Committee will be bringing a policy letter on air connectivity to the States' Assembly before the end of 2026.

### **Question 4b**

Given that the Framework remains in force until it expires, what assessment has the Committee made of how this decision aligns with the current Framework?

### **Answer to Question 4b**

The Air Policy Framework was noted by the Assembly in September 2021. It was an appendix to the policy letter supporting the recapitalisation of Aurigny. The Committee assessed that the framework was not meeting the key connectivity objectives. The Air and Sea Route investment objectives agreed by the States' Assembly in December 2018 provided clear policy direction that securing a link to an international hub such as Heathrow was a key objective. The Committee view was that it should not prevent the Island's business and economy needs being met in 2026, in particular for agreements that start in 2026 and span multiple years.

#### **Question 4c**

If the Committee considers that the current Framework does not need to be followed in this case, what is the purpose of States endorsement of a Framework?

#### **Answer to Question 4c**

As stated in the answer to '4b' above, the Air Policy Framework was finalised and agreed in 2021 to support the Island and Aurigny, including the setting of its new shareholder objectives. However, as the aviation and economic environment has evolved significantly since then, the Committee considers that not all of that Framework is relevant and indeed may now be in conflict with the States' 2018 air connectivity objectives and the immediate needs of industry and community. The Committee intends to address this issue in its forthcoming policy letter on air connectivity policy.